

STOPANSKA BANKA AD-SKOPJE

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THE STATUTE

of Stopanska Banka AD - Skopje
(revised text)

Skopje, ~~March 2020~~

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On the basis of the Statutory Decision on amending the Statute of Stopanska Banka AD – Skopje (A.D No.393/19.11.2019), the Shareholders Assembly of Stopanska Banka AD – Skopje, at its Meeting held on 03.2020 determined the revised text of the

Deleted: 19.11.2019

THE STATUTE

of Stopanska Banka AD - Skopje
(revised text)

I. GENERAL PROVISION

Article 1

This Statute shall govern: the name and headquarters of Stopanska Banka AD - Skopje (hereinafter called SB); the organization and financial activities; the total amount of and change in the initial capital (basic capital); the number and nominal value of the shares, the rights, obligations and responsibilities of the shareholders; the distribution of the profit and the allocation of reserves; the supervision standards; the provisions related to the management bodies of SB; manner of convening and holding of Shareholders Assembly meeting; settlement of disputes among shareholders; settlement of conflict of interest; provisions referred to protection of confidential data and other provisions related to the operation of SB; and transitional and final provisions.

II. NAME AND HEADQUARTERS

Article 2

Stopanska Banka AD - Skopje shall be a legal entity headquartered in Skopje at "11 Oktomvri" No. 7.

SB units shall in their operations, in addition to the name of Stopanska Banka AD - Skopje, also indicate the kind and the headquarters of the unit.

Article 3

SB shall have its registered trade mark and color.

The trademark (logo) shall be made up of stylized block letters of the name of Stopanska Banka "S" and "B".

The registered color shall be violet (magenta).

Article 4

SB shall in its operations use its seal, stamp and brand mark containing the name and headquarters of SB and SB unit.

The form, size and mode of use of the seal, stamp, and brand mark shall be prescribed by SB's Board of Directors.

III. ORGANIZATION AND FINANCIAL ACTIVITIES

Article 5

SB is founded as a joint stock company for an indefinite period of time for the purpose of performing activities defined by law governing bank operations.

SB is a legal entity, licensed by the Governor of the National Bank of Republic of North Macedonia (hereinafter: NBRNM or National Bank), established in accordance with the provisions of the Banking Law, with principal activity to accept deposits and other repayable sources of funds from the public and to extend loans and credits on its own behalf and for its own account.

SB shall in its activities provide fulfillment of all obligations to its creditors, for the full amount at the prescribed time.

Article 6

SB may operate on its behalf and for its account, on its behalf and for account of other persons and on behalf and for account of other persons.

Article 7

SB shall have a single account, balance sheet and annual financial statement, and shall prepare semi-annual and annual financial report.

SB's financial and accounting operations shall be in accordance with the national Laws and financial reporting shall also be done in accordance with the International Accounting Standards.

1. Organization

Article 8

SB shall perform its operations and activities through SB Head Office and units.

Branches and Representative Offices shall be SB's units.

The organization of SB shall be regulated in detail by decision made by SB Supervisory Board.

Article 9

SB's Board of Directors passes decisions on the establishment, the subject of operations, the manner of operating and the termination of the Branches in the country.

SB's Supervisory Board passes decisions on the establishment, the subject of operations, the manner of operating and the termination of the Branches and Representative Offices abroad.

2. Financial Activities

Article 10

In accordance with the Law, SB performs the following activities:

1. accepts deposits and other repayable sources of funds;
2. lends in the country, including factoring and financing commercial transactions;
3. lends abroad, including factoring and financing commercial transactions;
4. issuance and administration of means of payment (payment cards, checks, traveller's checks, bills of exchange);
5. financial leasing;
6. currency exchange operations;
7. domestic and international payment operations, including purchase and sale of foreign currency;
8. fast money transfer;
9. issuance of payment guarantees, backing guarantees and other forms of collateral;
10. lease of safe deposit boxes, depositories and depots;
11. trade in instruments on the money market (bill of exchange, checks, deposit certificates);
12. trade in foreign assets, including trade in precious metals;
13. trade in securities;
14. trade in financial derivatives;
15. asset and securities portfolio management for clients and/or investment advising for clients;
16. provides custodian services for investment and pension funds;
17. purchase and sale, underwriting or placement of securities issue;
- 17-a. custody of clients' securities;
- 17-b. gives advices to legal entities in relation to the structure of capital, business strategy or other related issues, or providing services related to merging or acquisition of legal entities;
18. sale of insurance policies;
19. representation in insurance;
20. intermediation in concluding credit and loan agreements;
21. process and analyse information on the legal entities' creditworthiness;
22. economic and financial consulting; and
23. other financial services specified by law allowed to be performed exclusively by a bank.

The issuance and the trade in financial derivatives (convertible bonds, option agreements, futures agreements and other derivatives) shall be regulated by separate Decisions on the manner, terms and conditions of issuance of and trade in each single financial derivative product, approved by SB's Supervisory Board.

IV. TOTAL AMOUNT OF AND CHANGE IN THE INITIAL CAPITAL (BASIC CAPITAL)

Article 11

The nominal value of the initial capital (basic capital) of SB amounts to MKD 3,602,219,798.00.

The initial capital (basic capital) consists of 17,460,180 common shares in the nominal value of MKD 201.1 per share and 227,444 priority shares in the nominal value of MKD 400.00 per share.

One common share shall bear the right to one vote in the Shareholders Assembly of SB.

Priority shares shall not bear the right to vote in the Shareholders Assembly of SB.

The excerpt from the Shareholders Book is an addendum to this Statute.

Article 12

The initial capital (basic capital) of SB can be increased or decreased in accordance with the laws.

The initial capital and all future capital increases cannot be decreased through return of the paid-in stakes to the shareholders.

The claims of shareholders maybe offset with payment of shares.

Article 13

SB Shareholders Assembly may, by amending this Statute, split the shares and simultaneously reduce their nominal amount, provided that the initial capital (basic capital) is not changed.

SB Shareholders Assembly may, by amending this Statute, merge the shares and simultaneously increase their nominal amount, provided that the initial capital (basic capital) is not changed.

Article 14

A shareholder in SB can be any domestic or foreign natural person or legal entity holding shares in accordance with the law.

The shareholder's rights come into force from the date of registration in the Shareholders Book of SB.

The Shareholders Book of SB shall be kept in the Central Securities Depository.

Article 15

The rights of a shareholder shall terminate as of the date of deletion from the Shareholders Book of SB.

V. RIGHTS, OBLIGATIONS AND RESPONSIBILITIES OF THE SHAREHOLDERS

Article 16

Shareholders of SB have all the rights, duties and responsibilities determined by the laws and this Statute

Article 17

SB shareholders shall not be liable for SB's obligations.

Each of SB shareholders shall be unlimitedly and jointly liable for SB's obligations in cases if:

- misused SB as a legal entity in order to achieve goals which are prohibited;
- misused SB as a legal entity in order to cause damage to his personal creditors;
- contrary to the law, publicly announces or presents the data to which he came in exercising the right to information;
- used SB's property as if it was his own property, contrary to the laws; decreased SB's property to his own benefit or to the benefit of a third party when he was aware or should have been aware that SB was not capable of settling its liabilities to third parties; and
- in other cases determined by the law.

VI. DISTRIBUTION OF PROFIT AND ALLOCATION OF RESERVES

Article 18

SB's profit shall be distributed according to SB Shareholders Assembly Decision upon a proposal made by the Supervisory Board.

SB shareholders have a right to participate in the profit, except when the profit is excluded from the distribution among the shareholders, according to the Shareholders Assembly Decision on use of the profit, passed on the basis of the laws and relevant by-laws or this Statute.

The shareholders' participation in the profit shall be determined in accordance to the laws, this Statute and the internal enactments of SB.

The holders of priority shares shall be entitled to disbursement of dividend prior to the holders of common shares.

Article 19

By a decision of SB Shareholders Assembly, SB shall form reserves by retaining part of the profit and by revaluation (allocation of part of the revalued reserves) of the previous reserves.

SB's reserves shall be used for covering losses resulting from the risks faced by SB in its operations.

SB's reserves shall not be used for payment of dividend.

Article 20

For the purposes of protecting from potential and/or current losses arising from specific risk-bearing on-balance sheet and off-balance sheet assets items, SB shall make value correction or allocate special reserve.

The value correction and the amount of the special reserve shall be determined in a manner and amount as specified by a methodology established by the National Bank Council.

Article 21

By a Shareholders Assembly decision SB may form special purpose funds.

VII. SUPERVISION STANDARDS

Article 22

SB shall dispose of own funds at an adequate level depending on the nature, the type, and the scope of financial activities and the level of risks arising from the conduct of such activities (capital adequacy).

SB shall operate in a manner that allows it to be able to settle all its liabilities permanently (solvency).

Article 22 – a

SB shall maintain a rate of regular core capital and a rate of core capital on the basis of the Banking Law.

SB shall maintain the following capital buffers in accordance with the relevant legislation:

1. capital conservation buffer;
2. countercyclical capital buffer;
3. capital buffer for systematically important banks; and
4. systematic capital buffer.

The rate of the capital buffers stipulated in paragraph 2 of this Article shall be calculated in accordance with the Banking Law, the relevant by-laws (Methodology) adopted by the Bank or the Decision by the National Bank's Governor.

1. Risk Management

Article 23

SB shall permanently manage the risks, adequately to the nature, the type and the scope of the financial activities it performs in accordance with the regulations, the standards, and the rules in the banking area and the methodology prescribed by the National Bank.

SB shall maintain the exposure to certain types of risks within the limits specified by the Banking Law.

Supervisory Board of SB shall specify the criteria, the manner, and the methods of risk management, as well as the capital adequacy assessment, in accordance with its risk level, by the general acts and the internal procedures. The general acts and the internal procedures

shall be in compliance with the regulations, the standards, and the rules in the banking area and the methodology prescribed by the National Bank Council.

The general acts and the internal procedures shall include all material risks to which SB is exposed in the performance of individual and of all types of financial activities, and particularly the following types of risks:

- 1) liquidity risk;
- 2) credit risk, including country risk and counterparty risk;
- 3) interest rate risk in the banking book, currency risk and market risk;
- 4) risk of concentration of bank's exposure; and
- 5) operational risk, including the information systems inadequacy risk.

VIII. SB BODIES

Article 24

SB bodies shall be: Shareholders Assembly, Supervisory Board, Risk Management Committee, Audit Committee and Board of Directors.

Other bodies that can be established, in accordance with this Statute, with a decision passed by the Supervisory Board are: Executive Corporate Credit Committee; Credit Committee; Commercial Clients Credit Committee; Higher Small Banking Business Credit Committee; Small Banking Business Credit Committee and Retail Credit Committee.

Apart from SB bodies determined in paragraph 1 and 2 of this Article, in SB, with a Decision by the Supervisory Board or Board of Directors, can be established Committees, working groups or advisory boards.

1. Shareholders Assembly

Article 25

SB shall be managed by holders of ordinary shares through SB Shareholders Assembly.

The Shareholders Assembly shall consist of all SB shareholders, or their proxies.

Shareholders that are legal entities are being represented by their legal representatives or persons authorized by them.

Any Shareholders can authorize a proxy, in a manner and under conditions defined by law, at the meeting of the Shareholders Assembly by issuing a written power of attorney, for which they are obliged to notify promptly SB by written notification or electronically. In case the shareholder will not inform SB regarding the issued proxy, it will be considered that the proxy is not issued.

The shareholders can authorize proxies and/or to give to the same instructions to vote on electronic manner, and at the same time to revoke the proxy by electronic manner.

Article 26

The Shareholders Assembly performs the following activities:

1. adopts SB Statute and its amendments and supplements;
2. reviews and adopts the annual report on SB operations, including the written opinion thereon, prepared by the Supervisory Board;

3. reviews and adopts the report of the external audit company and the written opinion thereon prepared by the Supervisory Board;
4. adopts the annual financial statement and the financial statements of SB;
5. decides on the use and allocation of the profit, or loss coverage;
6. decides on any new issue of shares of SB;
7. decides on status changes and cessation of SB operations;
8. appoints and dismisses the members of the Supervisory Board;
9. elects external audit company and decide upon proposal for the termination of the agreement with the external audit company;
10. decides about increasing and decreasing the initial capital (basic capital) and
11. decides on other issues of relevance to the operations of the bank specified by this Statute.

Article 27

The Shareholders Assembly shall work at meetings held once a year (Annual Shareholders Assembly Meeting) and when needed (Extraordinary Shareholders Assembly Meeting).

The Annual Shareholders Assembly Meetings shall be convened by SB Supervisory Board and held before the expiration of six months of the calendar year regarding the previous year, or as an exception, in cases determined by Banking Law, the Annual Shareholders Assembly Meeting for the previous year may be held before the expiration of nine months of the calendar year.

The Annual Shareholders Assembly Meeting obligatory shall:

- Review and adopt the annual financial statement, financial statements and annual report on the operations of SB in the previous business year;
- Decide on the use of the net profit or on coverage of any losses; and
- Approve the operation of the members of the Supervisory Board.

An Extraordinary Shareholders Assembly Meeting shall be convened by SB Supervisory Board, upon request by the shareholders, in accordance with the laws.

Article 28

Shareholders holding jointly at least 10% of all voting shares may request in writing the Supervisory Board to convene a Shareholders Assembly Meeting. The written request should state the purpose and reasons for convening a Shareholders Assembly Meeting, their name and surname, place of residence and ID number, or business name, registered office, and the registration number, if the shareholder is a legal person. The shareholders shall enclose with the request an excerpt from the shareholders' register, issued by the Central Securities Depository, which states the number of the voting shares they own in the company.

The Supervisory Board passes a Decision on accepting or rejecting a request within 8 days from the date of receipt of the shareholders request for convening Shareholders Assembly Meeting. The Decision on rejection of the request should state the reasons for such decision.

Article 29

A Shareholders Assembly Meeting may be convened by sending an invitation by registered letter to all shareholders. The list of shareholders to be invited will be composed on the basis of the excerpt of the Shareholders Book not older than three days before the date of sending the invitation. The invitation shall be sent, in a manner that makes it possible to confirm the date the invitation has been sent and the date it was received by each shareholder.

A Shareholders Assembly Meeting may also be convened by publishing a public call to the shareholders at least in one daily newspaper.

The public call shall be published on a half spread in at least one daily newspaper, printed on the territory of the Republic of North Macedonia. In accordance with applicable regulative, the public call shall be published on the front page of SB official web page and on the web page of Macedonian Stock Exchange. The Assembly can only decide on issues duly included in the agenda.

Shareholders that individually or jointly hold at least 5% of the total number of voting shares can, within 8 (eight) days from the date of publishing the Public Call or sending the invitation, propose a supplement/amendments to the proposed Agenda with new items or decisions on existing items, in accordance with the Law on Trading Companies.

The proposal for supplement/amendments to the proposed Agenda shall be submitted to the SB Supervisory Board. The proposal shall be sent or published on the same manner on which the Shareholders assembly meeting has been convened not later than 8 (eighth) days before the date of the Meeting.

In case of revised Agenda the same shall be made available to the shareholders on the same manner of which the previous Agenda was made available, in time period not longer than 48 hours prior to the date of the Meeting.

All shareholders who are duly registered in the Shareholders Book shall have the right to attend and the right to vote on the Shareholders Assembly Meetings, unless otherwise stipulated by the laws.

Each shareholder who intends to participate on the convened Shareholders Assembly Meeting is obliged to inform SB regarding his participation on the Shareholders Assembly (with application for participation on the Shareholders Assembly Meeting) at latest before the beginning of the convened Shareholders Assembly Meeting.

Article 30

The invitation or the public call for the Shareholders Assembly Meeting should be prepared in accordance with the Law on Trading Companies, and shall contain at least the following data:

- the date, hour and location of the meeting and the proposed agenda;
- description of the procedures in accordance with which the shareholders participate and vote;
- manner on including new items and or propose decisions;
- manner on submitting questions;
- time periods for the described activities;
- procedure for voting via proxy and manner of electronic availability and submitting of the voting form;
- the official internet page where the above information shall be available.

Within the legally prescribed periods on the official internet page of SB, at least the following information, shall be available: public call, total number of shares and total number of voting shares of each type and class, materials (decisions, reports and opinions, in accordance with the Law) for the items on the Agenda, proposed items and or decisions by the shareholders, if any, and the electronic voting form. The period from the day the public call was published, i.e. the day the invitation was sent until the day of holding the Meeting may not be shorter than 30 days from the date of the Shareholders Assembly Meeting.

Shareholders may review the materials of the Shareholders Assembly Meeting in the headquarters and units of SB from the date of sending the invitation i.e. publishing the call.

Each shareholder can ask questions on each of the items on the agenda.

The questions shall be accompanied by documentation necessary for SB to be able to verify the personal identity of the shareholder. The exact documentation shall be stipulated in the Public Call.

The right to ask questions by shareholders and the obligation of SB to answer the asked questions can be limited only for the purpose of maintaining order in chairing and working of the Assembly, or undertaking activities for keeping the confidentiality in operation and business interests of SB.

Answers to asked questions before and at the meeting of the Shareholders Assembly shall be announced on the SB website in a question and answer format.

The questions with same content shall be answered with a joint response.

Article 31

The Shareholders Assembly may work (quorum for work), when authorized participants who hold at least majority of the total number of the voting shares are present at the Meeting.

The Shareholders Assembly Meeting shall be held by physical presence.

The decisions of the Shareholders Assembly shall be passed by majority of the voting shares present or represented at the Shareholders Assembly Meeting, unless the laws or this Statute stipulate greater majority or other conditions in relation to the majority for passing decisions of the Shareholders Assembly.

The decisions of the Shareholders Assembly, including the decisions on appointment or dismissal of Supervisory Board members, shall be passed by public voting.

The decisions of the Shareholders Assembly shall be passed by secret voting upon request of one or more shareholders who have at least one tenth of the total number of the voting shares.

Article 32

If the quorum is not reached on the Shareholders Assembly Meeting, a new date shall be scheduled and the meeting shall be held in a period of time not longer than 15 days, from the day when the Shareholders Assembly Meeting that did not reach quorum was scheduled.

The rescheduled Meeting shall be convened in the same manner in which the Shareholders Assembly Meeting that did not have quorum for work was convened.

At the newly scheduled Meeting decisions shall be passed by majority of the voting shares present or represented on the Meeting, only on matters determined in the agenda for the previous Meeting, irrespective of the number of the present shareholders and the number of shares they hold. The Shareholders Assembly shall not decide on matters for which, by the laws or this Statute, greater majority than the majority for quorum referred to in paragraph 1 Article 31 of this Statute, is required.

Article 33

The Shareholders Assembly shall pass decisions by at least two thirds majority of the shares with a right to vote present or represented on the Shareholders Assembly Meeting on:

- increasing and decreasing the paid-in capital;
- change of the name and headquarters of SB;
- status-related changes of SB and settlement of mutual relations among SB's shareholders in case of status-related changes of SB;
- settlement of disputes among SB's shareholders; and
- termination of SB's operation.

The decision on Statute amendments shall be adopted by the Shareholders Assembly by a majority vote of the total number of voting shares.

Article 34

The Shareholders Assembly shall adopt Rules of Procedure governing in greater detail the mode of operation, voting and other matters of importance to the operation of the Shareholders Assembly, including among other things, the manner for submitting and replying to shareholders' questions for a convened Shareholders Assembly meeting.

2. Supervisory Board

Article 35

SB Supervisory Board shall consist of 7 members as follows:

1. Member - Representative of a shareholder;
2. Member - Representative of a shareholder;
3. Member - Representative of a shareholder;
4. Member - Representative of a shareholder;
5. Member - Representative of a shareholder;
6. Independent member;
7. Independent member.

The term of office of the Supervisory Board members shall be four years.

At least one fourth the SB Supervisory Board members shall be independent members.

The Supervisory Board members shall elect from among themselves a Chairman and Deputy Chairman of the Supervisory Board, unless otherwise prescribed by the Law.

Article 36

Only natural persons having full business capacity and fulfilling all the criteria according to the Banking Law, the relevant National Bank decisions, and article 50 of Bank Statute, may be elected as members of the Supervisory Board.

An independent member of SB's Supervisory Board cannot be reelected for more than three consecutive terms.

Article 37

The Supervisory Board operates and decides on Meetings that may be held in the following manner: by physical presence and/or by teleconference and/or by videoconference, whereby all the persons participating in such meeting can hear or see i.e. to talk to each other.

The Supervisory Board may decide without holding Meeting if all its members submit a written consent on the proposal decision.

The Supervisory Board shall be convened at least once per quarter in a manner determined in paragraph 1 of this article.

The Supervisory Board Meetings are convened and chaired by the Chairman of the Supervisory Board, and in his absence, by the Deputy Chairman. In case of absence of the Chairman or the Deputy Chairman of the Supervisory Board, the members of the Supervisory Board elect among themselves a member to chair that meeting.

The Bank Secretary shall administer and keep minutes of the meetings.

Article 38

The Supervisory Board may convene a Meeting and pass valid decisions if there is majority of the total number of members present on Supervisory Board Meeting.

The Decisions referred to in the previous paragraph are passed if majority of the total number of Supervisory Board members voted for.

Article 39

The Supervisory Board shall supervise the operations of the Board of Directors, approve the policies for conducting financial activities and supervise their implementation.

The Supervisory Board shall be responsible for the stability and efficiency of SB and for the protection of SB's depositors, as well as to ensure good practice and management and timely and accurate financial reporting to the National Bank.

The Supervisory Board and SB's employees shall serve SB and its customers and shall place SB's and its customers' interests before their own financial interest.

Article 40

The Supervisory Board performs the following activities:

1. adopts the SB business policy and development plan and follows its implementation;
2. appoints and dismisses members of the SB Board of Directors;
3. appoints and dismisses members of the SB Risk Management Committee;
4. appoints and dismisses members of the Audit Committee;
5. adopts SB financial plan/ Budget;
6. organizes the Internal Audit Division, appoints and dismisses Internal Audit Division Manager and follows hers/his operations;
7. approves the annual plan of the Internal Audit Division;
8. adopts the information security policy;
9. adopts SB risk management policies;
10. adopts conflict of interest policy that identifies the potential conflict of interest and the measures and activities for its avoidance;
11. in accordance with the business plan, development plan, the financial plan / Budget and the policy for avoiding conflict of interest, adopts the remuneration policy;
12. adopts and implements the policy for selection, monitoring the operation and dismissal of members of Supervisory Board, Risk Management Committee, Audit Committee and Board of Directors;
13. reviews the reports on the activities of SB Board of Directors;

14. reviews the reports of SB Risk Management Committee;
15. reviews the reports of the Audit Committee;
16. reviews the reports of the Internal Audit Division;
17. reviews the reports of the Compliance Officer/Division;
18. approves the annual financial statement and the financial statements of SB;
19. approves the exposure to individual entity exceeding 10% of SB own funds or EUR 10,000,001, with the exception of exposure based upon purchasing securities issued by the National Bank of the Republic of North Macedonia and Republic of North Macedonia;
20. approves the transactions with persons related to SB exceeding MKD 6,000,000;
21. approves the acquiring equity holdings and purchase of securities higher than 5% of SB own funds, other than purchase of securities issued by the National Bank of the Republic of North Macedonia and of Republic of North Macedonia;
22. approves the proposal of the Audit Committee for appointment of the external audit company, or the proposal for termination of the agreement with the external audit company and is responsible for ensuring that an appropriate audit is conducted;
23. adopts the Internal Audit Policy/Charter;
24. reviews the supervisory reports, other reports submitted by the National Bank, the Public Revenue Office and other competent bodies and proposes, i.e. undertakes measures and activities for addressing the identified non-compliances and weaknesses in SB operations;
25. approves the annual report on the SB operations and submits written opinion thereon to the SB Shareholders Assembly;
26. reviews the report of the external audit company and submits written opinion thereon to the Shareholders Assembly;
27. adopts SB Code of ethics;
28. adopts the Code of Corporate Governance; and
29. decides upon partial or full write off of credit exposure based on study for performed write off prepared by the competent Bank division
30. review the report on transactions with the entities related to the bank, as well as on the amount of approved loans and other forms of exposure to the persons with special rights and responsibilities in the bank, at least once quarterly; and
31. performs other duties in compliance with the applicable legislation and National Bank relevant decisions.

The Supervisory Board shall be obliged to supervise the work of the members of the Board of Directors and to monitor the work of the persons in charge of control functions.

The Supervisory Board shall make self-assessment of its operations from the aspect of the individual members and jointly at least once a year, and shall notify the Shareholders Assembly thereon.

Article 41

The members of the Supervisory Board shall be entitled to a fee for their participation and operation at the Meetings of the Board.

Members of the Supervisory Board assigned with additional duties may receive additional remuneration for their work.

The amounts referred to in the preceding paragraph shall be determined and disbursed by a SB Shareholders Assembly decision.

Apart from the above amounts, the members of the Supervisory Board shall be reimbursed for their travel, accommodation and all other additional expenses resulting from the fulfillment of their duties.

Article 42

The Supervisory Board shall adopt rules of procedure, which will govern in greater detail the operation, decision-making, time and place of holding of the Supervisory Board Meetings.

3. SB Board of Directors

Article 43

The Board of Directors of SB consists of four members: the Chief Executive Officer/Chairman of the Board of Directors and three Chief Officers: Chief Corporate Officer, Chief Risk Officer and Chief Retail Officer.

The members of the Board of Directors shall be appointed by SB Supervisory Board decision, with a term of office of four years with right to be re-elected.

With the decision on appointing members of the Board of Directors, the member appointed as Chief Executive Officer shall be appointed as Chairman of the Board of Directors.

Each of the members of the Board of Directors is legal representative of SB and SB is at any time legally represented by two members of the Board of Directors out of which one mandatory should be the Chief Executive Officer/Chairman of the Board of Directors. During his absence, he can delegate this right only to another member of the Board of Directors.

The Chief Executive Officer/Chairman of the Board of Directors is formal representative of SB in front of third parties and the public. This manner of formal representation of SB shall be in greater detail regulated in the Rules of procedure of the Board of Directors and, among other things, shall consider the paragraph 4 of this Article.

The Board of Directors are liable for SB operations in accordance with the applicable regulations, and the internal acts of the Bank.

The authorities of the members of the Board of Directors are as follows:

Chief Executive Officer /Chairman: monitors and coordinates the operations of the Board of Directors and the Bank overall operations.

Chief Retail Officer: responsible for overall retail banking operations;

Chief Corporate Officer: responsible for overall corporate banking operations;

Chief Risk Officer: responsible for overall risk management function.

The authorities of the members of the Board of Directors of Stopanska Banka AD – Skopje are segregated as follows:

1. CEO/Chairman: shall monitor and coordinate the operations of the Board of Directors, the Bank overall operations and organizational units that are performing the following functions: treasury and finance, operations, legal, collection and management of human resources.
2. Chief Retail Officer: shall be responsible for overall retail banking operations of all organizational units that are performing retail banking activities;
3. Chief Corporate Officer: shall be responsible for overall corporate banking operations and of all organizational units that are performing corporate banking activities;
4. Chief Risk Officer: shall be responsible for overall risk management operations and of all organizational units that are performing risk management activities.

The determination of organizational units (Divisions and Departments) responsible to a Senior Manager, member of the Board of Directors or to the Board of Directors shall be done with a separate Decision on organization of operations and segregation of authorities of SB, passed by the Supervisory Board.

The Internal Audit Division for its operation is responsible to the Supervisory Board of the Bank. The Compliance Officer – Manager of Compliance Division and the Information Security Officer, for their operation are responsible to the Board of Directors. The Bank Secretary for his/her operation is responsible to the Board of Directors.

Article 44

Members of the SB Board of Directors shall have the following qualifications:

1. university degree;
2. at least 6-year successful work experience in finance or banking or 3-year work experience as a person with special rights and responsibilities in a bank with activities corresponding to those in the bank in which they are appointed;
3. knowledge of laws and other regulations related to banking; and
4. professional knowledge and experience needed for managing the bank in an independent manner, understanding of the activities performed and the material risks to which SB is exposed, in accordance with the Corporate Governance regulations, as prescribed by the Banking Law.

The member of the Board of Directors, besides above mention qualifications should fulfil as well the criteria for a person with special rights and responsibilities, defined in detail in article 50 of Statute of Stopanska banka AD – Skopje.

If the number of members of the Board of Directors of SB drops below the minimum set by the Banking Law, the Supervisory Board shall appoint one of its members as an acting member(s) of the Board of Directors. Acting member(s) of the Board of Directors shall be subject to entry into the Trade Registry.

The member of the Supervisory Board, who was appointed to be an acting member of the Board of Directors, shall not participate in the decision-making within the competences of the Supervisory Board within the period of carrying out this duty.

Article 45

The members of SB Board of Directors shall be full-time employees of SB and at least one of them shall be fluent in the national language and its Cyrillic alphabet.

SB Supervisory Board may not appoint a member of the Board of Directors -General Managers without the prior consent of the National Bank.

Article 46

SB Board of Directors:

1. manages SB;
2. represents SB;
3. enforces the decisions of the Shareholders Assembly and the Supervisory Board of SB, i.e. makes sure that they are implemented;
4. takes initiatives and gives proposals for promoting SB operations;
5. appoints and dismisses the persons with special rights and responsibilities pursuant to the provisions under the Banking Law and this Statute;
6. prepares SB business policy and development plan;
7. prepares SB financial plan / Budget;
8. prepares SB information security policy;
9. prepares an annual report on the SB operations and submits it to the Supervisory Board;
10. prepares a Code of Ethic of the bank;
11. gives previous consent and submits proposals for partial or write off in full of claims to the Supervisory Board;
12. passes decision on sale of claims; and
13. performs other activities, in accordance with Law, this Statute and SB's enactments.

The Board of Directors shall operate and decide at meetings, held when necessary but at least once per month and by passing decision between meetings by written statement.

The Board of Directors can hold meetings and can pass valid decisions if the meeting is attended by all of its members.

In case of absence of one of the members his consent shall be given by written statement or by phone voting, for which minutes shall be prepared.

Decisions passed at meetings shall be valid if all members of the Board of Directors voted in favor of the decision.

The meetings shall be chaired by the Chairman of the Board of Directors or a Member in Chair.

The Bank Secretary shall administer and keep minutes of the meetings and shall prepare Board of Directors decisions.

The manner of operation and deciding of the Board of Directors and the manner of legal and formal representation of SB shall be in greater details regulated with Rules of procedure passed by the Board of Directors and approved by the Supervisory Board.

Article 47

SB Board of Directors is responsible for:

1. providing working conditions for SB in compliance with the regulations;
2. risk management and monitoring;

3. attainment and maintenance of proper level of own funds;
4. proper functioning of the internal control system in all areas of the SB operations;
5. smooth operation of the Internal Audit Division of SB, i.e. make sure that the Internal Audit Division has an access to the documentation and to the employees of SB for the purposes of smooth conduct of its activities;
6. smooth operation of the Compliance Officer/Division i.e. make sure that the Compliance Officer/Division has an access to the documentation and to the employees of SB for the purposes of smooth conduct of its authorizations;
7. preparing and implementing the policy for appointing and dismissing the persons with special rights and responsibilities and monitoring their performance, except for the Internal Audit Division Manager who is appointed and dismissed by the Supervisory Board, the members of the Supervisory Board, Audit Committee, Risk Management Committee and Board of Directors;
8. maintenance of commercial and other books and business documentation of SB, compiling of financial statements and other reports in accordance with the regulations governing the accounting and accounting standards;
9. timely and accurate financial reporting;
10. regularity and accuracy of the reports submitted to the National Bank in line with the law and the regulations adopted on the basis of law;
11. undertaking of measures imposed by the Governor of National Bank against SB; and
12. approving all other internal acts of the Bank, except the acts that are under the authority of the Supervisory Board in accordance with article 40 of this Statute.

SB Board of Directors shall be responsible to the Supervisory Board for its operations.

SB Board of Directors shall report to the Supervisory Board on its operations at least once per quarter.

Article 48

SB Board of Directors shall immediately notify the Supervisory Board on the following:

1. deterioration of SB liquidity or solvency;
2. existence of ground for revoking the founding and operating license or on a ban on performing certain financial activity as specified by law;
3. reduction of the SB own funds below the requirement as specified by law;
4. the findings of the supervision and the inspection of the National Bank; and
5. the findings of the Public Revenue Office and other controlling bodies.

A member of the Board of Directors shall immediately notify the Supervisory Board in the case any member of the Board of Directors or persons connected to them, acquire a control in other legal entity

Article 49

SB Supervisory Board shall, in accordance with the regulations and SB's Collective Agreement, conclude with the members of SB Board of Directors agreements regulating the activities, obligations, responsibility, rights, salary and other allowances, etc., of each member of SB Board of Directors.

4. Persons with special rights and responsibilities

Article 50

Persons with special rights and responsibilities in SB are:

- members of Supervisory Board; Board of Directors; Risk Management Committee and Audit Committee; and
- employees with special rights and responsibilities (“other persons with special rights and responsibilities”): Chief Credit Officer, Senior Managers, Bank Secretary, Division Managers, Deputy Division Managers and Managers for Specific Issues.

The employees with special rights and responsibilities are appointed with term of office in duration of one year, two or three years in accordance with the decision on appointment passed by relevant body, in accordance with the regulations and this Statute.

The employees with special rights and responsibilities shall manage, organize, and control all processes of divisions, departments, branches and units of SB. Their rights and responsibilities are deriving from the labor regulations and other rights and responsibilities determined with the Managerial Agreements.

Persons with special rights and responsibilities should have a university degree and be knowledgeable in banking and/or finance regulations, corporate governance rules and shall have appropriate experience ensuring safe and sound bank management.

A person with special rights and responsibilities may not be:

- a National Bank Council member;
- an employee of the National Bank;
- person who has been imposed a misdemeanor sanction or ban on practicing profession, carrying out activity or duty;
- person without reputation, thus compromising the safe and sound bank operation. A person without proper reputation shall also be considered a person who has been sentenced by a legally valid verdict to unconditional imprisonment of over six months, until the legal consequences of the verdict exist
- person who fails to comply with the provisions of the Law on Banks and the regulations adopted on the basis of this law and/or failed or has failed to implement and/or acted or has been acting contrary to the measures stated by the Governor, that compromised or have been compromising the safety and soundness of the Bank,
- member of Supervisory Board, Risk Management Committee, Audit Committee and Management Board of another bank, or employee in another bank, except when it comes to membership of non-profit organizations on a voluntary basis, free of charge in bodies of companies belonging to the same banking group in the Republic of North Macedonia or abroad;
- a person with special rights and responsibilities in a bank or another legal entity in which administration has been initiated, or against which a bankruptcy or liquidation procedure have been initiated. Except unambiguously determined based on the available documentation and data that the person was not involved in any action that led to the introduction of administration, a bankruptcy or liquidation procedure. Alternatively, he/she performed such function immediately prior or after the occurrence of the reasons, that led to the introduction of administration, initiation of a bankruptcy or liquidation procedure.

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Member of the Board of Directors may at the same time be a member of not more than two supervisory bodies i.e. non-executive member of a board of directors of not more than two non-banking financial institutions and non-financial institutions.

Member of a Board of Directors may not be a person who is a manager, a member of a board or executive member of a Board of Directors at any domestic or foreign company.

Member of the Board of Directors does not enjoy reputation also in case he/she has an associate who is sentenced by a legally valid verdict to unconditional imprisonment of over six months, until the legal consequences of the verdict exist.

Member of the Supervisory board may at the same time:

- be a member of a managing body and a supervisory body i.e. perform a function of executive and a function of non-executive member of the board of directors of non-bank financial institutions or non-financial institutions or
- be a member of three supervisory bodies, i.e. perform three functions of non-executive member of the board of directors of non-banking financial institutions or non-financial institutions.

Article 51

SB Board of Directors shall conclude with the employees with special rights and responsibilities agreements regulating the functions, obligations, responsibilities, rights, salaries and other allowances.

Article 52

Persons with special rights and responsibilities are obligated to work only for the interest of SB and its deponents and to act with prudence and caution ("duty of care").

If any of the employees with special rights and responsibilities discovers that a decision made by SB bodies is contrary to a law or regulation passed on the basis of a law or in its substance is such that it can jeopardize the liquidity of SB, or in any way is detrimental to the business of SB, such employee shall be obliged to inform thereof in writing the National Bank, the Supervisory Board, the body of SB that has made the decision and the person responsible for compliance with the regulations.

Article 53

In accordance with this Statute, members of SB Board of Directors may authorize other SB employees to represent SB for specific activities.

Article 54

SB Board of Directors with a relevant decision shall define the powers of the persons responsible for signing SB's individual documents.

The authorized persons referred to in paragraph 1 of this Article may not delegate their given authorities to other persons.

Article 55

SB Executive Committee shall be formed as an advisory body of SB Board of Directors.

The Executive Committee shall consist of the members of the Board of Directors, Senior Manager for Treasury and Finance, Senior Manager of Operations, Senior Manager for Corporate Banking, Senior Manager for Sales and Branch Network, Chief Credit Officer and SB Secretary.

The CEO/Chairman shall convene and chair the Executive Committee meetings.

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When necessary, upon invitation, the Division Managers, other SB employees and external consultants may also take part in the operation of the Executive Committee.

5. Risk Management Committee

Article 56

Risk Management Committee of SB shall consist of 9 members, as follows:

1. CEO and Chairman of the Board of Directors of SB, Chairman;
2. Chief Risk Officer of SB and member of the Board of Directors of SB, member;
3. Chief Retail Officer and member of the Board of Directors, member;
4. Chief Corporate Officer and member of the Board of Directors, member;
5. Chief Credit Officer, member;
6. Senior Manager of Corporate Banking, member;
7. Senior Manager for Treasury and Finance, member;
8. Manager of Collection Division, member;
9. Manager of Risk Management Division, member;

The members are appointed by SB Supervisory Board with term of office of two years.

Members of the Risk Management Committee shall have minimum three-year experience in the area of finance or banking, are knowledgeable about the banking operations, its products and services and of the risks that SB is exposed to.

Article 57

The Risk Management Committee performs the following:

1. permanently monitors and assesses the risk level of SB, and identifies the acceptable level of exposure to risks in order to minimize the losses as a result of the SB risk exposure;
2. establishes risk management policies and monitors their implementation;
3. follows the regulations of the National Bank pertaining to the risk management and SB compliance with such regulations;
4. assesses SB risk management systems;
5. determines short and long-term strategies for managing certain types of risks SB is exposed to;
6. analyses the reports on SB risk exposure developed by SB risk assessment units and proposes risk hedging strategies, measures and instruments;
7. monitors the efficiency of the internal control systems in the risk management;
8. analyses the risk management effects on SB performances;
9. analyses the effects of the proposed risk management strategies, as well as the proposed risk hedging strategies, measures and instruments;
10. assesses whether the pricing of the bank's products and services is aligned with the level of undertaken risks and in accordance with the business policy and the development plan of the bank;
11. informs, at least once per quarter, the SB Supervisory Board, on the changes in SB risk positions, the changes in the risk management strategies, the risk management effects on SB performances as well as the undertaken measures and instruments for hedging risks and the effects thereof; and
12. approves any exposure to an entity exceeding 10% and up to 20% of SB's own funds.

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Article 58

The Risk Management Committee operates and decides on Meetings that may be held in the following manner: by physical presence and/or by teleconference and/or by videoconference, whereby all the persons participating in such meeting can hear or see i.e. to talk to each other.

The Risk Management Committee may decide without holding a Meeting if all its members submit a written consent on the proposal decision.

The Risk Management Committee shall be convened at least once a week with a quorum of majority of its members in a manner determined in paragraph 1 of this article.

The meetings shall be convened and chaired by the Chairman or a member in Chair. The Risk Management Committee shall appoint Secretary, who is responsible for administrating the meetings and keeping minutes of the meetings.

The Risk Management Committee shall make decisions by a majority of the Committee members.

The Risk Management Committee shall make self-assessment of its operations from the aspect of individual members and jointly at least once a year, and shall submit it to the Supervisory Board.

6. Audit Committee

Article 59

SB Audit Committee shall consist of five members, as follows:

1. Member, member of the Supervisory Board;
2. Member, member of the Supervisory Board;
3. Member, member of the Supervisory Board;
4. Independent member; and
5. Independent member and authorised auditor.

The members are appointed and dismissed by SB Supervisory Board with term of office of two years.

The Audit Committee members, besides the requirements under paragraph 4 Article 50 of this Statute, should also be knowledgeable in:

1. SB operations, its products and services;
2. the risks SB is exposed to;
3. the internal control systems and risk management policies of SB; and
4. accounting and audit.

Article 60

The Audit Committee performs the following:

1. reviews the financial statements of SB and makes sure that the disclosed financial information on SB operations is accurate and transparent as specified by the accounting regulations and international accounting standards;

2. reviews and makes assessment of the internal control systems;
3. monitors the operations and assesses the efficiency of the Internal Audit Division;
4. monitors SB audit process and assesses the work of the external audit company;
5. adopts SB accounting policies;
6. monitors the compliance of SB operations with the regulations related to the accounting standards and the financial statements;
7. holds meetings with the Board of Directors, the Internal Audit Division and the external audit company as to the identified non-compliances with the regulations and weaknesses in the bank's operations;
8. reviews the reports of the Risk Management Committee;
9. proposes the selection of the external audit company as well as the termination of the concluded agreement; and
10. reports to SB Supervisory Board on its operations at least once quarterly.

Article 61

The Audit Committee shall make self-assessment of its operations from the aspect of individual members and jointly at least once a year.

The Audit Committee submits semi-annual and annual report to the bank's Supervisory Board. The annual report includes the self-assessment stated in paragraph 1 of this Article.

Article 62

The Audit Committee members shall elect a Chairman from amongst their ranks, responsible for the organization of the work of the Audit Committee.

The Audit Committee operates and decides on Meetings that may be held in the following manner: by physical presence and/or by teleconference and/or by videoconference, whereby all the persons participating in such meeting can hear or see i.e. to talk to each other. The Audit Committee operates upon request of its members or upon request of the Supervisory Board.

The Audit Committee may decide without holding a Meeting if all its members submit a written consent on the proposal decision.

The Audit Committee convenes a meeting at least once quarterly in a manner determined in paragraph 2 of this Article.

The Audit Committee may convene a Meeting and pass valid decisions if there is majority of the total number of members participating on Audit Committee Meeting.

The Decisions referred to in the previous paragraph are passed if majority of the total number of Audit Committee members voted for.

The Audit Committee shall appoint Secretary, who is responsible for administrating the meetings and keeping minutes of the meetings.

The Audit Committee shall adopt rules of procedure approved by SB Supervisory Board.

7. Credit Committees and Other Bodies

Article 63

Credit Committees that are established with Supervisory Board Decision are:

1. **Executive Corporate Credit Committee (ECCC):** it consists of 6 members as follows:

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1. CEO and Chairman of the Board of Directors of SB, Chairman
2. NBG Group executive appointed by the NBG Group Chief Credit Officer, member
3. Chief Risk Officer of SB and member of the Board of Directors, member
4. Chief Corporate Officer of SB and member of the Board of Directors, member
5. Chief Credit Officer of SB, member
6. Representative of NBG International Activities Sector, member.

The members are elected without limitation of the term of office.

The ECCC decides on credit exposure towards single subject - legal entity for financing in the amount from EUR 5.000.001 up to EUR 10.000.000. All financing that exceeds EUR 10.000.001 OR 10% of SB own funds shall be approved by SB Supervisory Board. ECCC also approves restructuring of claims and regulating of claims in accordance with applicable credit policies and performs other activities determined with decisions of the Supervisory Board. The meetings are held by teleconference or written statement when needed with a quorum of all of its members and the decisions are passed unanimously;

2. **Credit Committee (CC):** it consists of 5 members as follows:

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1. CEO and Chairman of the Board of Directors of SB, Chairman
2. Chief Risk Officer of SB and member of the Board of Directors, member
3. Chief Corporate Officer of SB and member of the Board of Directors, member
4. Chief Credit Officer of SB, member
5. Senior Manager of Corporate Banking of SB, member.

The members are elected without limitation of the term of office.

The CC, decides on credit exposure toward single subject - legal entity in the amount from EUR 2.000.001 up to EUR 5.000.000. CC also approves restructuring of claims and regulating of claims in accordance with applicable credit policies and performs other activities determined with decisions of the Supervisory Board. The meetings are held by teleconference or written statement when needed with a quorum of all of its members and the decisions are passed unanimously.

3. **Commercial Clients Credit Committee (CCCC):** it consists of 5 members as follows:

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1. Chief Risk Officer of SB and member of the Board of Directors, Chairman
2. Chief Corporate Officer of SB and member of the Board of Directors, member
3. Chief Credit Officer of SB, member
4. Senior Manager of Corporate Banking, member
5. Manager or Deputy Manager of Underwriting Division, member.

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The members are elected without limitation of the term of office.

The CCCC decides on credit exposure toward single subject - legal entity up to EUR 2.000.000. CCCC also approves restructuring of claims and regulating of claims in accordance with applicable credit policies and performs other activities determined with decisions of the Supervisory Board. The meetings are held by teleconference or written statement when needed with a quorum of all of its members and the decisions are passed unanimously;

4. Higher Small Banking Business Credit Committee (HSBBCC): it consists of 5 members, as follows:

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1. Chief Risk Officer of SB and member of the Board of Directors, Chairman
2. Chief Retail Officer of SB and member of the Board of Directors, member
3. Chief Credit Officer of SB, member
4. Manager of SBB Client Segment Business Department, member
5. Manager of Retail Credit Division either/or Manager of Risk Management Division, member

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The members are elected without limitation of the term of office.

The HSBBCC decides on credit exposure toward single subject – legal entity from EUR 100.001 up to EUR 500.000 and toward single subject – individual from EUR 100.001. HSBBCC also approves restructuring of claims and regulating of claims in accordance with applicable credit policies and performs other activities determined with decisions of the Supervisory Board. The meetings are held by teleconference or written statement when needed with a quorum of all of its members and the decisions are passed unanimously;

5. Small Banking Business Credit Committee (SBBCC): it consists of 4 members as follows:

1. Chief Retail Officer of SB and member of the Board of Directors, Chairman
2. Manager of SBB Client Segment Business Department, member
3. Manager or Deputy Manager of Product Management and Client Segments Division, member
4. Manager of Retail Credit Division either/or Manager of Risk Management Division, member.

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The members are elected without limitation of the term of office.

The SBBCC decides on credit exposure toward single subject – legal entity in the amount up to EUR 100.000. SBBCC also approves restructuring of claims and regulating of claims in accordance with applicable credit policies and performs other activities determined with decisions of the Supervisory Board. The meetings are held by teleconference or written statement when needed with a quorum of all of its members and the decisions are passed unanimously.

Lower approval levels can be determined with decision of the Supervisory Board or by approval of the relevant credit policy.

6. Retail Credit Committee (RCC): it consists of 5 members as follows:

1. Chief Retail Officer of SB and member of the Board of Directors, Chairman
2. Manager or Deputy Manager of Product Management and Clients Segments Division, member
3. Manager of Retail Credit Division of SB, member
4. Senior Manager of Sales and Branch Network, member

5. Manager of Retail Credit Department of SB, member.

The members are elected without limitation of the term of office.

The RCC decides on credit exposure toward single subject – individual in the amount up to EUR 100.000. RCC also approves restructuring of claims and regulating of claims in accordance with applicable credit policies and performs other activities determined with decisions of the Supervisory Board. The meetings are held by teleconference or written statement when needed with a quorum of all of its members and the decisions are passed unanimously;

Lower approval levels can be determined with decision of the Supervisory Board or by approval of the relevant credit policy.

The Credit Committees shall operate in accordance with the relevant credit policy adopted by the Supervisory Board.

Members of the Credit Committees shall be persons with special rights and responsibilities in SB, or other employees of SB, or other persons which are evaluated as sufficiently knowledgeable and experienced in the credit area in question.

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Other body (ies) that are established with Supervisory Board Decision is/are:

1. **Remuneration Committee (RC):** it consists of 3 members as follows:

1. Independent member of the Supervisory Board, Chairman,
2. Member of the Supervisory Board, member, and
3. Independent member of the Supervisory Board, member.

The members are appointed for a 1-year term of office, which can be extended for indefinite periods, provided that the Committee member still meets the criteria for the membership of the Committee and the Supervisory Board.

The purpose of Remuneration Committee is to assist Supervisory Board in performing its oversight responsibility to shareholders by ensuring that Stopanska Banka has coherent remuneration policies and practices that fairly and responsibly reward individuals regarding the performance, within the risk management framework, legal regulations, business strategy and highest standards of corporate governance.

The Remuneration Committee shall operate in accordance with its Rules of procedure adopted by the Supervisory Board.

8. Internal Audit

Article 64

SB Supervisory Board shall organize an Internal Audit Division, as an independent organizational unit in SB.

The Internal Audit Division shall conduct constant and full-scope audit of the legitimacy, accuracy and promptness of SB operations through:

1. assessment of the internal control systems adequacy and efficiency;
2. assessment of the implementation of the risk management policies;
3. assessment of the design of the information system;
4. assessment of the accuracy and reliability of the commercial books and financial statements;
5. verification of the accuracy, reliability and the timeliness in the reporting in accordance with the regulations;
6. monitoring of the compliance with the regulations, the Code of Ethics, policies and procedures;
7. assessment of the anti-money laundering systems; and
8. assessment of the services SB obtains from its ancillary services undertakings.

The Internal Audit Division shall carry out its activities in conformity with the internal audit principles and standards, SB Code of Ethics and the operating policy and procedures of the Division.

The Internal Audit Division officers shall be employed by SB and shall only perform the function of the Division, with at least one of them being an authorized auditor.

The Supervisory board and the Board of Directors are responsible to provide efficient operation of the internal audit function in accordance with the applicable regulation.

Article 65

The Internal Audit Division shall develop annual plan of activities of the division, approved by the Supervisory Board.

The plan under paragraph 1 of this Article shall indicate the subject to audit including the description of the contents of the planned audit in certain areas and schedule of the audits during the year including the planned auditing period.

Article 66

The Internal Audit Division shall prepare semi-annual and annual report on its operations and submit them to the Supervisory Board, Board of Directors and Audit Committee SB.

The Supervisory Board shall submit the annual report of the Internal Audit Division to National Bank.

The Internal Audit Division shall immediately notify the Supervisory Board and the Board of Directors if, during the audit, it identifies:

1. violation of the risk management standards which is likely to deteriorate SB liquidity and solvency, and
2. that the Board of Directors violates SB regulations, general acts and internal procedures.

IX. OTHER PROVISIONS

1. Conflict of Interests

Article 67

The persons with special rights and responsibilities shall make a written statement on the existence, if any, of a conflict of their personal interest with the interest of SB, regularly every six months.

Personal interest of the persons under paragraph 1 of this Article shall also include interests of the connected persons connected thereto, as defined by the Banking Law.

Conflict between the personal and the bank's interest shall exist when financial, or any other type of business or family interests of the persons under paragraphs 1 and 2 of this Article are concerned by the adoption of decisions, concluding agreements or performing other business activities.

Realization of financial, business and family interest shall imply generation of monetary or other type of benefit, directly or indirectly, by the persons under paragraphs 1 and 2 of this Article.

The persons under paragraph 1 of this Article shall not attend the discussion and adoption of decisions, conclude agreements, or perform other business activities if their objectivity is questionable due to the existence of a conflict between their personal interest and the interest of SB.

Statement on existence of a conflict of interests shall also be given before the meeting for discussing and adopting decisions, concluding agreements, or performing other business activity.

The written statement under paragraphs 1 and 6 of this Article shall be submitted to SB Supervisory Board and Board of Directors, indicating the reason underlying the conflict between the personal with SB interest.

If the person under paragraph 1 of this Article conceals the existence of a conflict of interests, the National Bank and any other person who has a legal interest may require annulment of the legal matter to the competent court in accordance with the law.

2. Compliance, Money Laundering and Terrorist Financing Prevention

Article 68

The SB Board of Directors shall organize a Compliance Division.

The Compliance Division consists of employees and Compliance Officer.

The Compliance officer is Manager of the Compliance Division.

Compliance Division shall be responsible for identification and monitoring of the risks arising from the non-compliance of the SB operations with the regulations, including preventing Money Laundering and terrorist financing.

Risk arising from non-compliance represents possible risk on SB income and capital that can arise from non-implementation, incorrect implementation, incorrect interpretation of laws and by-laws, good business practices, regulations, agreements and SB enactments, as well as non-compliance of SB enactments with laws, by-laws and good business practices.

The Compliance Officer and Compliance Division staff shall perform solely the activities stipulated in paragraph 4 of this article and shall be independent in the performance of activities within their competence.

SB employees shall provide to the Compliance Officer i.e. the Division staff an access to the available documentation and render all necessary information.

The Compliance officer shall submit monthly report to the Board of Directors and semi-annual report to the Supervisory Board on its operations.

SB Compliance Division is bound to undertake measures and activities in order to detect and prevent money laundering in all parts of its operation such as:

- preparation of policies, procedures, manuals and instructions for identification and analysis of clients,
- monitoring, collecting and keeping of transaction data,
- cooperation with competent bodies,
- keeping as business secret the data provided on the basis of the existing legal regulations on prevention of money laundering,
- introducing internal programs on prevention of money laundering, and
- other measures and activities on prevention of money laundering provided by the law or bylaw.

3. Insurance of Citizens' Deposits

Article 69

SB shall be obliged to insure with the Deposits Insurance Fund the citizens' denar and foreign currency deposits and citizens' checking accounts, the deposits based on payment cards issued by SB and the citizens' foreign currency receipts.

4. Banking secret

Article 70

Any documents, data and information acquired through banking and other financial activities on individual entities, and transactions with individual entities and on deposits of individual entities shall be considered banking secret that SB is required to protect and keep.

The persons who obtained the documents, data and information referred to in paragraph 1 of this Article, shall keep them, may use them only for the purpose they were obtained for, and shall not disclose them to third parties, unless in cases and procedure stipulated by the Law and/or this Statute.

The requirement under paragraphs 1 and 2 of this Article shall continue being valid after the termination of the employment, i.e. after the termination of the ground and the status underlying the access to the data regarded as banking secret.

Article 71

The kinds of data and documents that are considered as a banking secret of SB and the mode of their keeping shall be governed in greater detail by a general enactment to be adopted by SB Supervisory Board.

Article 72

The requirement under Article 70 of this Statute shall not be applied to the following instances:

- 1) if the data and information disclosure is prescribed by a law; and
- 2) if the person gave a written consent to data disclosure.

For the persons with special rights and responsibilities and SB employees, the requirement under paragraph 1 of this Article shall apply to the following instances:

1. on written request of the public prosecution office or a competent court for conducting procedures within its competencies;
2. for the needs of the National Bank or another supervisory body authorized by law;
3. on written request of the Public Revenue Office for conducting procedures within its competencies;
4. if the data is disclosed to the Financial Intelligence Office, in accordance with the law;
5. if the data is disclosed to the Financial Police, in accordance with the law;
6. on written request by the State Foreign Exchange Inspectorate for foreign exchange operations control;
7. on written request by the Deposit Insurance Fund, in accordance with the law;
8. on written request of the Agency for confiscated property management, in accordance with the law;
9. on written request on notary in the probate proceeding, in accordance with the law;
10. if the data is disclosed for the needs of operating the National Bank Credit Registry and the Credit Bureau, in accordance with the law;
11. the data are disclosed for the purpose of credit risk management, to other members of a banking group with headquarters outside of the Country and whose member is SB;
12. on written request by the enforcement agents in accordance with the law; and
13. in case the data are given to the Ministry of Labour and social affairs, Employment Agency and Health Insurance Found, for the needs of conducting operation in the area of their authority and in accordance with personal data protection regulation, only in case the bank conducts a memorandum for cooperation with the above specified institutions, in which the manner of data availability is regulated.

5. Security and protection

Article 73

SB shall perform tasks and implement measures related to security and protection defined by the current regulations.

The security and protection-related measures and the mode of their implementation shall be governed in greater detail by enactments to be adopted by SB Board of Directors.

6. Informing

Article 74

The Supervisory Board and the Board of Directors shall be obliged to provide appropriate information for SB's operations to SB' shareholders, foreign banks with which SB cooperates as well as to SB's employees, as defined by the laws and this Statute.

SB must keep the following documents and enactments in its headquarters:

1. The Statute and other enactments, as well as all their amendments, supplements along with their revised texts;
2. The Minutes and all other documents of all Shareholders Assembly Meetings;
3. The Minutes of the Meetings and the decisions of the Supervisory Board;
4. The annual and financial statements;
5. Enclosures (evidences and records) submitted to the Trade Registry;
6. All public calls and prospectus for issuance of the shares and other securities of SB;
7. The complete written correspondence of SB with its shareholders;
8. Updated list of names, surnames and addresses of all elected members of the Supervisory Board;
9. Mortgage and pledge documents;
10. Report of the authorized auditor and the report of the authorized appraiser;
11. Original or copies of voting papers and the proxies for participation on the Shareholders Assembly Meetings;
12. SB's Collective Agreement; and
13. Other enactments and documents prescribed by the Statute and the laws.

Each shareholder must be provided with a possibility for review of the enactments and all other documents referred to in paragraph 2 of this Article in the headquarters of SB, in accordance with the laws.

Each shareholder who requests to review the enactments and the documents referred to in paragraph 2 of this Article shall be obliged to notify SB not later than three days prior to the date of the requested review. The costs of the requested copies shall be paid by the shareholder.

The Shareholder cannot publish or present the information except in accordance with the laws.

7. Adopting and Amending the Statute and other Enactments

Article 75

SB Statute is a general enactment.

The other SB general enactments must be in compliance with the Statute.

Article 76

The amendments and supplements to the Statute shall be made in the same procedure upon which the Statute was adopted.

After passing the amendments of the Statute of SB, together with the Application for registration of the amendments in the Trade Registry, SB Board of Directors shall submit a

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Statement, stating all the undertaken activities for amending the Statute and the fact that the submitted information is accurate and in compliance with the laws.

Article 77

SB general enactments shall be adopted by SB Shareholders Assembly or Supervisory Board.

The general enactments referred to in paragraph 1 of this Article to be adopted by SB Shareholders Assembly shall be proposed by the Supervisory Board, and the enactments to be adopted by the Supervisory Board shall be proposed by SB Board of Directors.

Amendments to the general enactments shall be made in the same procedure as they were adopted.

Article 78

The individual enactments, in accordance with the regulations, this Statute and SB general enactments shall be adopted by the competent SB body.

8. Termination of SB

Article 79

SB shall be terminated:

- if SB Shareholders Assembly adopts a decision on termination, in accordance with Article 33 of this Statute;
- if the National Bank revokes the operating license;
- if a status-related change occurs by which SB loses the status of independent legal entity;
- if bankruptcy proceedings are introduced by the competent court; and
- in other cases provided for by law.

X. TRANSITIONAL AND FINAL PROVISIONS

Article 80

The coming into force of this Statute shall invalidate the provisions of SB general and other enactments that are contrary to this Statute.

Article 81

The harmonization of the provisions of SB general and other enactments with this Statute will be made within twelve months from the effective date of this Statute.

Article 82

The appointed members of SB Board of Directors - General Managers shall continue to perform their duties after entering into force of this Statute, until the expiration of their term of office stipulated in the relevant approval by the Governor of the National Bank.

Article 83

This Statute shall enter into force upon acquiring relevant approval by the Governor of National Bank and shall be implemented as of the date the Statutory Decision on amending the Statute is passed by the Shareholders Assembly.

The Revised Text of the Statute of Stopanska Banka AD – Skopje comprises of the Statute of Stopanska Banka AD – Skopje (A.D. No. 394/19.01.2019 revised text) and the Statutory Decision on Amending the Statute of Stopanska Banka AD – Skopje (A.D. No. / .03.2020)

A.D.No. ▼

SHAREHOLDERS ASSEMBLY

Skopje ▼

Chairman

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Deleted: Natasha Trpenoska Trenchevska