

DECISION

on approval of the Report on the operation of the
Supervisory Board of Stopanska Banka AD – Skopje in 2019

On the basis of Article 26 of the Statute of Stopanska Banka AD – Skopje (A.D.No.399/04.03.2020, revised text), the Shareholders Assembly on the meeting held on _____.____.2020, passed

DECISION

on approval of the Report on the Operations of the
Supervisory Board of Stopanska Banka AD – Skopje in 2019

1. The Report on Operation of the Supervisory Board of Stopanska Banka AD – Skopje in 2019 is hereby APPROVED.

2. The operation of each individual member of the Supervisory Board and his/her managing of Stopanska Banka AD – Skopje, is hereby APPROVED, as follows:

- Marinis Stratopoulos, **Chairman of the Supervisory Board of SB**, General Manager of International Activities, National Bank of Greece S.A. Athens;
- Dimitrios Christopoulos, **Deputy Chairman of the Supervisory Board of SB**, Advisor in International Activities, National Bank of Greece S.A. Athens;¹
- Anastasios Lizos, **member of the Supervisory Board of SB**, Head of Sector of International Activities, National Bank of Greece S.A. Athens;
- Ioannis Kagioulis, **member of the Supervisory Board of SB**, Head of International Corporate Credit Division, National Bank of Greece S.A. Athens;
- Dimitra Gkountoufa, **member of the Supervisory Board of SB**, Director in CEO Office, National Bank of Greece S.A. Athens;
- Vladimir Filipovski, **independent member of the Supervisory Board of SB**, Professor, Faculty of Economics at University “St. Cyril and Methodius” Skopje; and
- Sasho Kjosev, **independent member of the Supervisory Board of SB**, Professor, Faculty of Economics at University “St. Cyril and Methodius” Skopje.

2. The Report on Operation of the Supervisory Board of Stopanska Banka AD – Skopje in 2019 is an integral part of this Decision.

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

A.D. No. ____
_____.____.2020
Skopje

SHAREHOLDERS ASSEMBLY

Chairman
Natasha Trpenoska Trenchevska

¹On 30.01.2020 Mr. D. Christopoulos submitted his resignation as member of the Supervisory Board of Stopanska Banka. On his position the Shareholders Assembly on its meeting held on 04.03.2020 appointed Mr. C. Christodoulou, Chief Financial Officer and member of the Executive Committee of NBG Group.

REPORT

on the operations of the Supervisory Board of Stopanska Banka AD – Skopje in 2019

The Supervisory Board of Stopanska Banka continued to operate in 2019 in full compliance with the regulatory requirements, the SB Statute, its Rules of Operations and the NBG Group standards, contributing towards good corporate governance and safety of the Bank.

The Supervisory Board was always involved in decisions of fundamental importance for the Bank and was actively involved in the monitoring of the Bank's operations, being informed regularly about the fundamental issues about the Stopanska Banka and its surrounding. Specifically, the Supervisory Board regularly reviewed the comprehensive reports on the financial and commercial operations of Stopanska Banka, its Business plan, the reports of the supervisory authorities and the Internal audit division, the Quarterly Compliance Reports, various policies, etc. In addition, the Supervisory Board was informed about the significant changes in the relevant legislation and the internal audit matters.

As explained in more details in the following part of the Report, the Supervisory Board successfully contributed towards protection and promotion of the long-term interest of the Bank.

1. Manner of performing the Supervisory function

The meetings of the Supervisory Board were held in accordance with the regulatory requirements, i.e. at least one meeting per quarter. In 2019, the Supervisory Board organized 6 meetings, where it addressed all topics with a special importance for the bank and in accordance to its duties and responsibilities. Between the meetings, various items were reviewed/approved with written statement on 4 occasions.

The Supervisory Board held its meetings in accordance with the Annual Working Plan 2019 (Calendar of meetings) and in line with its responsibilities determined by the Law on Banks and the internal acts.

1/ Foremost, the Supervisory Board adopted the Business Plan and Development Policy of Stopanska Banka for the period 2019 – 2021 and was actively involved in monitoring its implementation and the overall operations of the Bank and its surrounding. Namely, the Board of Directors reported to the Supervisory Board regularly and comprehensively on business matters along with other fundamental issues relating to management and control of the Bank. On every meeting the Chief Executive Officer comprehensively explained the financial position of the Bank and was open for questions by the Supervisory Board on any matter of interest. In addition, the Chief Risk Officer complement the CEO with presentations concerning the Bank's risk, liquidity and capital management and presenting reports on the operations of the Risk Management Committee.

2/ Besides the reporting of the Board of Directors, through the annual plans and the regular reports of the Internal Audit Division and Compliance Division the Supervisory Board monitored the operations of the responsible persons for the control functions and was duly informed about the ongoing compliance/regulatory matters and internal audit issues. During the year, the Supervisory Board also re-appointed the Manager of the Internal Audit Division for another term.

Furthermore, special attention was put on monitoring the recommendations of the Governor of the Central Bank until their full implementation, having in mind the role of the Supervisory Board

in establishing efficient cooperation with the Central Bank and the others regulatory bodies in the country.

In addition, the Information Security Officer informed the Supervisory Board about the information security risks and ongoing developments on semi-annual level.

3/ The Supervisory Board also contributed towards support of the corporate business through approving significant corporate cases that are pre-approved by the International Corporate Credit Committee. In addition, the Corporate Industry Limits for 2019 was approved, amending the framework of limits for maximum exposure towards companies in certain economic sectors.

4/ During 2019, all the policies under the authority of the Supervisory Board were reviewed. Among others, Corporate Credit Policy, Risk and Capital Strategy, Risk Appetite Framework, Retail Credit Risk policy, NPE and Forbearance Policy, IT Strategy, Information Security Policy, Recovery Policy, Policy for managing liquidity risk, Compliance Policy, Anti-Money Laundering and Countering the Financing of Terrorism Policy, etc.

5/ In accordance with its responsibilities, the Supervisory Board also renewed the Rules of Operations of the Board of Directors in order to align the operations with the Central Bank' Decision on good corporate governance in banks. More precisely, among other things, the Rules were amended with provisions related to the evaluation of the Board of Directors members and candidate members and provisions regulating the communication between the Board of Directors and Supervisory Board were included. In addition, the Supervisory Board was taking care to renew the membership of any member of its Committees when needed, it appointed a Secretary of the Supervisory Board, etc.

6/ Two Shareholders Assemblies were organized in 2019. For the Annual Shareholders Assembly held on 29.05.2019 Supervisory Board approved the Agenda with all the regulatory required items. Besides, the Supervisory Board received an initiative by part of the owners of the priority shares for conversion of the priority into ordinary shares in ratio 1:2. The initiative was reviewed by the Supervisory Board and after ensuring that it fulfils all the legally prescribed criteria it included in the Agenda for the Shareholders Assembly. The Shareholders Assembly did not approve the proposed conversion. For the Extraordinary Shareholders Assembly held on 19.11.2019 the Supervisory Board approved the Agenda with proposed amendments of the Statute of SB. With the proposed amendments the Supervisory Board addressed the recommendations given by the Security and Exchange Commission related to the rights of the shareholders, including a proposal for determination of fixed dividend for the priority shares in predetermined amount. The proposed amendments were accepted by the common shareholders but rejected by the majority of the present owners of the priority shares.

Participation in meetings

The Supervisory Board members participated in the meetings of the Supervisory Board and its committees (Audit Committee and Remuneration Committee) in which they were members, as follows:

Member	Meetings (incl. AC & RC)	Participation on the meetings	Participation in % (all meetings)
M. Stratopoulos	6	4	67%
D. Christopoulos	10	9	90%
A. Lizos	12	12	100%
D. Gkountoufa	10	6	60%
I. Kagioulis	6	6	100%

V. Filipovski	8	8	100%
S. Kjosev	8	8	100%

For all decisions that were passed by written statement by the Supervisory Board and its committees (total approvals by written statement: 10) all members issued their consent. In addition, as a rule, the Agenda and the materials of the meetings are submitted to all members regardless if a member participated on the meeting.

2. Supervision and cooperation with other SB bodies/committees (Board of Directors, Internal Audit Division, Compliance Division, Risk Management Committee, Remuneration Committee and Audit Committee)

The regular frequency of the meetings and the ongoing communication with the management ensured an active exchange of information between the Supervisory Board and the Board of Directors. In addition, the CEO regularly informed the Chairman of the Supervisory Board on the significant developments.

As explained above, the Supervisory Board had active and open communication with the Internal Audit Division and the Compliance Division, being involved in approving the annual plans of operations, regularly reviewing their reports, etc. In addition, the operations of the Risk Management Committee, Audit Committee and the Remuneration Committee were monitored by reviewing the monthly RMC, quarterly AC Reports or the Remuneration Committee reports, etc.

All in all, it may be concluded that the Supervisory Board had active communication with all the other committees and control functions of the Bank.

3. Supervisory Board remuneration

All Supervisory Board members are entitled to reimbursement for their participation in the operations of the Supervisory Board.

In accordance with the Shareholders Assembly Decision on determining remuneration of the members of the Supervisory Board of Stopanska Banka AD – Skopje (A.D. No. 249/12.12.2012), the remuneration is set to EUR 400 net per month. However, in accordance with NBG Board of Directors Decision, all officers of NBG SA Athens who participate in the boards of the banks and/or companies within NBG Group did not receive any remuneration for their participation as Supervisory Board members in Stopanska Banka.

4. Self-assessment of Supervisory Board operations from the aspect of the individual members and jointly

In order to assess its efficiency and effectiveness, identify the potential gaps and ensure that the work performed complies with the prescribed legal and internal regulation, the members of the Supervisory Board have performed self-evaluation of their activities during 2019 individually and collectively. Evaluation of the Supervisory Board consider the balance of skills, experience, independence and knowledge of the members, how the Supervisory Board works together as a unit, and other factors relevant to its effectiveness.

Based on the overall assessments, it may be concluded that the operations of the Supervisory Board of Stopanska Banka, as a whole, are assessed with high grade (total 4.3 out of 5 scale), meaning that the Board operates in compliance with the relevant regulations and the Group

corporate governance standards and effectively fulfills its role and duties. The Supervisory Board members expects continuous enhancement of the organization of the meetings, continuous incorporation of the best practices related to succession planning, evaluations and the remuneration oversight & the overall knowledge of IT and technology to be strengthened of the members in order to have better oversight of the implementation of the IT strategy.

The Supervisory Board members also conducted evaluation of all members individually (every member evaluated the other members, including the Chair). The self-assessment confirms that the current composition of the Supervisory Board is such that its members have the collective and individual knowledge, skills and specialist experiences as well as the integrity and reputation appropriate for a systemic bank as SB. In addition, all members of the Supervisory Board allocate appropriate time and focus on their supervisory and strategic responsibilities.

In addition, the Supervisory Board assessed the operations of the Board of Directors in 2019. Based on the overall assessments, it may be concluded that the operations of the Board of Directors of Stopanska Banka, as a whole, is assessed with high grade (total 4.4 out of 5), meaning that the Board operates in compliance with the relevant regulations and the Group corporate governance standards and effectively fulfills its role and duties. The Board of Directors achieved high standard and the Supervisory Board members does not have any reservations regarding the professional qualifications, personal reliability and the integrity of the members of the Board of Directors.

Therefore, no significant changes are proposed in the operations of the Supervisory Board or the Board of Directors.

5. Conflict of interest & undertaken measures

In accordance with the Law on Banks, all persons with special rights and responsibilities, including the members of the Supervisory Board, are obliged annually to file a statement for relations with other persons with special rights and responsibilities of the Bank, its shareholders or borrowers and twice per year to file a statement of (non)existence of conflict of interest. In addition, all persons with special rights and responsibilities are obliged not to participate in the decision-making, concluding agreement or other business activity of SB if at the time of adoption of the decision there is personal interest / conflict of interest between the member of the Supervisory Board (or person related to him) and the Bank. All members of the Supervisory Board are obliged to notify the Secretary of the Supervisory Board in writing on such situation, before holding the meeting for discussing / adopting decisions.

During 2019 no conflict of interest was reported by the members of the Supervisory Board.

At this point, we would like to thank all the members of the executive management and SB employees for their dedicated work towards continuous realization of the mission and strategic goals of Stopanska Banka AD – Skopje.

S.B. No.
____.____.2020
Skopje

SUPERVISORY BOARD

Marinis Stratopoulos
Chairman