

STOPANSKA BANKA AD – SKOPJE

ANNUAL REPORT

2024

Skopje, April 2025

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Pursuant to Article 352 of the Law on Trade Companies, the members of the Board of Directors of Stopanska banka AD - Skopje (hereinafter: "SB" and/or "the Bank") are submitting the attached Annual Report on the operations of Stopanska banka AD - Skopje for the year 2023. The report is submitted to the Supervisory Board, which reviews it, decides on it ("prior adoption") and prepares a written opinion and submits them to the Assembly of Shareholders for consideration and approval.

Pursuant to Article 384, paragraph 7 of the Law on Trade Companies, the Annual Report objectively presents and explains the main factors and circumstances that had an impact on the Bank's operations, as well as all other mandatory elements that are important to the investing public and all other stakeholders.

STOPANSKA BANKA AD - SKOPJE

BOARD OF DIRECTORS

Diomidis Nikolettopoulos
Chief Executive Officer

Milica Chaparovska-Jovanovska
Chief Retail Officer

Bojan Stojanoski
Chief Risk Officer

Evangelia Kalouptsi
Chief Transformation & Strategy Officer

Highlights 2024

In 2024, domestic economy continued to face notable challenges; however, it also demonstrated resilience and potential for growth and stabilization. Key macroeconomic indicators—such as gross domestic product (GDP) growth, inflation, unemployment, and public debt—played a significant role in shaping the overall economic landscape.

The period was marked by a GDP growth rate of 2.8%, primarily driven by strong domestic demand, reflecting steady consumer activity and internal market dynamics. Inflation moderated to 3.5% by year-end, representing a considerable improvement compared to previous years. This downward trend was largely attributed to the decline in energy prices and the stabilization of food prices, which together played a key role in easing cost pressures across the economy.

In response to improving inflation dynamics and a broader global trend of easing monetary conditions, the European Central Bank (ECB) implemented multiple benchmark interest rate reductions—its first series of consecutive cuts in over a decade. This shift in monetary policy direction signaled the ECB's increased focus on supporting economic growth over curbing inflation.

Aligned with global trends and domestic macroeconomic conditions, the National Bank of the Republic of North Macedonia (NBRNM) followed a similar path, reducing the interest rate on central bank bills from 6.30% in July to 5.55% in December 2024. This downward trend continued into 2025, with the rate further declining to 5.35% in February, reflecting continued efforts to stimulate lending and investment activity.

The first half of 2024 was marked by parliamentary and presidential elections, which contributed to the postponement of major investment projects and slowed down the implementation of strategic development initiatives. The geopolitical situation remained volatile, particularly due to the ongoing conflicts between Russia and Ukraine, as well as Israel and Palestine, both of which continued to exert an indirect influence on regional financial markets and political dynamics.

One of the first strategic decisions undertaken by the newly formed Government was the finalization of the Hungarian Loan Agreement. This loan, set to be implemented in the coming period, offers highly favorable terms for end-users, including a fixed interest rate of 1.95%. The agreement is expected to have impact on reducing interest rates across the domestic banking sector, thereby stimulating economic activity.

At the end of 2024, the country adopted the provisions of the Global Tax Law, aligning its tax framework with the standards set by the Organization for Economic Co-operation and Development (OECD). Under this framework, entities that are part of international groups subject to global tax requirements are now obligated to pay an additional global minimum tax of 5%, on top of the existing corporate tax rate of 10%—resulting in a total effective tax rate of 15%.

In line with these changes, Stopanska Banka AD Skopje, as a member of the National Bank of Greece Group, became subject to this global tax obligation. As a result, its profit before tax was subject to the revised 15% corporate tax rate in accordance with OECD-aligned regulations.

As one of the systemically important banks, Stopanska Banka achieved exceptional results in 2024, similar to previous years, i.e. profit before tax amounted to 4,141 million MKD. The Bank's total assets increased by 10% and amounted to 144,011 million MKD. With total capital and reserves of 29,236 million MKD, Stopanska Banka remains a highly capitalized bank with a capital adequacy ratio of 17.8%.

Financial Highlights

<i>in EUR million</i>	2023	2024	change %
Income Statement indicators			
Net Interest Income	93.2	100.4	7.7%
Net Commissions Income	13.2	14.1	6.8%
Total Income	118.8	125.4	5.6%
Operating expenses	-35.3	-39.5	11.9%
Net Operating Income	83.5	85.9	2.9%
Impairment losses	-20.8	-18.5	-11.1%
Pre Tax Profit	62.7	67.3	7.3%
Income Tax	-6.3	-9.6	52.4%
Net Profit	56.4	57.7	2.3%
Balance Sheet indicators			
Total Assets	2,136.2	2,341.8	9.6%
Equity	418.4	475.4	13.6%
Regulatory capital	298.9	338.3	13.2%
Total loans (gross)	1,557.8	1,669.0	7.1%

Retail loans	961.2	998.1	3.8%
Corporate Loans	596.6	670.9	12.5%
Provisions	56.8	61.1	7.6%
Total Deposits	1,627.1	1,764.8	8.5%
Retail deposits	1,200.8	1,361.9	13.4%
Corporate Deposits	426.3	402.9	-5.5%

Financial ratios	2023	2024	change (bp)
Net Interest Margin	5.1%	5.1%	0.1
Cost income ratio	29.7%	31.5%	179.0
ROA	2.7%	2.6%	-15.2
ROE	14.5%	12.9%	-156.2
Loans to Deposits ratio (gross)	95.7%	94.6%	-116.9
Capital Adequacy ratio	16.6%	17.8%	125.5

Operational Indicators	2023	2024	change
Number of Units	59	57	-2
Number of Personnel (eop)	974	996	22

Note: All figures in this report referring to Stopanska Banka AD Skopje are based on the Financial Statements prepared in accordance with accounting regulations applied in the country and the regulation of NBRNM

Macroeconomic Overview

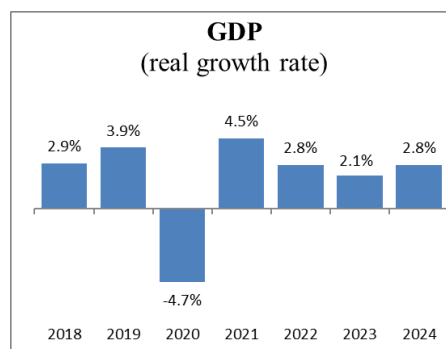
The year 2024 was characterized by prolonged uncertainty, largely driven by global geopolitical developments and persistent inflationary pressures. In response, monetary policy remained tight, with interest rates maintained at high levels until the third quarter of the year. At that point, the Central Bank, aligning with signals from the European Central Bank, initiated a series of interest rate cuts, reducing the Central Bank bills interest rate from 6.3% to 5.55% by the end of 2024.

A degree of price stabilization was achieved during 2024, aided by government interventions aimed at controlling inflation. As a result, the inflation rate fell significantly, from 9.4% in 2023 to 3.5% in 2024.

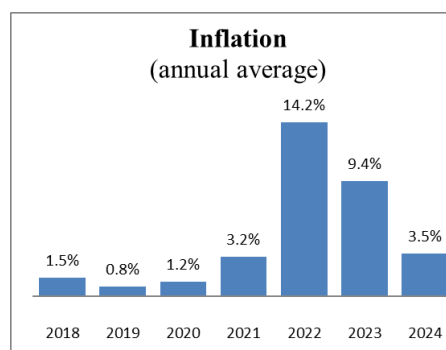
The banking sector continued to experience robust credit growth, with total loan growth reaching 10.7% — driven by 9.1% growth in household lending and 12.4% growth in corporate lending. This expansion prompted the Central Bank to reinforce macro

prudential measures, notably increasing the countercyclical capital buffer rate from 0.5% at the end of 2023 to 1.25% by year-end 2024.

The domestic economy recorded an average real GDP growth of 2.8% in 2024, exceeding both the growth achieved in previous years and the initial projection of 2.3%. This growth was largely driven by domestic demand across all components, particularly public consumption, while net exports continued to contribute negatively.



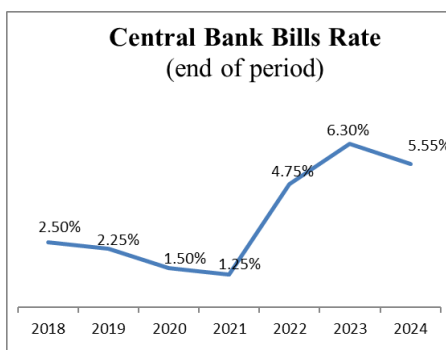
The massive inflationary pressures from 2022 -2023 were followed by price stabilization especially in the second half of 2023 and 2024, mainly as a result of the price restraints imposed on prices of basic products. As a result, the inflation rate as end of 2024 was 3.5% compared to 9.4% (2023).



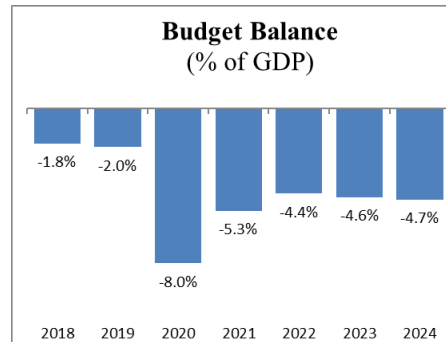
Monetary and Fiscal Policy Overview

In terms of monetary policy, the main interest rate on Central Bank bills was raised six times during 2023, reaching 6.3%, where it remained until September 2024. In the final quarter of the year, a downward trend began, with the rate declining to 5.55% by year-end.

Foreign reserves remained at a comfortable level, and foreign currency liquidity within the banking sector continued to be adequate. Together, these factors supported the stabilization of domestic prices. Although the current inflation trajectory allows for the potential easing of monetary policy, assuming no new inflationary shocks, the National Bank of the Republic of North Macedonia (NBRNM) has emphasized that uncertainty persists. The NBRNM has reaffirmed its commitment to closely monitor economic conditions and risks, maintaining a readiness to act in support of monetary stability and the currency peg.

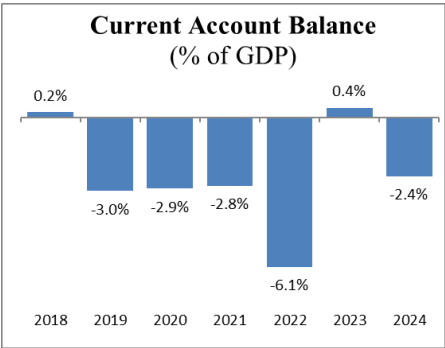


From a fiscal perspective, the Budget of the Republic of North Macedonia (RNM) recorded a deficit of 4.7% of GDP in 2024. This was fully financed through borrowings in both



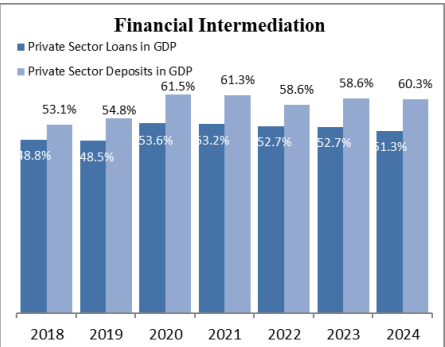
foreign and domestic markets, supplemented by the government's deposits with the National Bank. As a result, public debt rose to 61.9% of GDP by the end of 2024, up from 58.1% in 2023.

The country's external position remained relatively stable in 2024. The current account deficit was contained at -2.4% of GDP, while foreign exchange reserves increased by 10.8% year-on-year, reaching EUR 5.03 billion. This provided ample buffers to cushion against potential external shocks and supported overall macroeconomic resilience.



Banking Sector Overview

Throughout 2024, the banking system remained well-capitalized, liquid, and profitable, continuing to demonstrate its resilience and capacity to support the economy, even amid complex and uncertain conditions. The sector maintained its ability to meet client demands, while also contributing to overall financial system stability.



By the end of 2024, total deposits grew by 12.5% year-on-year, with corporate deposits increasing by 9.4% and retail deposits by 14.0%. In parallel, total credit growth reached 10.7%, supported by a 9.1% increase in retail loans and a 12.4% rise in corporate lending.

The quality of the loan portfolio improved further, with the non-performing exposures (NPE) ratio declining to 2.7% as of 31 December 2024. The loans-to-deposits ratio stood at 82.4%, indicating a balanced and sustainable credit expansion relative to the deposit base.

The sector's capital adequacy remained strong, with the capital adequacy ratio (CAR) at 18.9% at year-end. Profitability indicators also reflected solid performance, with Return on Assets (ROA) at 2.2% and Return on Equity (ROE) at 17.6%.

Despite the resilience demonstrated, the evolving economic landscape and lingering risks warrant continued vigilance. In this context, and with the aim of further strengthening the capital position of domestic banks, the NBRNM continued implementing macro prudential measures, most notably, the countercyclical capital buffer, introduced in 2023, is set to increase to 1.5% in 2025.

Detailed Macroeconomic Data

	2020	2021	2022	2023	2024
Output					
Gross Domestic Product (real growth rate)	-4.7	4.5	2.8	2.1	2.8
Industrial Production (annual growth rate)	-9.5	1.4	-0.2	0.7	-3.6
Prices, wages and productivity					
CPI (annual average)	1.2	3.2	14.2	9.4	3.5
CPI (year-end)	2.3	4.9	18.7	3.6	4.4
PPI (annual average)	0.8	8.5	21.9	2.7	2.4
PPI (year-end)	1.8	15.0	19.8	-2.1	5.3
Real wages (annual growth rate)	6.5	2.3	-2.7	5.4	9.1
Government finance					
General government balance (% of GDP)	-8.0	-5.3	-4.4	-4.6	-4.7
External sector					
Current account balance (% of GDP)	-2.9	-2.8	-6.1	0.4	-2.4
Export of goods and services (in million eur)	6,264.7	7,743.9	9,663.7	8,322.8	7,781.2
Import of goods and services (in million eur)	7,644.6	9,618.4	12,375.7	11,148.5	11,062.5
Export of goods and services (annual growth rate)	-10.1	23.6	19.9	0.3	-6.5
Import of goods and services (annual growth rate)	-11.0	25.8	25.8	-8.0	-0.8
Gross external debt (in million eur)	8,536.1	9,576.6	10,855.8	11,356.1	12,320.2
Foreign reserves (in million eur)	3,359.8	3,643.3	3,862.9	4,538.5	5,029.0
Exchange rate MKD/EUR (average)	61.7	61.6	61.6	61.6	61.6
Monetary aggregates					
M1 growth (dec./dec.)	16.4	8.7	6.0	11.0	11.8
M2 growth (dec./dec.)	11.2	10.3	6.4	6.1	8.0
M2 denar growth (dec./dec.)	10.6	5.5	4.9	9.8	12.5
M4 growth (dec./dec.)	6.9	7.0	5.1	8.7	11.4
M4 denar growth (dec./dec.)	5.5	1.7	2.9	11.2	14.8
Credit to private sector (dec./dec.)	4.7	8.3	9.4	5.1	11.2
Interest rates					
CB bills rate (annual average)	1.6	1.3	2.5	5.8	6.1
CB bills rate (end of period)	1.5	1.3	4.8	6.3	5.6
Capital markets					
Macedonian Stock Exchange index-MBI (growth rate-eop)	1.2	30.8	-8.1	8.2	66.8

Source: Ministry of Finance, State Statistical Office, National Bank of RNM

Banking sector & SB

in EUR million

Position/Indicator	Banking sector	SB	Market share
Total assets	13,412.7	2,341.8	17.5%
Total loans	7,877.4	1,669.0	21.2%
Total deposits	9,320.7	1,764.8	18.8%
Loans growth-retail	8.9%	3.8%	
Loans growth-corporate	12.3%	12.5%	
Deposits growth	12.3%	8.5%	
ROA	2.2%	2.6%	
ROE	17.6%	12.9%	
C:I	42.0%	31.5%	
NIM	3.6%	5.1%	
NPE	2.7%	3.1%	
CAR	18.9%	17.8%	

Source: The data and reports for the banking sector from the NBRNM Supervision

Stopanska Banka AD Skopje participates with 17.5% of the total banking sector assets and almost 1/5 of both deposits and loans. In 2024, the realized growth rate of gross loans was 7.1% and 8.5 % of deposits. During 2024, the performance of the Bank was in many aspects higher compared to the total banking sector as shown above. Namely, ROA 2.6% vs. 2.2%, NIM 5.1% vs. 3.6% and the cost-to income ratio well below the banking sector with remarkable 31.5% vs. 42%. The capital adequacy ratio was 17.8%.

Financial Performance

The most important aspects of the financial performance of the Bank have as follows:

Interest Income Overview

In 2024, SB's total interest income amounted to EUR 112.9 million. The retail loan segment remained primary contributor, generating EUR 65.1 million, which accounted for 57.7% of the total interest income. Meanwhile, interest income from corporate lending and other activities, including investments in securities, interbank placements, and other financial operations, totaled EUR 47.8 million, marking a 23.8% increase compared to the previous year.

in EUR million

	2023	2024	% change
Interest income	100.9	112.9	11.9%
Retail loans	62.3	65.1	4.5%
Corporate loans	24.2	29.1	20.2%
Other	14.4	18.7	29.9%

Interest expense

In accordance with the restrictive monetary policy, the Bank registered a corresponding increase in interest expenses.

in EUR million

	2023	2024	% change
Interest expenses	7.7	12.5	62.3%
Retail deposits	5.7	9.8	71.9%
Corporate deposits	0.5	1.2	140.0%
Other liabilities	1.4	1.5	7.1%

Net Interest Income

Net interest income amounted to EUR 100.4 million, increased by 7.7% primarily as a result of intensive credit activities and increase of the credit portfolio.

in EUR million

	2023	2024	% change
Net Interest income	93.2	100.4	7.7%
Interest income	100.9	112.9	12.0%
Interest expenses	7.7	12.5	62.3%

Fee and Commission Income Overview

In 2024, the Bank's net fee and commission income amounted to EUR 14.1 million. The largest contributor was income from fund transfer services, which generated EUR 6.4 million, accounting for 45.4% of the total. The second-largest component was net income from lending activities, reaching EUR 2.5 million, or 17.7% of the total fee and commission income.

in EUR million

	2023	2024	% change
Net fees and commissions income	13.2	14.1	6.8%
loans	2.0	2.5	25.0%
letters of guarantee	0.9	0.8	-11.1%
transfer of funds	6.5	6.4	-1.5%
others	3.8	4.4	15.8%

Operating Expense

In 2024, the Bank remained committed to operational excellence, balancing cost efficiency with robust risk management. As a result, it successfully kept operating expenses aligned with expectations while sustaining the high quality of its credit portfolio.

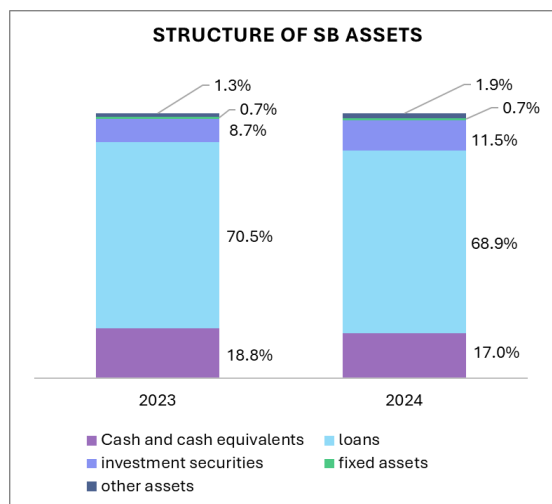
Total operating expenses for the year amounted to EUR 39.5 million. Thanks to the Bank's effective cost containment strategy, combined with strong revenue growth, it maintained a remarkably low cost-to-income ratio of 31.5%, significantly below the banking sector average.

Assets and Liabilities

Assets

At the end of 2024, the Bank's total assets reached EUR 2,341.8 million, representing an increase of EUR 205.6 million, or 9.6%, compared to 2023. This growth reflects the Bank's continued commitment to a prudent and balanced approach, maintaining adequate liquidity and a strong capital base.

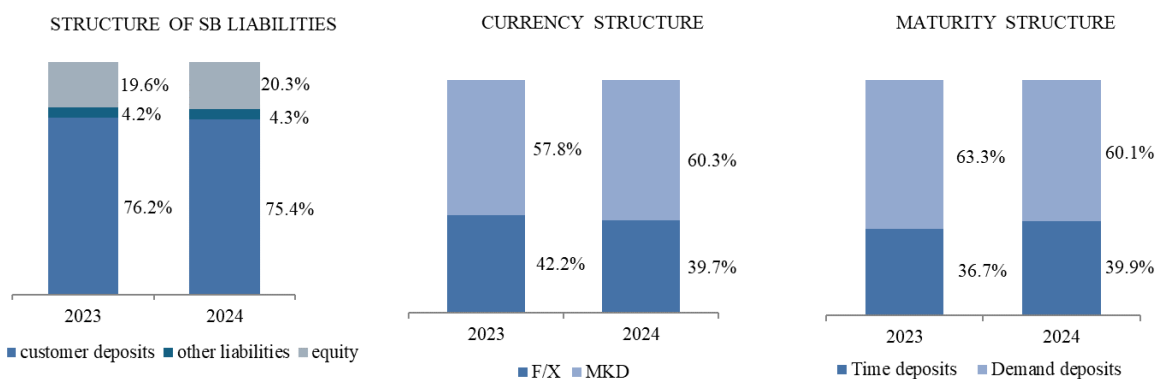
Cash and cash equivalents accounted for 17.0% of total assets, highlighting the Bank's solid liquidity position. The gross loan portfolio totaled EUR 1,669.0 million, with EUR 670.9 million extended to corporate clients and EUR 998.1 million to retail customers, confirming the Bank's continued support to both key segments of the economy.



Liability Structure and Capital Position

As of end-2024, customer deposits remained the dominant funding source, accounting for 75.4% of the Bank's total liabilities. Total deposits rose to EUR 1,765 million, marking an 8.5% increase compared to EUR 1,627 million in 2023. Within the deposit structure, demand deposits maintained a leading share but saw a decline of 3.2 percentage points, from 63.3% in 2023 to 60.1% in 2024. In terms of currency composition, MKD denominated deposits increased their share by 2.5 percentage points, reinforcing the Bank's strong domestic funding base.

The Bank's total capital also increased year-on-year, with its share in the balance sheet rising from 19.6% in 2023 to 20.3% in 2024. This improvement was primarily driven by enhanced profitability and the Bank's ability to generate capital well beyond regulatory requirements. The Capital Adequacy Ratio (CAR) was maintained at a solid 17.8%, in full compliance with regulatory standards, reflecting the Bank's strong and stable capital position.



Retail Banking

The year 2024 was marked by reduced inflationary movements that after a period of strong growth contributed to having the interest rates on the local market first stabilizing and then recording a downward trend during the second half of the year, thereby giving the economy a signal that the negative global developments are already subsiding and return to continuous economic growth is expected. At the same time, although inflation stabilized, the purchasing power of the citizens decreased significantly, because wage growth could not keep up with the inflation pace. All of this was reflected in increased costs for the companies as well, as we noted diminishing appetite for additional development and investments.

Stopanska Bank during 2024 marked its 80 anniversary which was a powerful reminder that the Bank is the strongest supporter of the domestic economy, financing the largest infrastructure projects and the most important industrial capacities, as well as enabling the prosperity of small businesses and households.

During the year, the Bank worked intensively to improve the offer of products and services for its clients, while continuously seeking to harmonize its credit and deposit offer for citizens and the SBB segment.

The Bank's positioning considering the level of deposits interest rates was the main reason for the growth of total deposits during 2024 of almost 13.7%, and of course the high trust that clients have in Stopanska Bank; its stability as well as the offer of products developed in accordance with the modern needs of clients.

Sight deposits in relation to time deposits continue to remain balanced in line with market movements, as well as the structure of the deposits by currency.

An increase in the total deposits is also observed in the small business segment thanks to the Bank's focus on this segment and the increased number of active clients who increasingly carry out their entire operations through Stopanska Bank.

Retail lending and card operations

In 2024, a moderate increase in retail lending was recorded, compared to 2023 as the Bank was committed to achieving a balanced structure between the different product segments, as part of a long-term strategy.

In the area of card operations, during 2024, the Bank completed the process of renewing its ATM network with the latest functionality for cash deposits for legal entities and individuals, available 24/7, making the Bank significantly more accessible to its clients.

During 2024, the Bank registered an 11% increase in transactions with debit and credit cards issued by Stopanska Bank. In the area of card acceptance at POS terminals and e-commerce, a 26% increase in turnover was realized with a simultaneous 10% increase in the number of points of sale that accept cards through Stopanska Bank. The Bank offered new modern card designs to the market using 100% recycled material and introduced, for the first time on the market, a special card format for visually impaired people, the so-called blind notch, for all its cards.

Bank insurance and cooperation with the Triglav Pension Company

The offer of bancassurance continued with a moderate upward trend in 2024, thanks to the awareness and readiness of clients for the wide range of insurance products available in the branches and in the Bank's Contact Center.

The cooperation with Triglav Pension Company also continues with expanded activities in several branches of the Bank. Hence, the growth trend is constant, and the branch network becomes a space for broader cooperation with customers through various complementary financial services.

Digital banking and Contact Center

The year 2024 will be marked by the announcement and the beginning of a long-term digital transformation of the Bank, which will directly contribute to the improvement, modernization and expansion of the digital banking services that customer's use. For the Bank, digital services are becoming a primary focus through which transactions and interactions with clients occur, as our clients don't have only needs for basic transactions and products but also require very sophisticated functionalities that will be an integral part of the future Bank's offer.

During 2024, a 20% increase in active users of digital banking among individuals and a 7% increase among legal entities were achieved. The activities of the Contact Center available 24/7 have seen a continuous increase in the number of interactions with clients, primarily thanks to the wide range of services offered by the Center.

SBB (small banking business) segment

In this segment the Bank has recorded an increase in lending compared to 2023 by 10.31%, most often used for working capital, but also in the production of electricity for own needs from renewable sources, as well as for investment needs.

The expanded team of SBB representatives continues to upgrade their role as financial advisors for the SBB owners. Client satisfaction with the availability, dedication, professionalism and value of the advice they receive is reflected in the multi-year growth of operations in this segment, as well as the multiple effects of the overall operations through the Bank.

Corporate Banking

The macroeconomic and overall environment in 2024 presented numerous challenges for both, real and financial sectors. Although the economic growth rate of 2.8% was slightly higher than previous years, it remained below initial projections due to persistent geopolitical conflicts, trade tensions, and the uncertainties associated with an election year. Geopolitical developments continued to shape global economic and financial market dynamics, significantly impacting trade and investment flows.

Despite these global and domestic uncertainties, 2024 marked a successful year for Stopanska Banka, which continued the implementation of its corporate lending growth strategy. The Bank's well-established business model, along with its comprehensive range of products and services tailored specifically to meet the unique needs of companies across all sectors, drove the sustained growth of its corporate loan portfolio.

Stopanska Banka further strengthened its product offering through Stopanska Leasing and utilized open credit lines with the Development Bank of North Macedonia, the European Investment Bank, and the European Bank for Reconstruction and Development, providing companies with diverse financing opportunities.

As a result, the Bank achieved an 12.7% annual growth in its corporate credit portfolio in 2024.

In addition to credit growth, the Bank consistently monitored and assessed the quality of its corporate portfolio, ensuring the preservation of its stability and performance.

Looking ahead, Stopanska Banka remains committed to prudent expansion of its loan portfolio, supported by operational excellence in securing sustainable profitability. The Bank will continue to finance working capital and investment needs of both existing and new corporate clients. A key strategic focus will be placed on financing large infrastructure and energy projects critical to ensuring energy stability and driving future economic development in the country.

Stopanska Banka reaffirms its position as a reliable partner for companies across all economic sectors, delivering value to shareholders and employees alike while significantly contributing to the financial support and development of the corporate sector in North Macedonia.

Consolidated Financial Reporting

Stopanska Banka prepares consolidated financial statements that include its wholly owned subsidiary, SB Leasing DOEL Skopje. As a separate legal entity under the full control of the Bank, its parent company, SB Leasing's financial results are fully consolidated in accordance with applicable financial reporting standards. This consolidation ensures that the financial position and performance of the Group are presented as a single economic entity.

Consolidated Income Statement

for the period from January 1, 2024 to December 31, 2024 (In thousands of Denars)

	31 December 2024	31 December 2023
Interest income	6,958,484	6,214,613
Interest expense	(773,866)	(470,605)
Net interest income (expense)	6,184,618	5,744,008
Fee and commission income	1,660,690	1,568,551
Fee and commission expense	(794,738)	(755,935)
Net fee and commission income (expense)	865,952	812,616
Trading income/(losses), net	-	100
Trading income from other financial instruments recorded at fair value, net	-	-
Foreign exchange gains/(losses), net	179,584	145,061
Other operating income	510,772	614,274
Share in the profit of associates		
Impairment losses on financial assets, net	(1,175,092)	(1,375,923)
Impairment losses on non-financial assets, net	34,557	94,650
Personnel expenses	(1,171,665)	(1,071,536)
Depreciation and amortization	(213,837)	(160,910)
Other operating expenses	(1,066,959)	(948,210)
Share in the loss of associated companies	-	-
Profit before tax	4,147,930	3,854,130
Income tax	(594,383)	(383,331)
Net profit for the year	3,553,547	3,470,799

Consolidated Balance Sheet

for the period from January 1, 2024 to December 31, 2024 (in thousands of Denars)

	31 December 2024	31 December 2023
ASSETS		
Cash and cash equivalents	24,514,815	24,657,005
Trading financial assets	-	-
Financial assets at fair value through Income Statement determined as such at initial recognition	-	-
Derivative assets held for risk management	-	-
Placements with, and loans to banks	406,945	326,561
Loans to customers	98,810,256	92,309,131
Investments in securities	16,585,375	11,408,416
Investments in associates	-	-
Income tax receivable (current)	-	-
Other receivables	2,281,303	1,382,944
Collateralized assets	-	-
Assets acquired through foreclosure proceedings	88,432	132,324
Intangible assets	255,751	192,505
Property and equipment	1,078,701	957,600
Deferred tax assets	-	-
Non-current assets held for sale and disposal group	-	-
Total assets	144,021,578	131,366,486
LIABILITIES		
Trading financial liabilities	-	-
Financial liabilities at fair value through Income Statement determined as such at initial recognition	-	-
Derivative obligations held for risk management	-	-
Deposits from banks and financial institutions	1,693,960	996,050
Deposits from customers	108,524,202	100,058,171
Issued debt securities	-	-
Borrowings	2,447,363	2,739,776
Subordinated debt	-	-
Special reserve and provisions	139,449	184,953
Income tax payable (current)	245,482	143,984
Deferred tax liabilities	19,420	-

Other liabilities	1,713,570	1,517,748
Liabilities directly related to disposal group of assets	-	-
Total liabilities	114,783,446	105,640,682
EQUITY AND RESERVES		
Subscribed capital	3,511,242	3,511,242
Share premium	-	-
Treasury shares	-	-
Other equity instruments	-	-
Revaluation reserves	164,837	203,820
Other reserves	831,373	831,373
Retained earnings	24,730,680	21,179,369
Total equity and reserves	29,238,132	25,725,804
Total liabilities and equity and reserves	144,021,578	131,366,486
Contingent liabilities	19,701,232	20,388,699
Contingent assets	-	-

Consolidated Supervision

The Group is not subject to consolidated supervision by the Central Bank, in accordance with the relevant Decision on consolidated supervision. This applies due to the fact that the connected company, SB Leasing DOEL Skopje, holds total assets representing less than 1% of the total assets of the parent company, Stopanska Banka.

Capital Adequacy

Pursuant to the Decision on consolidated supervision, when the total assets of a subordinated entity are below 1% of the total assets of the parent company, that entity is excluded from the scope of consolidated supervision. Consequently, the capital adequacy ratio is not calculated on a consolidated basis for the Group.

Consolidated Annual Accounts

The Group prepares consolidated annual accounts in accordance with the Law on Trading Companies. The financial information presented in the Annual Report is fully consistent with the consolidated annual accounts of the Group and aligns with the audited consolidated financial statements.

Ownership Structure

Stopanska Banka holds a 100% ownership stake in SB Leasing DOEL Skopje, which is a fully consolidated subsidiary in the Group's consolidated financial statements.

Risk Management

The Risk Management function of Stopanska Banka AD Skopje focuses on maintaining the risk profile within the established risk appetite, while ensuring balanced growth and adequate quality of the loan portfolio. The Bank's Risk Management mission is to ensure that all types of risk are managed so that the Bank remains safe for its depositors and other stakeholders while producing sound returns for its shareholders over time, in line with SB's business strategy, consistent with best practices and fully compliant with regulatory requirements.

Stopanska Banka AD Skopje is one of the country's largest financial institutions, offering banking services, undertaking and managing risks as part of the daily activities. The Bank is operating in a turbulent and challenging environment, acknowledges its exposure to banking risks and the need for their effective management. The main objective of the Bank's Risk Management function is to protect the interest of its customers and shareholders through prudent management of risks, supported by strong risk culture, as well as well managed liquidity and strong capital base. The Bank manages the risks through a comprehensive risk management framework that integrates risk management into daily business activities and strategic planning. Risk Appetite Framework (RAF) is being developed and set in place in order to be used as a key management tool to better align business strategy, financial targets and risk management and it constitutes an essential mechanism to support the oversight of the strategy execution within the risk boundaries that the Bank is willing to operate. In 2024 Risk Appetite Framework has been reviewed and further enhanced with introduction of new RAF indicators, revision of the levels of early warning to risk tolerance, risk tolerance and risk capacity thresholds, introduction of the new risk profile tolerance threshold for all Tier I indicators, revision of Tiers and Credit Appetite Statement, as well as introduction of indicators for monitoring purposes and update of the methodology for industry limits allocation for corporate lending.

The primary role of the independent Risk Management function of the Bank is properly and timely to identify, measure and manage risks in normal and stressed economic conditions, and to oversee whether the business activities are consistent with the Bank's strategy and risk appetite. In order to maintain an adequate risk profile, the Bank uses tools such as

prudent risk criteria, risk assessments, rating and scoring models which are constantly reviewed, validated and enhanced towards the banking industry best practices.

To support effective risk management across the Bank, SB has adopted a 'three lines of defense' governance model (introduced in 2019). This model establishes clear roles and responsibilities:

1. First Line (Business): The business (including support functions) owns and manages the risks, taking responsibility for them.
2. Second Line (Risk Management & Compliance): The Risk Management and Compliance functions provide the framework for managing risks, challenge risk-taking activities, and monitor the overall risk profile.
3. Third Line (Internal Audit): Internal Audit provides independent assurance and insights into the quality and effectiveness of internal controls, risk management, compliance, and governance.

This governance model ensures that all risks are identified, assessed, and mitigated appropriately, with each line working together to manage risks in the Bank's operations.

The Bank is exposed to key financial risks, including:

- Credit Risk
- Liquidity Risk
- Market Risk

In addition to these financial risks, the Bank faces non-financial risks, such as:

- Operational Risk
- IT Risk
- Compliance Risk

With the increasing importance of Environmental, Social, and Governance (ESG) risks, the Bank also continues to integrate these factors into its risk management practices.

The Risk Management function works closely with the Board of Directors to define the risk appetite, develop strategies, and establish policies and limits. It provides ongoing oversight and support across the Bank on risk-related matters, ensuring that the Bank remains well-positioned to navigate challenges and continue delivering on its strategic goals.

SB has a framework of risk management policies, procedures, and minimum standards in place, which are creating consistency throughout the organization, and defining the requirements that are binding for all business units. Senior management is responsible for

the implementation of and adherence to policies, procedures and standards. Policies, procedures and standards are regularly reviewed and updated to reflect changes in requirements, markets, products and practices.

New Decision on borrower-based macro prudential instruments is focused on the quality of credit demand of retail clients. With this decision, the method of calculating the indicators for the quality of credit demand is determined and the maximum thresholds are defined. The Bank has implemented Project ensuring full compliance of the Bank operations with this Decision.

In 2023, National Bank Council adopted a new Decision on the methodology for credit risk management, starting the implementation from 2024, aimed at further alignment with the new regulatory requirements introduced in the European Union. The Decision on the methodology for credit risk management prescribes a new method of determining non-performing credit exposures taking into consideration materiality thresholds and strengthens the criteria for monitoring and controlling the quality of the banks' credit portfolio. Also, the rules for restructuring the banks' credit exposures to customers facing financial difficulties are being improved. With the successful implementation of Project for appropriate changes in the bank' systems and for adapting the bank operations to these new requirements, from the beginning of 2024 the Bank is fully compliant with all provisions of this Decision.

During 2024 macroeconomic environment in which the banks operate was characterized by stabilization of inflation and a favorable foreign exchange market, but there are still risks and uncertainties, mainly related to global factors, i.e. geopolitical tensions. It is expected that in 2025, the uncertainty will continue.

It has remained an objective of the Bank, even in these challenging times, to strive for continuous improvement of risk management framework in line with the regulatory requirements and international standards, the best practices and the changing market conditions and challenging macroeconomic environment.

The Risk culture is an important integral component of risk management and the Bank has an active approach of increasing the risk awareness and strengthening the risk culture on all levels of operations, through adequate trainings and workshops. The objective of the Bank is to ensure that a sound and consistent Risk culture is in place that is appropriate for the scale, complexity and nature of its business, in line with regulatory/supervisory requirements and in accordance with best business practices, based on solid, articulated values which are carefully managed by the management of the Bank. Risk Management function of SB is underpinned by an effective risk culture.

Credit Risk Management

Credit risk remains one of the most significant risks faced by SB, necessitating a comprehensive and structured approach to its management. The Bank recognizes the fundamental importance of having a deep understanding of customer profiles, including business operations, management, financial health, and sector-specific factors, to inform sound credit decisions.

Our credit policies accentuate the necessity of conducting thorough risk assessments preceding any credit decision, ensuring compliance with the minimum standards for evaluating, approving, renewing, and monitoring credit exposures. Risk rating systems and statistical scoring models bolster these assessments, which leverage diverse quantitative and qualitative data inputs to quantify credit risk levels effectively. Credit Approval Committees, composed of seasoned professionals, oversee the approval and renewal of credit facilities while ensuring adherence to predefined risk parameters and institutional policies.

Once a credit relationship is established, SB employs a rigorous monitoring framework to detect any early signs of risk deterioration. This process includes regular credit reviews throughout the product's life cycle, internal risk classification, Early Warning Systems, and mechanisms for assessing Significant Increase in Credit Risk (SICR) and Unlikeliness to Pay (UTP). These tools collectively ensure that any necessary corrective actions are taken in a timely manner to minimize credit losses. The Bank also continuously monitors credit exposure within the boundaries of its Risk Appetite Framework, considering sectoral concentration, collateral types, obligor ratings, and other relevant risk factors.

Adhering to international best practices, the Bank continues to enhance its impairment methodologies and provisioning processes to account for potential credit losses adequately.

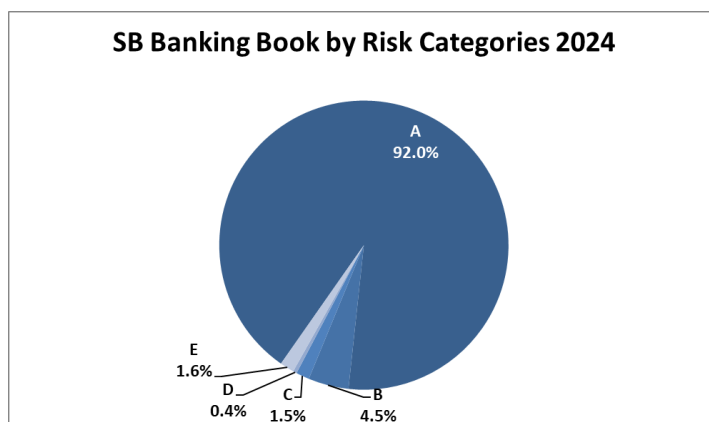
Throughout 2024, the Bank successfully navigated prevailing economic conditions, maintaining resilience in the face of ongoing challenges. While inflationary pressures continued to stabilize and market volatility showed signs of easing, these factors remained central to the operating environment. As 2024 was an election year, certain delays in payment transactions and a temporary slowdown in investment activity were observed across the economy. However, these effects were gradually overcome towards the second half of 2024. The credit risk management function continued to play a pivotal role in mitigating potential economic losses and ensuring the application of prudent lending standards. A collaborative approach with clients and stakeholders contributed to effective

risk mitigation, reinforcing the Bank's ability to sustain its growth trajectory while preserving the overall quality of its portfolio.

All credit risk objectives, tools, and the clear governance structure of the risk management framework are embedded within the Bank's Credit Policies and Risk Appetite Framework, as approved by the Supervisory Board. This institutional framework reinforces the Bank's commitment to sound risk management practices and regulatory compliance.

Quality of Credit Portfolio

Within the implemented solid credit risk management framework, SB managed to maintain a sound and well-diversified credit portfolio in 2024. Growth of credit portfolio, along with decreasing of the NPE ratio is one of the Bank's main strategic objectives, which the Bank managed to achieve last year, besides the challenges imposed by the global geopolitical developments.



According to NBRNM Methodology, each credit risk exposure is classified in one of five risk categories (A, B, C, D and E). The exposure within the best credit risk category i.e. "A" credit risk category is 92.0% in 2024, while the exposure in "B" risk category is 4.5%. High-risk debt exposures classified in "D" and "E" categories compose 2.0% of the Bank's loan portfolio, which is decrease by 0.4 percentage points in comparison with the 2023.

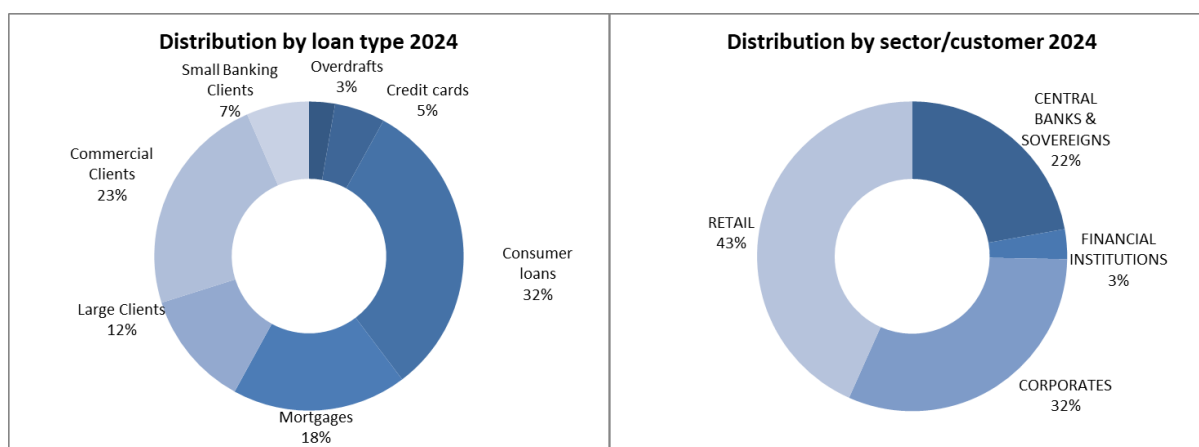
Concentration Structure

Credit concentration risk refers to the potential for loss arising from inadequate diversification within the credit portfolio, typically due to significant exposures to counterparties that are positively and highly correlated. To mitigate excessive credit risk concentration, Stopanska Banka (SB) employs a risk diversification strategy and has established concentration limits related to:

- Individual clients and groups of related clients (obligor concentration),
- Exposure to specific industry sectors (industry concentration),
- Types of collateral, among other relevant parameters.

These limits are an integral part of SB's credit risk management framework and are reviewed at least annually as part of the Bank's credit risk policies and procedures.

The Bank performs ongoing monitoring of credit exposures against the defined concentration limits and, where necessary, implements corrective measures to ensure that risk levels remain within acceptable thresholds.



Liquidity Risk Management

The management and maintenance of liquidity is one of the Bank's core functions, ensuring the smooth execution of cash flows to meet client needs and achieve the Bank's strategic and operational objectives. The primary goal of liquidity management is to preserve the Bank's ability to function effectively under both normal market conditions and periods of elevated financial stress.

The Bank applies a three-lines-of-defense model for liquidity risk management:

1. First line of defense – The Treasury Division is responsible for the day-to-day management of liquidity and execution of related strategies.
2. Second line of defense – The Risk Management Division and the Compliance Division monitor, control, and report liquidity risk within defined frameworks.
3. Third line of defense – The Internal Audit Division provides independent assurance on the adequacy and effectiveness of the liquidity risk management framework.

Liquidity is managed on a daily basis in line with internal policies and regulatory requirements set by the National Bank of the Republic of North Macedonia (NBRNM). The process involves monitoring autonomous cash flows from client activities and their structure by currency and maturity, aligning these with the Bank's strategic financial goals. When needed, appropriate instruments and activities are undertaken to ensure full coverage of liquidity needs arising from both autonomous and strategic factors.

To support this approach, the Bank has implemented a comprehensive set of policies, plans, and scenario analyses that are regularly tested and refined to ensure robustness under various market conditions.

Stopanska Banka is predominantly funded through customer deposits, characterized by stable, autonomous cash flows. To meet its liquidity obligations, the Bank maintains a buffer of high-quality liquid assets (HQLA) that can be readily converted into cash. These liquid assets include cash balances, high-quality securities, and placements with the Central Bank and foreign banks with high rating, structured by maturity and currency to adequately cover potential cash outflows.

Regulatory Compliance and Indicators

The Bank ensures strict adherence to all regulatory liquidity requirements:

- The average Denar reserve requirement in 2024 was maintained at 100.14%, slightly above the prescribed regulatory minimum of 100%, with efforts made to comply efficiently without incurring excess costs.
- The Liquidity Coverage Ratio (LCR), which compares the value of high-quality liquid assets to expected net cash outflows, significantly exceeded the minimum requirement of 100%, averaging three times the regulatory minimum throughout the year.
- All internal liquidity indicators reported to the NBRNM remained well above internal thresholds, confirming the Bank's strong liquidity position.

Structure of Liquid Assets

As of December 31.2024, the Bank's total liquid assets amounted to EUR 553 million. These assets include:

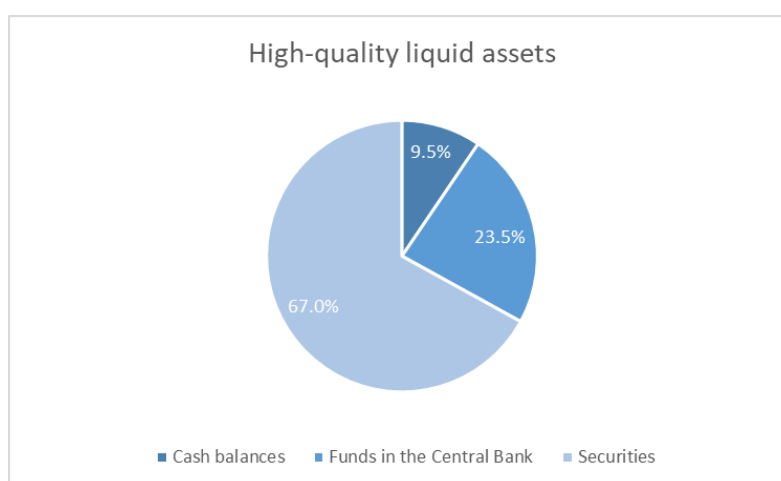
- Cash balances
- Funds placed with the Central Bank
- Investments in high-quality securities

- Placements in foreign banks with high ratings

According to NBRNM definitions used in LCR calculations, the composition of high-quality liquid assets is as follows:

- 67% securities
- 23.5% Central Bank placements
- 9.5% cash balances

This asset structure ensures optimal coverage of potential outflows and reflects prudent and proactive liquidity risk management practices.



Financial market operations

The Trading Department is responsible for executing operations in financial markets, including foreign exchange (FX) activities, both at the branch level and through electronic platforms, as well as interbank FX and money market transactions, and securities trading. In addition to servicing clients across these segments, the department manages the Bank's liquidity needs, maintains open currency positions, and determines exchange rates for various purposes.

In 2024, the Bank continued successfully to serve both corporate and individual clients in foreign exchange transactions, maintaining a similar level of turnover as previous year. The majority of foreign exchange funds were sourced internally by the Bank, with a smaller share obtained from other market maker banks and the National Bank of the Republic of North Macedonia (NBRNM). Total volume of foreign exchange market reached EUR 1.50 billion, with 46% of the transactions related to currency purchases and 54% to currency

sales. In terms of currency distribution, 86% of transactions were conducted in euros, 11% in US dollars, and 3% in other currencies.

Regarding securities trading, Bank remained actively engaged in transactions for its own portfolio as well as on behalf of clients, both in domestic and international markets. In 2024, two domestic auctions for citizen bonds were held, attracting significant participation from individual investors. Bank also continued selling previously issued domestic Eurobonds and foreign securities through its Securities and Brokerage Department. Additionally, custody services were provided to clients.

Daily cooperation with domestic and international banks enables the Bank to invest surplus liquidity into deposits with top-tier global financial institutions. To support trading and market access, the Bank utilizes platforms such as Bloomberg and Refinitiv, ensuring real-time connectivity to global exchanges.

Interest Rate Risk Management

Interest rate risk is the possibility that changes in interest rates could adversely affect the value of a financial instrument, a portfolio or the Bank as a whole.

Interest rate risk management process reflects the Bank's risk strategy, risk tolerance, business activities and the overall operating environment and market conditions, considering the potential changes of interest rates and their impact on Bank's earnings and economic value of equity.

SB acknowledges its exposure to Interest Rate Risk in the Banking Book (IRRBB) and the need for its effective management, as an integral part of the Bank's commitment to protect the interests of its clients and shareholders. On that note, SB recognizes the importance of IRRBB management in effectively managing its balance-sheet, its capital and its earnings stream.

The Bank analyses the sensitivity of its net interest income and equity value to changes in interest rates. This sensitivity arises from differences in maturity dates and interest rate repricing gaps in the various balance sheet items. The assessment of the interest rate risk is conducted through monitoring of exposures arising from the banking book activities, taking into consideration the fact that there is no rate sensitive trading portfolio in SB balance sheet.

The Bank has established a framework for managing interest rate risk in order to minimize the effects of adverse changes in future interest rates and to ensure timely identification,

measurement, monitoring and mitigation of the interest rate risk exposures. The framework encompasses risk factors and their estimation, measurement methodologies, stress testing methodology, interest rate risk in the banking book metrics and limits as to ensure that this risk is appropriately measured, monitored and controlled.

The main objective of interest rate risk management is to mitigate the risk of incurring losses arising from market interest rate changes to an acceptable level by appropriate modelling of the structure of rate sensitive balance sheet positions and off-balance sheet items.

At the end of 2024, the ratio of total net weighted position to the regulatory capital was below the regulatory maximum of 20% and resulted with insignificant exposure to IRRBB.

SB continues to manage the IRRBB exposure through establishing of appropriate structure of the rate sensitive positions, with purpose those rate sensitive asset and liability to be highly correlated, resulting with insignificant repricing/maturity gap and with that, low level of interest rate risk exposure.

Foreign Currency Risk Management

Managing the open currency position is a daily activity through which the Bank controls its exposure to currency risk. During daily operations, transactions occur in various currencies, which at the end of the day create positions subject to revaluation and generation of f/x differences. Besides monitoring daily changes of exchange rates, the Bank takes active measures to monitor and control the open currency position within desired limits. Regulatory frameworks set limits on position movements of +/-30% relative to own funds, but the Bank always strives to operate at lower levels.

The “euro” dominates in the foreign currency structure of the Balance Sheet considering the connection of the domestic currency to the euro exchange rate, while there are also positions in other currencies which are included in the exchange rate list of the NBRNM. The Bank has exposure to open currency position only in euro, while exposures to other currencies are kept around zero.

Operational Risk Management

SB applies the comprehensive Operational risk management framework (ORMF) to identify, manage and prevent operational risks resulting from inadequate or failed systems, internal processes, human errors or external events.

The SB has a consistent and high quality ORMF in order to:

- Promote a Bank wide operational risk awareness and risk culture further contributing to process efficiency and control effectiveness
- Establish a set of fundamental standards for operational risk management across the Bank leading to the avoidance of unexpected events and minimizing operational risk losses
- Ensure that business objectives are pursued in a risk-controlled manner
- Ensure the cost-effectiveness of operations by reducing extensive overlaps and avoiding excessive or obsolete controls
- Ensure consistency with relevant best practices and compliance with regulatory (quantitative and qualitative) requirements
- Improve regulatory capital consumption, regarding operational risk
- Improve quality of operational risk information leading to more informed risk decision-making and capital allocation

This framework is aimed at keeping operational risks within the moderate/low risk profile and is in line with the NBG Group and Bank's Risk appetite.

The SB Operational Risk Management governance model is based on the "three lines of defense model", which has been designed to effectively manage operational risk (OR). Operational Risk Management process (ORM process) is strongly embedded in daily business processes of the Bank.

According to the definition in Basel Framework adopted by Stopanska Banka, operational risk includes legal risk, risk of non-compliance, risk of money laundering and terrorist financing, as well as risk of inadequacy of information systems.

By enhancing the ORMF, Stopanska Banka provides the foundations, principles and governance arrangements for designing, implementing, monitoring, reviewing and continually strengthening operational risk management throughout the Bank.

The SB's ORM approach consists of the following key framework components and their respective internal governance policies:

- Internal Events Management Policy (IEM Policy)
- Key Risk Indicators Policy (KRI Policy)
- Risk and Control Self-Assessment Policy (RCSA Policy)

The overall focus of the 2024 ORM process was aimed at further strengthening the Operational risk management function within entire Bank by paying significant attention to reporting adverse events, mitigation measures and defining operational risks in all segments. Raising the culture of operational risk and awareness of operational risk issues, as well as enhanced monitoring of operational risk exposure is achieved by an intensive proactive role by the Risk Management Division, with the intention of eliminating or mitigating operational risk exposure in compliance with the Bank's risk profile, risk strategy and business objectives.

The SB's ORMF provides a structured approach for managing operational risk. It applies consistent standards and techniques for evaluating operational risks.

Within the annual stress test of the Bank, stress testing of the operational risk is performed with purpose to assess the Bank's ability to mitigate the main losses arising from inadequate or unsuccessful internal processes, people and systems or external events.

Capital Adequacy, Internal Capital Adequacy Assessment Process and Stress Test

Maintaining a strong capital base as a precondition for business growth and absorbing all possible risks is a priority and main focus of the Bank. The total regulatory capital of the Bank as at 31.12.2024 amounted to EUR 338.3million, out of which the Tier 1 capital amounted to EUR 336.8million and the Tier 2 capital amounted to EUR 1.5 million, which resulted in a capital adequacy ratio of 17.84% as of 31.12.2024.

As a part of the prudently established risk management framework, the Bank regularly performs the Internal Capital Adequacy Assessment Process (ICAAP) and assesses the resilience of its capital adequacy by conducting stress testing, by taking into account the up-dated circumstances and risks prevailing and the moment of stress-testing and forecasting the expected ones. The Bank's ICAAP ascertains that SB's capital is sufficient to cover all the material risks to which it is exposed to, and that the identified excess of capital is more than sufficient to cover all other risks that cannot be adequately quantified but to which the Bank is exposed to in the regular business activities. As prescribed, the stress test exercises are also an integral part of the risk management framework, especially needed to provide estimates and trigger attention of the size of financial losses and its impact on the overall business, including the capital adequacy. During 2024, the Bank conducted various stress test scenarios, including an adverse scenario based on implications from prolonged negative geo-political developments followed by economic slowdown and further increase in inflation in order to test the sensitivity to a predetermined

set of extreme but plausible shocks. The stress tests included effects from various scenarios concerning the credit risk, interest rate risk in the banking book, liquidity risk, currency risk and operational risk, as well as scenarios that involved combination of all risks.

The stress test results proved that the Bank can cope and is resilient even under very pessimistic assumptions. Such resilience mainly reflects the prudent risk management, well-established business model, strategy, systems and procedures that enables self-generating strong capital base and high liquidity position, as a strong shield against all possible risks and shocks.

Compliance, Anti-Money Laundering and Combat Terrorist Financing activities

During 2024, Compliance Division (CD) undertook vast number of activities for monitoring of the implementation of all relevant novelties in the domestic and international regulations related to banking operations by continuous implementation of efficient system for controlling SB activities that comply with the applicable domestic and international regulations. Such activities included:

- establishing efficient internal procedures and organizational structures for identifying, monitoring and managing the possible risks related to SB's compliance with current regulations;
- continuous training of Bank employees;
- regular, at least monthly and semi-annually, reporting to the Board of Directors and Supervisory Board;
- continuous cooperation with the relevant external institutions in accordance with the Banking Law;
- regular reporting to the US IRS in accordance with the FATCA law etc.,

Thus ensuring good reputation and credibility of SB before its shareholders, clients, investors, regulatory and supervisory authorities and other relevant stakeholders as well as developing Compliance Culture among all SB employees.

Considering Anti-Money Laundering (AML) and Combat Terrorist Financing (CTF) Activities, during 2024, CD realized series of activities for improvement of measures and activities prescribed in the AML and CTF Law (Law), as well as for improvement and further upgrade of internal systems and processes used by the CD on a daily basis. Moreover, in 2024 the number of staff employed in CD was maintained accordingly in accordance with the requirements from the Law.

Compliance Division continues to carry out its regular activities in order to sustain and bolster overall compliance culture within SB as well as to achieve overall compliance of Bank's operations with the relevant regulations as its main objective.

Personal Data Protection

Privacy and the confidentiality of its clients is of utmost importance for Stopanska Banka, having in mind the nature of the banking business and the data that the banks are collecting for their daily operations.

In accordance with the Law on Personal Data Protection, the Bank has appointed Officer for Personal Data Protection and is undertaking various ongoing activities that are ensuring that the personal data are:

- collected in an ethical and lawful manner,
- collected for specific, explicit and legal purposes, and
- kept securely and only for the time period provided for the fulfillment of the purposes of collection and processing.

SB has a wide range of technological, administrative, organizational and physical security measures designed to safeguard the confidentiality, integrity and availability of personal information. In this respect, to be responsive to the client's needs, the Bank has established complaints resolution protocol and data incident protocol wherein it reviews all data protection complaints or data subject rights requests by its clients and are resolving any issue within reasonable timeframe, ensuring the data subjects that the Bank is keeping secure and using their data lawfully.

More information on how SB collects, processes, uses, shares and disposes personal information, as well as rights that individuals have with respect to their personal information, is available on SB website within the Privacy Policy and upon request through multiple channels.

Corporate Governance Report 2024

Stopanska Banka AD Skopje is recognized as one of the largest, most profitable, and financially resilient systemic banks in North Macedonia. The Bank's corporate governance framework is firmly rooted in best practices, applicable regulatory requirements, and NBG Group standards, tailored to meet the strategic objectives of the Bank and the expectations of its stakeholders. Responsible corporate governance continues to be a top priority,

enabling effective execution of the Bank's Business Plan with integrity and operational excellence.

Strengthening Governance in 2024

In 2024, the Bank made significant progress in enhancing its corporate governance framework by addressing key priorities identified in earlier internal and external assessments, including the comprehensive *Board & Governance Review* conducted by an independent, specialized consulting agency. Enhancements were made in several critical areas:

- Board Composition and Diversity
- Strategic and Risk Oversight
- Remuneration Practices
- Succession Planning

These developments reflect the Bank's continuous commitment to strengthening governance practices in line with evolving standards and stakeholder expectations.

This Corporate Governance Report is submitted to the shareholders of Stopanska Banka AD – Skopje and disclosed to the public in accordance with the Law on Trade Companies, the Decision on Good Corporate Governance Rules for Banks issued by the National Bank of the Republic of North Macedonia, and the Corporate Governance Code for listed companies on the Macedonian Stock Exchange.

The report outlines key developments and regulatory disclosures for the year 2024, encompassing the following components:

1. Shareholding Structure

- Details of shareholders with qualified holdings
- Number and percentage of voting shares held
- Representation on the Supervisory Board

2. Bank's Governance Bodies

- Composition, roles, and responsibilities
- Changes in composition during the year
- Profiles of members (background, education, skills, age, tenure, and external mandates)

3. Supervisory Board Meetings and Attendance

- Number of meetings held

- Individual attendance records of Supervisory Board members and committee members
- 4. Key Activities of Supervisory Board and Committees**
 - Summary of major governance actions and oversight activities
- 5. Nomination and Appointment Procedures**
 - Overview of nomination, appointment, and dismissal processes
 - Succession planning practices for Supervisory Board members
- 6. Organizational Structure**
 - Current structure of the Bank and its subsidiaries
 - Any material changes in governance during the year
- 7. Remuneration Policy Implementation**
 - Review of how the remuneration policy was applied in 2024
- 8. Conflict of Interest Policy**
 - Implementation and monitoring of policies designed to prevent conflicts of interest
- 9. Internal Control System**
 - Key features and effectiveness of internal controls related to the preparation of financial statements
- 10. Outsourced Services**
 - Information on significant outsourced service providers supporting critical Bank functions
- 11. Environmental, Social, and Governance (ESG) Engagement**
 - Summary of stakeholder engagement and ESG initiatives

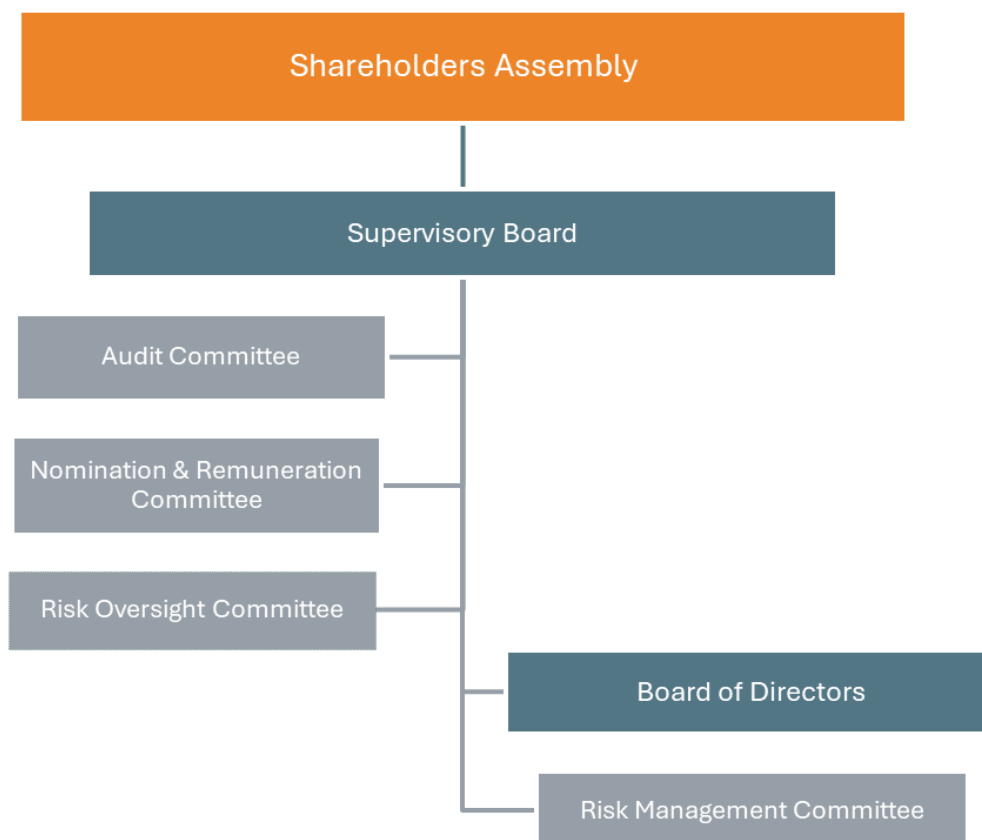
1. SB Bodies

The governance bodies of the banks are defined by the Law on Banks, the Central Bank' Decision on Good Corporate Governance Rules for Banks and the Corporate Governance Code for the Listed Companies.

Based on these acts, besides the Supervisory Board, the banks must establish an Audit Committee and Risk Management Committee (RMC). These are considered “legally prescribed committees” and their composition and duties are strictly determined in the Law on Banks. The Supervisory Board may establish other boards from among its members who assist in the conduct of part of its competencies, following appropriate changes in the

Statute. As seen below, the Supervisory Board has established also the Nomination & Remuneration Committee and Risk Oversight Committee.

Figure 1: *The Governance Structure of Stopanska Banka – fully compliant with the regulatory requirements.*



1.1 Shareholders Assembly

Stopanska Banka is managed by holders of ordinary shares with the right to vote through the Shareholders Assembly.

As of 31 December 2024, the initial capital (basic capital) consisted of 17,460,180 ordinary shares at the nominal value of MKD 201.1 per share and 227,444 preferred shares at the nominal value of MKD 400.00 per share. The same are registered and led by the Central Securities Depository. The shares of the Bank quoted at the Official Market of the Macedonian Stock Exchange, sub segment Mandatory Listing, and the code under which they are quoted is: STB (common share) ISIN number MKSTBS101014 and STB (preferred cumulative share) ISIN number MKSTBS120014.

During 2024, there are no significant changes in the shareholder structure: National Bank of Greece S.A. – Athens (NBG) owns 94.6% of the ordinary shares, while 5.4% of the shares are held by other minority shareholders. NBG is represented with 5 members in the Supervisory Board, while the other 2 members are independent.

The Shareholders Assembly operates at meetings held once a year (obligatory Annual Shareholders Assembly) and when needed (Extraordinary Shareholders Assembly meetings) upon request by the shareholders (holding at least 10% of the voting shares), in accordance with the Law on Trade Companies and Banking Law.

During 2024, the Bank successfully organized the Annual Shareholders Assembly on 31.5.2024, in compliance with the regulatory requirements and the internal policies of the Bank. All regular decisions (obligatory) were passed with the required majority. The session was attended and represented by shareholders representing 16,586,184 ordinary shares, or 94.9% of the total number of voting shares; and 20,769 priority shares, or 9.1% of the total number of priority shares. In addition to shareholders, the Chairman, notary and the Vote Counter, the session was attended by (a) all members of the Board of Directors; (b) the independent members of the Supervisory Board, Prof. Dr. Vladimir Filipovski and Prof. Sasho Kjosev as representative of the Supervisory Board; and (c) representative of the independent audit company that carried out the audit of the Bank's operations in 2024, Mr. Sime Jovanovski authorized auditor of **PricewaterhouseCoopers Revizija DOO Skopje**.

The Bank again created conditions for the shareholders to address all their issues, including the open discussion concerning the rights of the shares and the potential conversion of the priority into ordinary shares. In this respect, although two proposals by shareholders were submitted on these issues, the session was attended by shareholders and representatives of shareholders who own 20,769 priority shares in total (9.1% of the total number of priority shares) representing the insufficient number of registered and represented shareholders provided for in the Law on Trade Companies when considering and discussing proposals affecting both types of shares. Thus, it was concluded that there is no quorum for consideration and deciding upon the submitted proposals.

- **Extraordinary Shareholders Assembly**

During 2024, in accordance with regulatory requirements and the Bank's internal policies, the Bank organized two extraordinary shareholders' meetings on March 28, 2024, and on July 16, 2024. All decisions were made with the required majority.

At the meeting on March 28, 2024, shareholders representing 16,539,162 ordinary shares, or 94.7% of the total number of voting shares, were present. In addition to the shareholders, the chairman, the notary, and the vote counter, all members of the Management Board and the independent member of the Supervisory Board, Prof. Dr. Vladimir Filipovski, attended the meeting. The Assembly adopted a Decision to reallocate accumulated profits from previous years amounting to 2,460,000,000.00 denars into accumulated profit that will not be available for dividend payment to shareholders in the future, i.e., restricted for distribution to shareholders. The adoption of this Decision aims to ensure a capital adequacy ratio in line with the regulatory requirements prescribed by the National Bank of the Republic of North Macedonia (NBRNM) and simultaneously supports the business and development goals of the bank. At the Assembly, the shareholders also decided to reappoint the independent members of the Supervisory Board of the Bank.

At the second extraordinary shareholders' meeting held on July 16, 2024, shareholders representing 16,542,910 ordinary shares, or 94.7% of the total number of voting shares, and 3,498 preferred shareholders, or 1.5% of the total number of preferred shares, were present. In addition to the shareholders, the chairman, the notary, and the vote counter, all members of the Management Board attended the meeting. At the extraordinary meeting, the shareholders decided to appoint four members of the Supervisory Board of the Bank, representatives of the shareholders and pass new manner and amount of remuneration for the Members of Supervisory Board and Audit Committee. With these decisions, the Bank further enhanced the Board in order to achieve refreshment of the team and diversify the gender balance and skill to cover areas that are important for the upcoming and changing banking landscape. All materials from the extraordinary sessions of the Assembly are also published on the Bank's website.

The Shareholders Assembly responsibilities and its operations, the convening, the voting procedure, etc. are regulated in more details in the Statute of SB, SB Corporate Governance Code, and Rules of Operations of the Shareholders Assembly available on the Bank's website. All materials of the above-noted Assembly session are published as well.

- Dividend Disbursement & Dividend Policy

After the acquisition of Stopanska Banka in the year 2000, the primary objectives of the main shareholders were to restructure the Bank into stable, solid and reliable factor in the economy that will be pillar and counterparty of the clients. After a long period of restructuring and cleaning the losses from the past, the Bank started creating profit, which was re-invested for growth in the years to come that secured its leading position today.

Stopanska Banka has issued two types of shares:

- Ordinary shares with right to vote: 17.460.180 with a nominal value of MKD 201.1;
- Priority shares without voting right: 227.444 with a nominal value MKD 400.

The right to dividend for the priority share is determined in the Decision on issuing shares of the Second issue AD No. 32/20.06.1991 and the Decision on issuing shares of the Fourth issue AD No. 102/30.05.1996. In accordance with these decisions adopted by the Shareholders Assembly the dividend on the priority shares is determined in the amount of interest on retail MKD time deposits for a period of 1 (one) year, increased by the appropriate percentage point. In accordance with these decisions on the issuance of the shares and the Law on Trade Companies, the priority shareholders have a right to a guaranteed cumulative dividend, thus the Bank is in compliance with the same.

The Bank has a stable and predictable dividend policy for the priority shares, i.e. determinable fixed interest rate based on the defined market-based interest rate that serve as a reference that provides to the shareholders information in advance for the dividend that they will receive.

Regarding the dividend policy related to ordinary shares, the Bank is considering the capital and other regulatory requirements that should support the business needs and growth aspects. After securing the priorities mentioned, whatever remains is subject to the discretion of the shareholders based on a decision passed by the Shareholders Assembly.

Considering the uncertainties in the macro-economic environment during this period, Stopanska Banka withdrew from any decision on dividend disbursement for the common shareholders. In addition, as strategic priority, during the distribution of the profit, the Bank prioritizes the provision of capital needed to cover all risks, so during 2024, at the Assembly of Shareholders, a decision was made to redistribute the accumulated profit from remaining part of accumulated earnings from year 2023 in amount of denars 2,569,600,437.00 to be distributed into withheld profit available for distribution in the future and part of the accumulated earnings from year 2023 in amount of denars 900,000,000.00 to be distributed into withheld profit for investment purposes into material and non-material assets for broadening the business activities of the Bank. At the same Assembly, a Decision was adopted to reallocate the retained earnings for investment into earnings available for distribution to shareholders. This decision reallocated the unused

portion of the retained earnings for investments, amounting to 775,496,560.00 denars, into retained earnings available for future distribution.

Concerning the dividend for the priority shares, and following the Decisions on issuance of shares, the Shareholders Assembly approved disbursement of dividend for the priority shares in total amount of MKD 1,364,664.00 or gross dividend of MKD 6 per share.

1.2 Supervisory Board

The Supervisory Board is responsible for setting strategy, overseeing management, and adequately controlling the Bank, with the ultimate aim of enhancing the long-term value of SB and upholding the general corporate interest, corporate culture and values in accordance with the laws and corporate governance standards. The Supervisory Board has the ultimate responsibility to create conditions for good operations and management of the Bank and its stability. When carrying out its responsibilities, the Supervisory Board shall take into consideration the interests of the interested entities and shall provide conditions for maintaining an efficient cooperation with the National Bank of the Republic of North Macedonia and other regulatory authorities.

Size & Composition

The Supervisory Board of Stopanska Banka AD – Skopje consists of 7 members, out of which 2 are independent ones, with the term of office determined to four years, appointed by the Shareholders Assembly. The composition of the Supervisory Board in 2024 remained unchanged¹, i.e., is as follows:

1. Marinis Stratopoulos, **Chairman**,
2. Christodoulou Christodoulos, Chief Financial Officer, National Bank of Greece S.A. Athens.

¹ At the shareholders' assembly held on March 28, 2024, a decision was made to reappoint Mr. Kjosev and Mr. Filipovski as independent members of the Supervisory Board.

At the shareholders' assembly held on July 16, 2024, a decision was made to appoint four new members to the Supervisory Board, representatives of the shareholders, to replace members whose terms expire in 2024/2025:

- Dimitra Doima, Assistant General Manager, Group Financial Planning and Performance Management at NBG (replacing Mr. Christodoulos Christodoulos, whose term expired in March 2025).
- Georgios Tagaris, Assistant General Manager - Group Financial Risk Management at NBG (replacing Mr. Ioannis Kagioulis, whose term expires in July 2024).
- Georgia Tolia, Director of IT PMO and IT Governance at NBG (replacing Ms. Dimitra Gkountoufa, whose term expires in December 2024).
- Panagiotis Karandreas, Director of the International Activities Division at NBG (replacing Mr. Anastasios Lizos, whose term expires in July 2024).

The approved appointments to the Supervisory Board will take effect upon receiving consent from the Governor of the National Bank of the Republic of North Macedonia.

3. Dimitra Gkountoufa, **member**, Director in CEO Office, National Bank of Greece S.A. Athens.
4. Ioannis Kagioulis, **member**, Head of Group Risk Culture and Risk PMO Division, National Bank of Greece S.A. Athens.
5. Vladimir Filipovski, **independent member**, Professor, Faculty of Economics at University “St. Cyril and Methodius” Skopje.
6. Sasho Kjosev, **independent member**, Professor, Faculty of Economics at University “St. Cyril and Methodius” Skopje².
7. Anastasios Lizos, **member**.

Responsibilities of the Board & Key Activities in 2024

The responsibilities of the Supervisory Board are determined in article 89 of the Law on Banks and the same are incorporated in the SB Statute, as follows:

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.

² Prof. Kjosev is Chairman of the Association for regional development – Balkan Economic Forum (NGO).

18. approves the annual financial statement and the financial statements of SB.
19. approves the exposure to individual entity exceeding 20% of SB own funds, except for 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.
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.

****More details for the operations of the Board are presented in the Annual Report on the Operations of Supervisory Board in 2024, submitted to the SB Shareholders Assembly.*

Attendance Record

In 2024, the Supervisory Board organized 6 regular meetings, where it addressed all-important issues in accordance with its duties and responsibilities. Between the meetings, various items were reviewed/approved with written statement on 9 occasions.

The Supervisory Board held its meetings in accordance with the Annual Working Plan 2024 and in line with its responsibilities determined by the Law on Banks and the internal acts.

Attendance Record

Member	Supervisory Board Meetings	Audit Committee	Nomination & Remuneration Committee	Total Participation in % (all meetings)
M. Stratopoulos³	6/6	-	1/1	100%
S. Kjosev	6/6	-	5/5	100%
A. Lizos⁴	2/4	3/3	4/4	80%
D. Gkountoufa	6/6	3/4	-	90%
Ch. Christodoulos	6/6	-	-	100%
I. Kagioulis⁵	3/4	-	-	75%
V. Filipovski	6/6	5/5	4/4	100%

****Part of the members of the Supervisory Board are also members of the Audit Committee and Nomination and Remuneration Committee, thus their participation in these committees is depicted as well (4 Audit Committee meetings and 5 Nomination and Remuneration Committee meetings).

Independence & Conflict of Interests

In 2024, the balance between independent members and those representing NBG is in line with the regulatory requirements (1/4 of the composition, i.e., two out of seven). Both members served for two consecutive terms and were re-appointed for the third and final term as independent members.

In order to be considered by the Supervisory Board and to be proposed at the General Meeting as an independent member, the candidate should not have formed a relationship with the Bank, management, shareholders / or the Group that could interfere with the

³ Mr. M. Stratopoulos was appointed as a member of the Nomination and Remuneration Committee on July 30, 2024, and his participation in the NRC after this period is taken into account in the table.

⁴ Mr. Lizos mandate as a member of the Supervisory Board expired on July 7, 2024.

⁵ Mr. Kagioulis mandate as a member of the Supervisory Board expired on July 7, 2024.

exercise of independent judgment in carrying out responsibilities as an independent member.

The criteria are defined in the laws and the SB Corporate Governance Code.

In this respect, as of 31 December 2024, no member of Supervisory Board or Board of Directors hold any common shares with right to vote of Stopanska Banka AD – Skopje. Concerning priority cumulative shares without the right to vote, one member of the Supervisory Board and one member of the Board of Directors hold small insignificant number of shares (less than 0.1%).

In conclusion, all **criteria for independence are followed** and **no conflict of interest** was reported by any member of the Supervisory Board during the reporting period.

Self-Assessment 2024

During 2024, the Supervisory Board conducted self-assessment of its operations.

Moreover, following the best governance practices, and in line with the Evaluation Policy of the Group, the Bank engaged an external advisor to perform an independent Board Effectiveness Review.

In this respect, the assessments confirmed that Stopanska's Supervisory Board is fully compliant with the key regulatory requirements related to the board (composition, members, terms, skill requirements, etc.). Members contribute extensive professional competence, regional experience, and international experience in some cases. The Board boasts a well-balanced array of skillsets, maintaining highly educated members covering crucial areas such as leadership, finance, strategy, risk management and control.

They have in-depth knowledge of the Bank's financial and risk profile and, as collective, have the appropriate knowledge and good synergies for independent supervision of the Bank. No member is deemed overboarded. An opportunity exists for further enhancement through diversifying skills to cover areas that are important for the upcoming and changing landscape (ex. IT, digitalization, ESG, etc.), for greater gender diversity and more independent members.

The identified needs for further enhancement of the Board were addressed mostly during 2024:

- **Board Role in Strategy & Risk:** The Board's role in strategy setting and oversight and risk management was strengthened. The Dedicated Supervisory Board session on strategy was organized (Strategy Day); Risk Oversight Committee on Board level to

provide a high-level, independent oversight of the Bank's risk strategy and execution was established.

- **Board Composition & Diversity:** The Board team was refreshed with 4 new appointed members (1 still in process of approval) including 1 Member with IT background. The process of strengthening the independence of the Board with appointing 1 additional independent member was launched.
- **Board of Directors:** Expand the composition of the Board of Directors with inclusion of Chief Transformation and Strategy Officer (new position); and in process of appointing Chief Corporate Officer, Chief Financial Officer Chief Operations Officer.

The Supervisory Board' Committees in the year under review

The Supervisory Board has established committees with the aim of improving the efficiency of its work by dealing with complex matters in smaller groups and preparing them for the full Supervisory Board. Additionally, the Supervisory Board has delegated individual decision-making powers to the Committees, to the extent that this is legally permissible according to the relevant legislation and the internal regulations of the Bank.

During 2024, in addition to the existing three committees - the Audit Committee, the Risk Management Committee, and the Nomination and Remuneration Committee, the Supervisory Board established one more committee - Risk Oversight Committee.

The purpose of the Risk Management Oversight Committee is to assist the Supervisory Board in performing high-level independent oversight and advising on risk strategy and its implementation. The committee ensures that the Bank's risk management framework is aligned with strategic objectives and that the Bank effectively identifies, assesses, and manages risks. The Risk Oversight Committee (ROC) consists of 3 members, appointed by the Supervisory Board with a one-year mandate that is automatically renewed for successive one-year terms unless decided otherwise, provided the committee member still meets the criteria for Board membership and is a member of the Supervisory Board.

1.3. Audit Committee

Audit Committee is established as "legally prescribed committee" that assist the Supervisory Board in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, and internal and external audit functions.

Size & Composition

The Audit Committee of Stopanska Banka AD – Skopje consists of five members, appointed by the Supervisory Board, with two years term of office. Majority of the members (3) are members of the Supervisory Board, while the remaining two members are independent out

of which one member is authorized auditor. The composition of the Audit Committee in 2024 remained unchanged, i.e. was as follows:

1. Antonio Veljanov, Chairman of the Audit Committee (independent member and chartered auditor);⁶
2. Dimitra Gkountoufa, member (representative of the Supervisory Board);
3. Vladimir Filipovski, member (representative of the Supervisory Board);
4. Anastasios Lizos, member (representative of the Supervisory Board); and
5. Zorica Bozinovska-Lazarevska, member (independent member and chartered auditor).

Responsibilities of the Board & Key Activities in 2024

The Audit Committee responsibilities are defined strictly in the Law on Banks, which are transposed in the SB Statute. More precisely, it:

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 for its operations at least once quarterly.

The Key Activities performed in 2024 are explained below:

1. Financial Reporting Oversight

- The Committee reviewed the Annual Account and the Audited Financial Statements for 2023, as well as the SB Annual Report for 2023 before

⁶ Mr. Antonio Veljanov is also member of the Board of Institute of Chartered Auditors of Republic of N. Macedonia.

submission to the Supervisory Board for review and to the Shareholders Assembly for adoption. The Audit Committee ensured that the disclosed financial information about the Bank's operations are accurate and transparent as specified by the accounting standards.

- In addition, the Audit Committee regularly reviewed the quarterly financial statements for consolidation purposes and confirmed to the Group Audit that the financial reporting is properly prepared and suitable for inclusion in the consolidated financial statements of the NBG Group.

2. Internal Controls, Risk Management, and Audit Oversight

- Regularly, on a quarterly basis, the Audit Committee reviewed and discussed the activity reports of the Internal Audit Division, thus was duly informed about the ongoing internal audit issues. Special attention was given on the status reports of the Internal Audit Division concerning the implementation of the Central Bank Governor's recommendations.
- The Audit Committee was also reviewing and discussing the Risk Management quarterly reports in order to have better insight and overview of the risk management profile of the Bank.
- In addition, the Compliance Division presented the annual report and its plan for 2024 informing the Audit Committee for the ongoing regulatory / compliance issues and the planned activities of the Compliance function, especially focusing on the compliance of SB operations with the regulations related to the accounting standards and the financial reporting.

3. External Audit and Controls

- As one of its main responsibilities, the Audit Committee proposed PricewaterhouseCoopers Revizija DOO Skopje as external audit company for 2024 and was regularly informed about the cooperation between the Bank and the external auditor. In this context, the Audit Committee also reviewed the audited financial statements per IFRS standards, and the related Management Letter issued by chartered auditor of 2023 (PricewaterhouseCoopers Revizija DOO Skopje).
- As needed, the Audit Committee reviewed and discussed the audit/control reports by the regulators when performed.
- Following article 91, paragraph 9, item 4 and item 9 of Law on Banks, the Audit Committee "monitor the Bank's audit process and assess the work of the audit company" and "propose designation of an audit company and cancellation of an agreement concluded with an audit company". Arising

from these requirements, and based on the Group corporate governance standards, the Audit Committee is also required to grant approval of the audit and non-audit services performed by the appointed external chartered auditor to ensure that the auditor's independence is not impaired by the additional engagements. In this respect, the Audit Committee approved non-assurance services by the appointed external chartered auditor.

4. Regulatory Compliance

- The Audit Committee also reviewed the following documents from the procedural framework:
 - Review of the Audit Committee Working Plan for 2024.
 - Review of the information for implementation of the Whistleblowing Policy
 - Review of the Report on the operations of the Audit Committee in 2023.

In conclusion, the Audit Committee followed its Annual Plan of operations and executed its duties in full compliance with the relevant legislation and corporate governance standards and had open and transparent communication with the Board of Directors, Supervisory Board, and the control functions of the Bank.

****More details for the operations of the Board are presented in the Annual Report on the Operations of Audit Committee in 2024, submitted to the SB Supervisory Board.*

Attendance Record

The meetings of the Audit Committee were held in accordance with the regulatory requirements, i.e., at least one meeting per quarter. In 2024, the Audit Committee organized 4 regular meetings, where it addressed all relevant issues for the bank in accordance with its duties and responsibilities. Between the meetings, various items were reviewed/approved with written statement on 2 occasions.

Committee Member	# of meetings attended	% of meetings attended
Antonio Veljanov	6/6	100%
Zorica Bozinovska - Lazarevska	5/6	83%

**The Attendance Record for the members of the Audit Committee who represent the Supervisory Board is presented above in the section for the Supervisory Board.*

1.4. Risk Management Committee

The Risk Management Committee of Stopanska Banka AD – Skopje is consisted of 9 members, appointed and/or dismissed by the Supervisory Board (although the positions of the members of the Risk Management Committee are defined in the Statute). As at 31 December 2024, the members of the Risk Management Committee are as follows:

1. Diomidis Nikolettopoulos – Chief Executive Officer and Chairman of the Board of Directors, Chairman;
2. Toni Stojanovski - Chief Corporate Officer and member of the Board of Directors, member;⁷
3. Bojan Stojanoski - Chief Risk Officer and member of the Board of Directors, member;
4. Milica Chaparovska-Jovanovska – Chief Retail Officer and member of the Board of Directors, member;
5. Ilias Papadopoulos – Chief Credit Officer, member;
6. Mirjana Trajanovska – Senior Manager for Treasury and Finance, member;⁸
7. Vlado Treneski –Senior Manager of Corporate Banking Division, member;
8. Mirko Avramovski - Manager of Collection Division, member;
9. Emilija Stojanova - Manager of Risk Management Division, member.

Members of the Risk Management Committee, in addition to the requirements stipulated with the Banking Law, have minimum three-year experience in the area of finance or banking. The responsibilities of RMC are as follows:

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;

⁷ Mr. Stojanovski, on July 3, 2024.resigned from his position as a member of the Board of Directors and Chief Corporate Officer

⁸ Ms. M. Trajanovska is also Chairman of the Supervisory Board of the Clearing House KIBS AD Skopje.

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.

1.5. Nomination & Remuneration Committee

Since November 2013, the Remuneration Committee is assisting the Supervisory Board in implementation of the Remuneration Policy of SB.

The Committee consists of three members, appointed by the Supervisory Board, with 1-year term of office which shall be automatically renewed for successive one-year terms, unless otherwise decided, provided that the Committee member still meets the criteria for membership of the Committee and Supervisory Board. Majority of the members (2) are independent members, including its chairman.

During 2024, there were no changes in the composition of the Committee, i.e., composed by the following members:

- Vladimir Filipovski, Chair and independent member.
- Anastasios Lizos, member – representative of Supervisory Board.⁹
- Sasho Kjosev, independent member.

⁹ At the meeting held on July 30, 2024, the Supervisory Board decided to appoint Mr. Stratopoulos as a member of the NRC following the expiration of Mr. Lizos.'s mandate as a member of the Supervisory Board. With the same decision, the two independent members were reappointed as members of the NRC.

During 2023, the Supervisory Board decided to pass a decision for expanding the scope of the standing Remuneration Committee to include authorities related to the nomination, i.e. to be transformed to Nomination and Remuneration Committee. The Committee plays a vital role in providing oversight of the nomination, appointment, evaluation, succession, and remuneration of key personnel of the Bank, in line with the relevant regulation and internal policies of the Bank. Its high-level focus on these matters shall strengthen the Bank's ability to attract and retain top talent in the highest bodies while promoting transparency, accountability, and alignment with the international corporate governance standards.

Therefore, in brief, NRC assists the Supervisory Board in providing oversight of the nomination, appointment, evaluation, succession, and remuneration of key personnel of the Bank, in line with the relevant regulation and internal policies of the Bank.

The NRC responsibilities are regulated in the internal policies of the Bank and the Rules of Operations of the Nomination and Remuneration Committee, following the relevant provisions of the Central Bank' Decision on good corporate governance rules in banks.

Key Activities in 2024

During 2024, the NRC held five regular meetings, as required by the local legislation and in accordance with its Rules of Operations.

Following its Annual Operational Plan, the following main items were reviewed/passed:

- Approval of Target Board Profile.
- Nominating and evaluating members of the Supervisory Board (6), Board of Directors (3), and Audit Committee (3),
- Review and approval of the Remuneration Report for 2023, including the self-evaluation of the Remuneration Committee members and the Risk Management Committee Opinion on the Remuneration Policy.
- Regularly reviewed the staff cost and employee turnover trends of the Bank, ensuring that the management keeps the staff cost and headcount within the Budget.
- Regularly reviewed the Presentation on Exit Questionnaire Analysis.
- Approved the proposal for salary increases for SB employees for 2024 and variable remuneration rewarded to SB management and the employees for performance in 2023.

- Reviewed and discussed the regular annual Internal Audit Report on implementation of the Remuneration Policy.
- Reviewed the amendments of the Remuneration Policy, Nomination Policy, Board Training Policy, and Suitability Policy.
- Review and Approval of the Board Training Plan.
- Reviewed the new Rules of Operations on Nomination & Remuneration Committee.
- Endorsed the KPIs of the control functions and the achieved Individual Targets.
- Reviewed and approved the List of risk-takers covered with the Remuneration Policy.

In conclusion, the NRC was assured that all principles of the Remuneration Policy and other policies under its scope were followed by the Bank.

****More details for the operations of the Board are presented in the Annual Report on the Operations of Nomination and Remuneration Committee in 2024, submitted to the SB Supervisory Board.*

1.6. Board of Directors

The Board of Directors mission is to manage and represent the Bank in the best interest of the company, with the main objective of sustainable long-term value creation and considering the interests of all stakeholders. It shall manage the Bank and shall be involved in the implementation of the business policy, the establishment and promotion of corporate culture and values, the determination of the acceptable level of risk, the establishment and implementation of the internal control system and in providing conditions for operations of the bank in accordance with the regulations.

Size & Composition

The Board of Directors is composed of a minimum of two and a maximum of seven members. The exact number of members is decided by the Shareholders Assembly, following a proposal by the Supervisory Board, i.e. with the Statute of SB.

Board of Directors in accordance with the statutory amendments adopted at the Shareholders' Assembly on May 31, 2024, consists of seven (7) members: the Chief Executive Officer/Chairman of the Board of Directors and six Chief Officers: Chief

Corporate Officer, Chief Risk Officer, Chief Retail Officer, Chief Financial Officer, Chief Operations Officer and Chief Transformation and Strategy Officer.

2024-25' was important period for the top management of the Bank, in terms of refreshing and strengthening the team with new leaders.

The Board of Directors is composed of 7 members covering all banking areas, appointed by the Supervisory Board, with a mandate of 4 years with the right to be re-elected.

Thus, the composition of the Board of Directors during 2024 was as follows:

1. Diomidis Nikolettopoulos, Chief Executive Officer and Chairman of Board of Directors.
2. Toni Stojanovski, Chief Corporate Officer and member of the Board of Directors.¹⁰
3. Milica Chaparovska-Jovanovska, Chief Retail Officer and member of the Board of Directors.
4. Bojan Stojanoski, Chief Risk Officer and member of the Board of Directors.
5. Evangelia Kalouptsi, Chief Transformation and Strategy Officer and Member of Board of Directors.

Members of the SB Board of Directors, in addition to the requirements stipulated with the Banking Law, have strong record at SB and in the banking sector on senior positions and expert knowledge of the business and the banking regulation. They should also fulfill all other regulatory and suitability requirements. The current members have extensive experience and professional competence, in-depth knowledge of SB operations and culture, and have the appropriate knowledge, as a collective, for managing the Bank.

The Board of Directors is supported by an enhanced team of an additional 5 senior managers as layer of the Board of Directors and everyday operations in selected areas.

- Senior Manager for Treasury and Finance (Mirjana Trajanovska, who was promoted to the position of Chief Financial Officer at the beginning of 2025, pending Central Bank approval),
- Senior Manager for Operations (Radmila Maksimovic),
- Senior Manager for Corporate Banking (Vlado Treneski),
- Senior Manager for Sales and Branch Network (Tatjana Kalajdzieva), and
- Chief Credit Officer (Ilias Papadopoulos).

¹⁰ Mr. Stojanovski resigned from his position as member of Board of Directors effective from July 2024.

Responsibilities of the Board of Directors

The Board of Directors responsibilities are as follows:

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.

Self-Assessment 2024

Based on the overall assessments, it was concluded that the operations of the Board of Directors of Stopanska Banka, as a whole, are assessed with high grade (total 4.7 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 Supervisory Board members also conducted an evaluation of all members individually (every member evaluated the other members, including the CEO). All members are considered as appropriate persons with relevant skills and professional expertise.

Experience/Tenure: BoD members have variable lengths of service on the board, with some members being relatively new (since 2019) and others having over a decade of experience (since 2009). This mix is beneficial, blending institutional knowledge with new insights and providing stability at the top.

Responsibilities: The areas of responsibility are well-distributed among the members, covering key aspects of banking operations. Specific areas such as risk management,

treasury, and retail banking being managed by designated officers, as this promotes focusing expertise where it is most needed.

Term expirations: Several board members have terms expiring soon (2024-2026), highlighting the need for succession planning. Consistency in leadership is important, but so is the opportunity to bring in new expertise and viewpoints.

Proposed Improvements: Considerations for improvement might include further enhancement of the BoD team, introducing more diversity in terms of age or gender, and reviewing the renewal processes for BoD members to ensure the leadership remains consistent, but also dynamic and adaptable to changing industry landscapes with introducing new roles.

1.7. Credit Committees

Other SB bodies, determined with the Statute, are Credit Committees with the following structure, and authorities, as at December 31, 2024:

1. **Executive Corporate Credit Committee (ECCC)**: it consists of 6 members as follows:
 - Diomidis Nikolettopoulos, CEO and Chairman of the Board of Directors of SB, Chairman,
 - Ioannis Kagioulis, NBG Group executive appointed by the NBG Group Chief Credit Officer, member,
 - Toni Stojanovski, Chief Corporate Officer of SB and member of the Board of Directors, member,
 - Bojan Stojanoski, Chief Risk Officer of SB and member of the Board of Directors, member,
 - Ilias Papadopoulos, Chief Credit Officer of SB, member, and
 - Ioannis Bourmpakis, Representative of NBG International Activities Sector, member.

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

The ECCC decides on credit exposure to a 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:

- Diomidis Nikolettopoulos - CEO and Chairman of the Board of Directors of SB, Chairman
- Bojan Stojanoski - Chief Risk Officer of SB and member of the Board of Directors, member
- Toni Stojanovski, Chief Corporate Officer of SB and member of the Board of Directors, member
- Ilias Papadopoulos, Chief Credit Officer of SB, member
- Vladimir Treneski - 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 to a 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:

- Bojan Stojanoski - Chief Risk Officer of SB and member of the Board of Directors, Chairman
- Toni Stojanovski, Chief Corporate Officer of SB and member of the Board of Directors, member
- Ilias Papadopoulos, Chief Credit Officer of SB, member
- Vladimir Treneski, Senior Manager of Corporate Banking, member
- Lidija Rumenovska Sazdova - Manager of Underwriting Division, member.

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

The CCCC decides on credit exposure toward a 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:

- Bojan Stojanoski - Chief Risk Officer of SB and member of the Board of Directors, Chairman
- Milica Chaparovska – Jovanovska - Chief Retail Officer of SB and member of the Board of Directors, member
- Ilias Papadopoulos – Chief Credit Officer of SB, member
- Dejan Krstevski - Manager of Small Banking Business Division, member
- Mihaela Atanasovska Stoicovska - Manager of Credit Division and/or Emilija Stojanova - Ivanovska - Manager of Risk Management Division, member

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 5 members as follows:

- Milica Chaparovska - Jovanovska - Chief Retail Officer of SB and member of the Board of Directors, Chairman
- Dejan Krstevski - Manager of Small Banking Business Division, member
- Barbara Brezovska - Ponjavic or Dragan Mihajlov -Manager or Deputy Manager of Product Management and Clients Segment Division, member
- Mihaela Atanasovska Stoicovska - Manager of Credit Division

- Maja Rusovska – Manager of SBB Credit Department.

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 by the 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:

- Milica Chaparovska - Jovanovska - Chief Retail Officer of SB and member of the Board of Directors, Chairman
- Barbara Brezovska – Ponjavic or Dragan Mihajlov -Manager or Deputy Manager of Product Management Division, member
- Mihaela Atanasovska Stoicovska - Manager of Credit Division of SB, member
- Tatjana Kalajdzieva - Senior Manager of Sales and Branch Network, member
- Violeta Zatenko - 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 by the decision of the Supervisory Board or by approval of the relevant credit policy.

*The Credit Committees operate in accordance with the relevant credit policy adopted by the Supervisory Board. Members of the Credit Committees are 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.

2. Manner of Nomination, Appointment, and Dismissal of members of the bodies of the Bank, including the Succession Plan for the Supervisory Board

The manner of **nomination, appointment, and dismissal** of members of the bodies of Stopanska Banka, is regulated by an internal policy that complements the Bank's governance framework for nominating candidates to the statutory bodies and should be read and interpreted in conjunction with the Suitability Assessment Policy and Procedure as well as SB's Corporate Governance Code, taking also into account the NBG Group Governance Policy and relevant competencies of NBG bodies (eg the NBG's Corporate Governance and Nominations Committee and the NBG's Chief Executive Officer).

The Policy is based on the current regulatory framework to which the Bank is subject and has been designed taking into account especially the provisions of Law on Banking, Trade Companies Law, National Bank Decision on good corporate governance in a bank, as in force, as well as the European Banking Authority Guidelines on the assessment of the suitability of members of the management body and key function holders and the European Central Bank Guide to Fit and Proper assessments, as well as international best practices. Furthermore, it confirms the crucial role of the Nominations and Remuneration Committee (NRC) in the nomination process of candidates to the SB statutory bodies.

Summary of the Process

Taking the above explained into consideration, the NRC assesses the suitability of the candidates to the SB bodies, in line with the criteria stipulated in the Suitability Assessment Policy and Procedure and the Bank's Corporate Governance Code and in accordance with the regulatory framework, as each time in force, and records the assessments and their results.

The NRC shall not propose candidates who might be deemed unfit or unsuitable as per the provisions of the Bank's internal policies and the relevant regulatory requirements.

The NRC shall base all its proposals on its own independent judgement. In the process of identifying and proposing suitable candidates, the Committee shall be primarily based on the Target Board Profile. They shall also take into consideration the views and opinions expressed by key shareholders and stakeholders of the Bank.

The NRC reviews, identifies and evaluates the needs of the SB body composition considering especially the Bank's medium term strategic objectives, challenges, risks, and the relevant regulatory framework to outline the necessary profile/competencies of the new directors.

The Bank analyses the market for potential candidates and prepares a short list of suitable candidates. The NRC may decide on reverting to existing pools of candidates created, based on positions previously advertised, if according to the timing of the recruitment process and the desired profile and skills in each case if this is considered appropriate.

The NRC receives the list of candidates for every vacant position compiled following the above steps, accompanied by the relevant CVs and details about the candidates. The NRC with the support of the Company Secretary / Chairman's Office carries out a detailed due diligence and suitability assessment, as per the provisions of the Suitability Assessment Policy and Procedure.

The NRC selects the most preferable candidate(s) and submits its proposal to the Supervisory Board for approval, following consultation in accordance with the Bank's governance framework.

The final decision regarding the election of a Supervisory Board member is made by the General Meeting of the Shareholders or the Board itself, as per case foreseen in accordance with the provisions of the SB's Statute and is subject to supervisory approval in accordance with the applicable regulatory framework.

Upon appointment, the new member of SB body is notified by the Chair of the Board or whoever he/she may determine (e.g. the Chair of the NRC or the Company Secretary) and is further informed on the terms of his/her appointment. The Company Secretary oversee and coordinate all necessary actions with respect to regulatory requirements following the election of the new Board member (e.g. announcements, fit and proper process etc) and internal processes, including the provision of the induction material.

Any decision made on appointment of new Supervisory and BoD Directors is subject to approval by the National Bank of Republic of North Macedonia in accordance with the relevant regulatory framework.

Succession planning is an essential component for the development of any corporation. The planning of this segment is a tool for good management of the organization in order to ensure continuous effective operation through continuity of leadership. A good succession planning program aims to identify employees/individuals with high potential and ambition, train them and ensure available talent for future operations.

The Bank recognizes the importance of a succession planning process to ensure continuity in a sustainable, highly successful operation. There are certain positions in the Bank that are crucial for its current and future growth. Therefore, it is important that these positions

are awarded to appropriately qualified and the best possible individuals. It is critical that such positions are filled in a timely manner to avoid any leadership gap.

During 2023, the Bank adopted the Succession Policy based on the policy by the NBG Group, including its adaptation to the Bank's model and needs as well as to domestic legislation.

The Policy is applied in 2024.

3. Organizational Structure

The organizational structure of the Bank follows the best corporate governance standards and requirements and is tailored to optimize its business processes in order to be faster, cheaper, and safer for all involved stakeholders.

According to SB Statute, the organizational structure of the Bank is determined by a decision by the Supervisory Board, on a proposal by the management. As of 31.12.2024, the Bank is organized in 21 divisions and 57 branches.

The organizational structure is published on SB website.

- Stopanska Leasing DOOEL Skopje

In accordance with the ambitious business strategy, in 2022 Stopanska banka decided to invest in the establishment of a non-banking financial institution - a provider of financial leasing, thereby enriching the offer of financial services for customers and obtaining an additional source of income.

Namely, according to the Decision of the Ministry of Finance no. 13-11054/2 of 11.2.2022, the Bank successfully established the company for financial leasing, Stopanska Leasing DOOEL Skopje, fully (100%) owned by SB. The company started operating on July 1, 2022.

The operation of the Company is controlled by a Supervisory Board consisting of four members:

- Mirjana Trajanovska, Senior Manager for Treasury and Finance, Chairman,
- Milica Chaparovska – Jovanovska, Chief Retail Officer and member of the Board of Directors of Stopanska banka AD – Skopje – member,

- Theodoros Spyropoulos – Chief Executive Officer of NBG Leasing – member, and
- Evangelia Kalouptsi – Chief Transformation and Strategy Officer and Member of Board of Directors, member.

In accordance with the Law on Trade Companies, the Supervisory Board audits the Company's annual account and other financial reports, the proposal for the distribution of profit, reviews the annual report regarding the operations in the business year and performs other activities in accordance with the law.

In addition, Stopanska Leasing is managed by a manager appointed by the Management Board of Stopanska Banka AD – Skopje - Zharko Krzhalovski.

4. Corporate Governance Code

SB is fully committed to ensuring a corporate governance framework in accordance with the statutory provisions and the international standards.

Thus, the Corporate Governance Code of SB is prepared in accordance with the relevant regulatory requirements as well as the NBG Group corporate governance standards and is adopted by the Supervisory Board. The governance structure, shareholders rights, duties and responsibilities, the manner of operations of the bodies of the Bank, etc. that are determined in the Corporate Governance Code are implemented, respected and promoted by the members of the bodies of the Bank.

Furthermore, as a listed company on the Macedonian Stock Exchange, Stopanska Banka is following the Corporate Governance Code for the listed companies that was adopted in October 2021. For more details on the implementation of this Code please see the self-assessment Questionnaires published on SB website.

As integral part of this Report, and in respect to article 384-a of the Law on Trade Companies and article 42-a of the Listing Rules on the Macedonian Stock Exchange, the Board of Directors issue their Statements on implementation of the Corporate Governance Code of SB and the Statement on implementation of the Corporate Governance Code for companies listed on the Macedonian Stock Exchange. Both Statements are integral part of this Report (please see appendix 1 below).

5. Conflict of Interest Policy

The conflict resolution policy is determined in accordance with the Banking Law and SB Statute and stipulates that the persons with special rights and responsibilities shall give a written statement on the existence, if any, of a conflict of their personal interest with the interest of SB, every six months. The personal interest shall also include interests of the related parties connected thereto, as defined by Banking Law. Conflict between the personnel and the Bank's interest shall exist when financial, or any other type of business or family interests of the persons are concerned by the adoption of decisions, concluding agreements or performing other business activities. Financial, business and family interest shall imply generation of monetary or other type of benefit, directly or indirectly, by the persons. The persons 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 the 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 shall be submitted to SB Supervisory Board and Board of Directors, indicating the reason underlying the conflict between the personal and SB interest.

During 2024 no conflict of interest was reported by the members of the Supervisory Board, Board of Directors or by any other member of the bodies of SB.

6. Outsourced services

The Supervisory Board of Stopanska Banka adopts the Outsourcing Policy that is aligned with the NBG Group standards and the national legislation, including the relevant by-laws of Central Bank.

In accordance with the Outsourcing Policy, the Risk Management Committee reviewed the List of outsourced activities and determined the critical/important functions outsourced for which special care is undertaken. More precisely, the following services are determined as critical/important functions:

- IT services (Hosting, maintenance and operational support of the core system T24, SAP, SWIFT, card management systems and other systems of SB, Software development in SAP and Software development in T24);
- Cash transport.

7. Remuneration Disclosure 2024

The remuneration approach of SB is straight-forward, effective and focused on meritocracy while fully compliant with the regulatory requirements and the principles of its Remuneration Policy. The remuneration is primarily comprised of fixed remuneration; the variable part is smaller part of the total compensation and is given as reward for the individual contribution in the excellent overall results and governance of the Bank.

Fixed remuneration is comprised of competitive base gross salary paid monthly, which provides a measure of certainty and predictability to all of SB employees. When fixed remuneration is determined the Bank has ascertain key performance indicators for every position that takes into consideration various financial and non-financial parameters. It primarily reflects the relevant professional experience and organizational responsibility of the staff. Fixed salary is also assessed and determined in the context of the banking market in order to set the levels on competitive levels.

Variable remuneration is smaller part of the overall remuneration of the management and SB employees (14%). More important, the Bank has clearly defined credit policies and risk appetite (approved on highest levels: the NBG Group and the Supervisory Board of the Bank). In addition, all the credit risks are undertaken on level of committees, i.e. not by a single officer. Therefore, the risk-taking on individual level is minimized and framed in strict policies. However, when variable remuneration is paid, the Remuneration Policy prescribes that the remuneration is not determined based on automatic procedure (“formulaic approach”) but should take into account the performance of the employee, unit concerned and the overall results of the Bank. No guaranteed variable remuneration is allowed, i.e. any variable remuneration is dependent on the overall success of the Bank and is usually approved only after the year-end results are confirmed, thus it takes into consideration the overall health and success of the Bank before approving any rewards to the management and its employees.

Due to the strong adherences of the Bank to the Code of Ethics and the full compliance with the legislation and the internal policy, any failure of employee to comply with the Bank’s internal acts cannot be offset by any of his/hers financial performance.

In relation to the control functions, the Supervisory Board, through the Policy of Remuneration and the key performance indicators, has successfully established the manner of remuneration that is not dependent from the activities and performance of the units that are subject of their control.

Latest review and amendment of the Remuneration Policy is done by the Shareholders Assembly on 30.5.2023.

There are no significant changes in the remuneration approach during 2024. No remuneration is paid in 2024 in shares or other rights that gives the right to acquire SB shares.

In accordance with the Law on Trade Companies and the Decision on good corporate governance rules in banks, below it is disclosed the remuneration in Stopanska Banka as required by the laws.

- Supervisory Board

In accordance to the Law on Banks and the Statute of Stopanska Banka AD – Skopje (SB), the remuneration for the work of the members of the Supervisory Board is determined by the Shareholders' Assembly, following the principles of the Bank's Remuneration Policy. The Supervisory Board members are compensated only with fixed remuneration, approved by the Shareholders Assembly.

At the Assembly in July 2024 the Bank changed its approach towards the remuneration of the Supervisory Board and Audit Committee members, foremost, to align with the market levels and to match the notable increase in duties and responsibilities of the members. The remuneration is based on fixed annual remuneration regardless of the number of meetings or committees that a member participates; also, the contribution and the position of the Board or a Committee chair is remunerated higher. NBG SA executives participating in the Supervisory Board shall not receive any remuneration for their participation, maintaining the current approach.

The modified remuneration structure aligns with market standards and acknowledges the increased workload of the Supervisory Board members.

Supervisory Board Members

#	Fixed Remuneration	Variable Remuneration	Total Remuneration	# of Staff
Representatives of the shareholders - Employed by NBG	MKD -	MKD -	MKD -	3

Representatives of the shareholders - Remunerated by SB	MKD 1,220,060.00	MKD -	MKD 1,220,060.00	2
Independent Members	MKD 1,281,647.00	MKD -	MKD 1,281,647.00	2
Independent Members, Audit Committee	MKD 533,136.00	MKD -	MKD 533,136.00	2

Notes:

- The Supervisory Board and Audit Committee members are compensated only with fixed remuneration, approved by the Shareholders Assembly. NBG SA executives participating in the bodies of SB do not receive any remuneration from the Bank – the remuneration they receive as employees of the Group is considered confidential and is not disclosed in this Report. The data includes the participation of the Supervisory Board members in the Board and its sub-committees.
- Mr. Lizos and Mr. Stratopoulos, representative of the shareholder no longer employed by the Group, are remunerated by SB in the same manner as independent members.
- The independent members are entitled to remuneration of EUR 400 net on a monthly basis for their participation in the Supervisory Board, plus EUR 100 net (for the Chair) and EUR 50 net (for the Members) per meeting for their participation in the Nomination & Remuneration Committee.¹¹As noted, above at the Assembly in July 2024 the Bank changed its approach towards the remuneration of the Supervisory Board and Audit Committee members – the changes in the remuneration are applied from the date of adoption of the decision and depicted in the table above.

- Board of Directors

Remuneration of members of Board of Directors, per member, 2024, gross MKD

#	Fixed remuneration	Variable remuneration	Total remuneration
1	MKD 8,547,344	MKD 2,518,789	MKD 11,066,133
2	MKD 6,247,111	MKD 1,384,315	MKD 7,631,426

¹¹ On basis of salary and allowances as employed in the Faculty of Economics at University Cyril and Methodius – Skopje:

- prof. Filipovski receives MKD 2,114,259.00 gross (annually) while
- prof. Kjosev receives MKD 2,021,912.00 gross (annually).

3	MKD 6,256,709	MKD 1,438,754	MKD 7,695,463
4	MKD 3,017,159	MKD -	MKD 3,017,159
Total	MKD 24,068,323	MKD 5,341,858	MKD 29,410,181

*The Chief Corporate Officer resigned during June 2024. His remuneration is presented up to that point.

- **Other Reporting Categories**

#	Fixed Rem.	Variable Rem.	Total Rem.	#Staff
Risk Takers - material impact over the risk profile & profitability of the Bank	MKD 67,827,206	MKD 10,847,595	MKD 78,674,801	26
Other Persons with Special Rights & Responsibilities	MKD 23,715,239	MKD 3,051,519	MKD 26,766,758	11

Notes:

- The employees included in the category “*Officers with material impact on the risk profile and profitability of the Bank*” are determined in the Remuneration Policy of SB. The category includes the senior management responsible for material business units, risk management and for the control functions in Stopanska Banka AD – Skopje.
- The employees included in the category “*Other persons with special rights and responsibilities*” are the division managers and deputy division managers of Stopanska Banka AD – Skopje that are not covered in the prior category.

- **Credit Exposure towards Persons with Special Rights & Responsibilities**

The total credit exposure to persons with special rights and responsibilities at end of 2024 amounts to MKD 82.635 thousand which represents 0.4% of the Bank’s own funds (significantly below the regulatory limit of 3% of the Bank’s own funds per person with special rights and responsibilities and the persons related to him/her).

8. Internal Control System (with respect to the process of preparing financial statements)

SB maintains a robust Internal Control System to ensure the accuracy and reliability of the Bank's financial statements. This system is designed to monitor the preparation and reporting of financial data, safeguarding against inaccuracies, and ensuring compliance with applicable financial regulations and standards.

The foundation of ICS is built on our shared culture of integrity, enforced by the Board of Directors, Audit Committee, and Supervisory Board. Strict policies, integrating the best practices, clearly define the roles of all bodies and employees in fulfilling their roles effectively. Specific control activities include thorough reviews of financial statements, reconciliation processes, and the implementation of segregation of duties.

ICS ensures that relevant financial information is communicated in a timely and accurate manner to all stakeholders, as vital transparency for maintaining trust and enabling informed decision-making.

Governance-wise, the financial statements are prepared by the management of the Bank, who is responsible for ensuring that the financial statements are prepared following the applicable regulations and financial standards. The statements are audited by independent external auditors and issue their opinion if the financial statements are accurate and represent fairly in all materials aspects the financial position of the Bank. The whole process is under scrutiny of the Audit Committee, Supervisory Board, and finally, the Shareholders Assembly.

During 2024, following the process explained, the external audit company PricewaterhouseCoopers Revision DOO Skopje issued a clear opinion on the financial statements of Stopanska Banka, and the audited financial statements were approved by the Shareholders Assembly.

Additionally, the External Audit Company PricewaterhouseCoopers Revision DOO Skopje revised the financial statements in accordance with IFRS standards and issued a clear view that they were prepared in accordance with applicable legislation and international standards.

This rigorous Internal Control System enables the Bank to prepare financial statements that are not only compliant but also a true and fair presentation of its financial position and operations.

9. Environmental Social and Governance

The ESG framework is used by investors, companies, and regulatory bodies to evaluate the extent to which an organization manages non-financial risks and opportunities related to sustainable environmental practices, social responsibility, and governance issues.

Climate & Environmental

Recognizing the significance and potential impact of Climate and Environmental (C&E) risks, the NBG Group has performed identification and materiality assessment of these risks (RIMA) including Stopanska banka, which have been integrated into the overarching Risk Management Framework. The Bank remains committed to the ongoing evaluation, management and monitoring of these specific risks. ESG-related risks are incorporated in the Risk Taxonomy Framework and Risk Identification processes, by recognizing them as transversal and considering them as drivers of existing types of financial and non-financial risks.

In line with the commitment of the Bank to capture and going forward to decrease its carbon footprint, the NBG Group has calculated own emissions and financed emissions for Stopanska banka standalone. Emissions measurement is based on the Partnership for Carbon Accounting Financials (PCAF) ensuring the credibility of the underlying methodology. Banks' emissions are distinguished between own emissions (scope 1, 2 and scope 3 categories 1-14) and financed emissions (scope 3, category 15).

In 2024 Stopanska Banka has reduced Own emissions footprint by 9 p.p. dominantly as a result of decreased Scope 2 emissions.

Stopanska Banka supports North Macedonia's energy transition goals providing renewable energy financing. In 2024, the Bank continue to focus on financing the energy sector, particularly Renewable Energy Sources (RES).

For financing sub-projects in accordance with EBRD agreement, the Bank has incorporated environmental and social risks. In order to comply with the requirements of the EBRD agreement, the banks has assigned appropriate management and staff resources for the implementation of environmental and social due diligence and monitoring procedures. The Bank assesses and manages environmental and social risks and impacts arising from financing sub-projects in accordance with EBRD agreement, with support from team of experts provided by EBRD.

The environmental and social risk assessment and monitoring mechanism includes:

- Screening of all clients/sub-projects against the EBRD's Environmental and Social Exclusion List and FI Referral List;
- Categorizing the environmental and social risk of proposed sub-projects (low/medium/high) in accordance with EBRD's Environmental and Social Risk Categorization List for FIs;

Furthermore, the Bank has implemented initiative for ESG reporting by generation of climate-related and environmental (C&E) information of the loan portfolio. In this regard, detailed screening of the collateral and collection of data and analysis regarding the physical risks have been performed.

- **Corporate Social Responsibility**

For over 80 years, Stopanska Banka has been the company with the most recognized corporate social responsibility in the country, being an inextricable part of the general development of society.

By supporting sustainable projects for the promotion of culture, education, sports and health, the Bank is involved in almost every sphere of life and activity.

Among the various CSR activities that were implemented during 2024 we will highlight the following:

- Health System:
 - Donation of a Digital pathology setup and software for the Institute of Pathology – state of the art equipment that facilitates the diagnostics of tissues from all clinics in the country, helping speed up and make the detection of cancer cells more specific.
- Environment & Healthy Lifestyle:
 - Creation of the first magnolia park within the central park in Skopje, as a symbol of the 80th Bank anniversary (80 mature evergreen magnolia trees planted and walkways constructed around the park).
 - Donation of an equipment to the Crises Management Center for fire fighting across the country – following the devastating forest fires that affected the country, the Bank provided best quality personal equipment for firefighters of 3 state firefighting units.
 - Through our most popular CSR mass event "Vozi pravo, vozi zdravo", which had its 8th edition we constructed a new kids bike park within one of the biggest city parks - Park Saraj as a donation to the city and its children.

- Continuation of the green project "Green Wall" by planting additional 500 perennial trees across the city of Skopje.
- Culture:
 - We were the traditional supporters of the "Strumica Carnival", the "Ohrid Summer" and the "Galichka Wedding".
 - Through our TOPSI platform we supported the Gal_Icko music festival and the Bitola summer festival.
- Sport:
 - *via* Stopanska leasing we were the main sponsor of the Skopje Triathlon named Stopanska Triogy Triathlon.
- Education:
 - Stopanska continued its support via sponsorship for the Faculty of Economics Skopje at the University of St. Cyril and Methodius – Skopje and in addition supported once more the Microsoft Office Specialist contest that promotes IT skills among high school students.
 - We constructed a study space for the students (doctors, specialists and PhDs) at the Faculty of Medicine and Pharmacology.
 - Donation to various associations of children with special needs from the annual CSR public event “Sonuvame. Menuvame” to support their educational efforts and integration prospects.
- Business Development:
 - In line with business development goals, SB is an active supporter of many active business chambers in the country.

In conclusion, the CSR strategy of the Bank in 2025 is to again play a significant role in the community and to constantly expand the support of projects from different segments and activities. All these activities add significantly to the Stopanska brand.

- **Gender equality and inclusiveness**

The governance and operation model of Stopanska Banka AD - Skopje is based primarily on a diversity of talents who have the skills, experience and corporate culture to respond to the challenges of banking operations and the needs of customers and all stakeholders of the Bank. Through various programs and activities, the Bank continuously encourages an inclusive working environment where every employee gets an equal chance for career progress and self-development, without discrimination on any basis. Such principles the Bank continuously incorporates and promotes in all processes, including in the recruitment, training, development and retention of employees.

In this direction, from the aspect of gender equality and inclusiveness, the Bank has a **well-balanced gender structure at all levels**. Any "imbalance" at a certain level, including within the Bank's bodies, is due to the specific circumstances (existing staff gender composition, available candidates for new jobs, the Bank's needs, etc.), regulatory requirements and commitment to promoting the best talent in the given period regardless of gender or other type of affiliation.

Consequently, at the level of the entire Bank, i.e. from the total number of 948 employees in Stopanska Banka AD – Skopje 304 are men and 644 women.

The Bank has the same gender structure in relation to persons with special rights and responsibilities, excluding the bodies listed below, that is:

- 19 managers/deputy managers of divisions are women (59%);
- 13 managers/deputy managers of divisions are men (41%).

In relation to the bodies of the Bank, i.e. in the context of the recommendation of the Corporate Governance Code for listed companies on the Macedonian Stock Exchange for gender equality by 2025, which promotes at least 30% of women in the bodies of listed companies, in 2024 the Bank has the following situation:

A. Statutory Governance Bodies – Gender Composition and Compliance Status

Statutory body	Total members	Members – woman	%	Compliance Status / Measures
Supervisory Board	7	1	15%	<p>In progress.</p> <p>As end of 2024, 15% of Board Members are women.</p> <p>Thus, the Shareholders Assembly in July 2024 appointed 4 new candidates for Supervisory Board out of which 2 are women. The Bank is also in the process of appointing an additional Independent Member.</p> <p>At the end of 2025, the Bank will reach the recommendation for</p>

				the gender balance in its Board and committees.
Audit Committee	5	2	40%	Compliant. The recommendation is implemented. The Bank will maintain the current gender balance.
Nomination & Remuneration Committee	3	-	0%	Composition driven by legal/statutory requirements. Gender balance will be considered during future appointments.
Risk Management Committee	9	3	33%	Compliant. The recommendation is implemented and will be maintained.
Board of Directors	4	1	25%	Mostly compliant. Recent statute amendments have expanded the Board to 7 members; gender balance will be a consideration in ongoing appointments.

B. Forward-looking Actions

- In July 2024, the Shareholders Assembly appointed four new Supervisory Board members, including two women.
- The Bank is in the process of appointing an additional Independent Member.
- By the end of 2025, the Bank expects to meet the 30% gender balance target across its Board and committees.

- **Stakeholder Engagement Overview – 2024**

As one of the largest financial institutions in North Macedonia, Stopanska Banka AD – Skopje acknowledges the breadth and depth of its impact across a wide range of stakeholders, including shareholders, employees, clients, regulators, and the broader community. In 2024, the Bank remained committed to maintaining constructive, transparent, and value-driven engagement with all stakeholder groups, recognizing that sustained cooperation is essential for long-term success.

Shareholders

In its capacity as a listed company and a member of a leading regional banking group, the Bank maintained ongoing and proactive communication with its shareholders throughout the year. Legal and administrative support was continuously provided to ensure that shareholders had effective channels to address inquiries, submit proposals, and exercise their rights via the Bank's corporate governance bodies, including the Shareholders Assembly.

Employees

The Bank recognizes its employees as a critical success factor for delivering on its strategic ambitions. In 2024, efforts were focused on:

- Enhancing remuneration levels to ensure competitiveness in the labor market;
- Expanding non-monetary benefits to support well-being and work-life balance;
- Increasing internal mobility and career development opportunities;
- Strengthening training programs and leadership development initiatives;
- Promoting a culture of inclusion, equal treatment, and professional respect.

These initiatives reflect the Bank's long-term commitment to being an employer of choice in the financial sector.

Customers

Customer-centricity remains the cornerstone of the Bank's business model. In 2024, the Bank continued to refine its service delivery through personalized offerings, upgraded digital channels, and product innovations aligned with evolving customer needs. Efforts were also made to improve customer experience and responsiveness across all service points.

Regulators

The Bank remained fully aligned with all regulatory frameworks and maintained active cooperation with relevant supervisory institutions. In 2024, significant focus was placed on implementing new regulatory requirements, ensuring timely adaptation of internal processes, and promoting open, constructive dialogue with regulators. The Bank's compliance culture continues to be supported by strong internal controls, professional ethics, and transparent reporting.

Stakeholder trust and cooperation are essential elements of the Bank's operational and strategic performance. In 2024, Stopanska Banka AD – Skopje strengthened these relationships with clear communication, responsible conduct, and shared value creation. The Bank remains committed to advancing these partnerships as an integral part of its mission to contribute to a more prosperous and resilient society.

Appendix 1

STATEMENT OF CONFORMITY

with the Corporate Governance Code of Stopanska Banka AD - Skopje

In accordance with article 384-a of the Law on Trade Companies, the Board of Directors of Stopanska Banka AD – Skopje (hereinafter: SB) confirms the following:

SB has applied all the principles and complied in all material aspect with the Corporate Governance Code of SB for the year ended December 2024.

The Corporate Governance Code of SB has been developed in accordance with the domestic legislation and the NBG Group governance standards. It provides a clear delineation of the Bank's corporate governance system, rights and responsibilities of its bodies, the role of the control functions, etc. as well as is upholding the Bank's interests on a long-term basis for the benefit of depositors and customers, shareholders and other investors, employees and all other stakeholders. The Corporate Governance Code sets out a framework that promotes continuity, consistency and effectiveness in the way the Bank is supervised and managed and is a necessary component of good governance in supporting and promoting the Bank's business and reputation.

The Corporate Governance Code of Stopanska Banka AD – Skopje is available on the Bank's website.

BOARD OF DIRECTORS

Diomidis Nikolettopoulos
Chief Executive Officer

Milica Chaparovska-Jovanovska
Chief Retail Officer

Bojan Stojanoski
Chief Risk Officer

Evangelia Kalouptsi
Chief Transformation & Strategy
Officer

In accordance with article 42-a of the Listing Rules on the Macedonian Stock Exchange AD Skopje, the Board of Directors of Stopanska Banka AD – Skopje (hereinafter: SB) issue the following:

STATEMENT OF CONFORMITY
with the Corporate Governance Code for companies listed on the
Macedonian Stock Exchange

We, the undersigned members of the Board of Directors of Stopanska Banka AD Skopje, confirm that SB applies the Corporate Governance Code for companies listed on the Macedonian Stock Exchange, published on www.mse.mk.

SB applies the principles and best practices of corporate governance provided in the Code according to the approach "apply or explain why it was not applied", by filling out questionnaires whose form and content are prescribed by the Code.

With this Statement we confirm that the questionnaires are published on SEI-NET and on the SB website and that the answers in them are correct and true and reliably reflect the application of the principles and best practices of corporate governance by SB prescribed by the Code.

BOARD OF DIRECTORS

Diomidis Nikolettopoulos
Chief Executive Officer

Milica Chaparovska-Jovanovska
Chief Retail Officer

Bojan Stojanoski
Chief Risk Officer

Evangelia Kalouptsi
Chief Transformation & Strategy
Officer

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