

Stopanska Banka AD - Skopje

Rules of Procedure of the Supervisory Board

24.03. 2025

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1 General Provisions

- (1) The Rules of Procedure of the Supervisory Board of Stopanska Banka AD – Skopje (hereinafter: Sup Board; Stopanska Banka, SB and/or the Bank; and The Rules) regulates the manner of operations of the Sup Board of Stopanska Banka AD – Skopje.
- (2) The Sup Board has the ultimate responsibility for creating the conditions for good governance of the Bank and its stability. Therefore, the Sup Board is the body responsible for setting the strategy, overseeing the management and adequately controlling the Bank in order to protect and promote the Bank's long-term interests, while upholding the general corporate interest, corporate culture and values in accordance with the laws and corporate governance standards. The Sup 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 parties and shall provide conditions for maintaining an efficient cooperation with the National Bank of the Republic of North Macedonia and other regulatory authorities.
- (3) The Rules are prepared in accordance with the local legislation, such as the Law on Banks, Law on Trade Companies, "Decision on good corporate governance rules for banks", Corporate Governance Code for Listed Companies, the Statute of SB and SB Corporate Governance Code, while also properly incorporating the NBG corporate governance standards.
- (4) If there are any matters, which are not dealt with in these Rules, or there are any matters in these Rules that are inconsistent with any law, bylaws or the Statute of the Bank, the superior act shall prevail.
- (5) All members of the Sup Board are obliged to maintain secrecy on all confidential information that were presented and/or discussed in the Sup Board meeting, or were acquired in any other way during the exercise of their capacities as members of the Sup Board of the Bank, especially on business secrets and audit findings. The confidentiality obligation shall also

apply after the termination of their office as Sup Board members for as long as the Bank has an interest in maintaining the information a secret.

- (6) The Sup Board Secretary is the Bank's Secretary, or another person appointed by the Sup Board. He/she is responsible for observing the legal and regulatory framework regarding the effective functioning and support of the Sup Board and its Committees, for proper communication and information flow between the Sup Board and other bodies of the Bank, for keeping the Minutes of the meeting as well for ensuring that the Bank's corporate governance rules are upheld.

2 Roles & Responsibilities

- (1) In accordance with the Laws, Statute of SB and SB Corporate Governance Code, the Sup Board performs the following activities:

1. Adopts the SB business policy and development plan and monitors their implementation;
2. Appoints and dismisses members of the Board of Directors, Risk Management Committee, Audit Committee and Remuneration Committee;
3. Adopts SB Financial Plan / Budget;
4. Approves the annual financial statement and the financial statements of SB;
5. 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;
6. Reviews the report of the external audit company and submits written opinion thereon to the Shareholders Assembly;
7. Approves the annual report on the SB operations and submits written opinion thereon to the SB Shareholders Assembly
8. Organizes the Internal Audit Division, appoints and dismisses Internal Audit Division Manager and approves the Annual Plan of the Internal Audit Division and its Charter;
9. Adopts the policy-level documents of the Bank, including the Code of Ethics and the Code of Corporate Governance and reviews them on a regular basis;

10. Reviews the reports on the activities of the Board of Directors, Risk Management Committee, Audit Committee, Internal Audit Division and the Compliance Division;
11. Approves the exposure to a person exceeding 20% of SB own funds, with the exception of exposure based upon purchasing securities issued by the National Bank and the Government of RM;
12. Approves the transactions with persons related to SB exceeding MKD 6,000,000;
13. 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 and the Government of RM;
14. 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 cases of non-compliance, shortcomings and weaknesses in SB operations.

(2) In addition, and in accordance with the National Bank' Decision on good corporate governance in banks, the Sup Board:

1. Makes self-assessment and an assessment of the members of the Risk Management Committee, the Audit Committee, Remuneration Committee and Board of Directors;
2. Supervises the work of the members of the Board of Directors and monitors the work of the persons in charge of the control functions. In cases when these persons fail to adhere to the corporate culture and values, the acceptable level of risk and the risk culture, the Supervisory Board shall be obliged to undertake appropriate measures, including their dismissal, or request for their dismissal, if the Board of Directors is competent to appoint/dismiss them.
3. Defines the rights and responsibilities of its Committees and the Board of Directors, including the cooperation and communication with the executive management and the Sup Board;
4. Together with the Board of Directors, determines the acceptable level of risk, taking into consideration the market competition, the regulatory requirements, the Bank's long-term goals, the risk exposure and the risk-taking capacities, which means compliance of the acceptable level of risk with the Business Policy, the Financial Plan, the internal capital and the remuneration system;
5. Monitors the Bank's financial operations and the manner of the financial reporting;

6. Monitors the remuneration system in the Bank and makes an assessment if it is in compliance with the remuneration policy, the risk culture and the Bank's risk-taking capacity;
 7. Monitors the implementation of the Bank's internal regulations for protected whistleblowing;
 8. Reviews a report on transactions with the entities connected to the Bank, at least once quarterly, as well as on the amount of approved loans and other forms of exposure to the persons with special rights and responsibilities.
- (3) The Supervisory Board may decide to delegate part of its powers in specific areas to one or more of its members, to its committees, or to executives and staff of the Bank. It is also entitled to delegate the right to the CEO, other executive directors or collective bodies of the Management to further confer delegated authorities to the staff of the Bank or to third parties, according to the specific provisions of the SB Statute and within the limitations set by the law.

3 Composition & Qualifications

- (1) The Supervisory Board is composed of members who collectively possess the necessary skills, experience, and knowledge to effectively oversee the Bank's operations. The members of the Sup Board should demonstrate integrity, be committed to the Bank's mission and values, and meet the qualification requirements set by the relevant regulatory authorities. The Sup Board composition strives towards proper balance of skills, experience, knowledge, gender, and other factors required to properly fulfil their duties and to devote the amount of time and perspective required.
- (2) The Sup Board consist of 7 members appointed by the Shareholders Assembly with a mandate determined in accordance with the Statute of the Bank. At least ¼ of the members are independent members. The members-representatives of the shareholders can be re-appointed indefinitely, while the independent members cannot be re-appointed for more than three consecutive terms.
- (3) The Banking Law, the Central Bank' decision on issuing consents and the Decision on good corporate governance rules for banks must be observed for the composition of the Sup Board and the selection and assessment of its members. In particular, the members of the Sup Board must be reliable and possess the necessary expertise to properly perform their control

function and to monitor the business conducted by Stopanska Banka and they must commit sufficient time to the performance of their tasks as members of the Sup Board.

- (4) The Sup Board shall assess the adequacy of the candidate for a member, i.e. the member of the Sup Board (individual assessment), and assessment of the adequacy of the member of the Sup Board together with the other members (collective assessment). During the assessment, the Sup Board shall follow the prescribed framework in the National Bank's Decision on good corporate governance in a bank (items 18-22) and the relevant SB policies.

The assessments shall be made before each appointment of new member or re-appointment of existing member of the Sup Board, and also on annual basis. The collective assessment shall also be made if there are significant changes in the Bank's business model.

- (5) The Sup Board shall make an annual self-assessment of its operations, including an assessment of its size and structure and its efficiency (including of its committees and their mutual cooperation). It notifies the Shareholders Assembly of the results of the assessment, together with the activities it proposes or has undertaken for addressing the identified weaknesses.
- (6) Each member of the Sup Board can resign any time during his/her mandate by giving signed and notarized notice in writing to the Chairman's Office and the Chairman of the Shareholders Assembly. The day of submission of the notice/resignation is considered the day when the mandate is ended, except if other date is specified in the resignation or the Sup Board requests the member to continue perform his/her function until the appointment of his/her replacement but no later than 60 days.
- (7) Independent member of the Sup Board shall be a natural person and natural persons related thereto, who:
- is not employed or a person without special rights and responsibilities in the Bank;
 - is not a shareholder with qualified holding in the Bank or does not represent a shareholder with qualified holding in the Bank;
 - Is not a significant customer of the Bank. A significant customer is considered to be a customer who is ranked among the top 10 customers of the Bank, on the basis of either total value of credit outstanding, deposits or remuneration/fees paid during the previous calendar year and/or an organization that receives significant contributions/sponsorships by the Bank or its affiliated companies;
 - does not work, or has not been working in an audit company over the last three years, which at that time audited the operations of the Bank;
 - Has not served as an independent member of Sup Board for more than 3 consecutive terms; and
 - Has not any financial interest or business relation with the Bank in an amount exceeding an average of 3,000,000 MKD annually over the last three years.

4 Modus operandi

4.1 Election of the Chair and Deputy Chair

- (1) The Sup Board elects from among its members a Sup Board Chair and a Deputy Chair. The longest serving Sup Board member (or the previous Chair) shall chair the election session. The Deputy Chair is elected among the independent members.
- (2) The Sup Board Chairman plays a crucial role in the proper functions of the Supervisory Board and has a leadership role. He/she shall ensure the Sup Board's effective overall functioning and a cooperative relationship of trust between the members of the Sup Board and the executive management. He/she especially develops a close relationship of confidence with the CEO so as to be available for frequent deliberation and consultation regarding the implementation of the Bank's strategy. He/she encourages the members to raise critical questions, promotes discussion and ensures that dissenting views can be freely expressed and discussed before voting on a decision.
- (3) The Sup Board Chairman coordinates the operations of the Sup Board, chairs its meetings, coordinates the Agenda of the meetings, etc. in accordance with these Rules of Procedure. He/she acts on behalf of the Sup Board and signs the documents passed on its meetings.
- (4) Between meetings, the Chair maintains regular communication with the management and deliberates on issues of the Stopanska Banka's strategy, development of its business, risk management, corporate governance and similar high-level issues. He/she is informed without undue delay by the Chief Executive Officer about any important events.
- (5) The Chair, and the Deputy Chair, acts on behalf of the Sup Board, including when signing the managerial agreements with the Board of Directors members based on the decision by the Sup Board for (re)appointment of the member of the Board of Directors.
- (6) The Chair, and the Deputy Chair, are at the disposal of shareholders in his/her capacity as the representatives of the Sup Board.

4.2 Sup Board meetings

- (1) The Supervisory Board convenes at least once per quarter. At its first meetings of each calendar year, the Board adopts an agenda of meetings. Moreover, the Supervisory Board sets dates for discussion over the next twelve (12) months regarding issues which, according to the Code, fall under its direct supervision. The Supervisory Board Secretary forwards the final agenda to the Board members.

- (2) All members shall be notified of the venue, time and date of each meeting by means of an invitation communicated to the Supervisory Board members at least five (5) days before the meeting, unless the Chair decides not to forward same for a specific significant reason. The invitation must include, in perfectly clear terms, the items on the agenda. Otherwise, decision taking is allowed only if all the Supervisory Board members attend the meeting and none of them objects to the taking of decisions. The Agenda of each Supervisory Board meeting is set by the Chair and forwarded to the Supervisory Board members by the Board Secretary. The agenda and related documents should be distributed, if possible, at least five (5) days before the meeting. Distribution by electronic means is considered valid. All proposals should be clear and include, whenever required, an executive summary of the item. All directors can request the Chair to include one or more items on the Agenda of the next Supervisory Board meeting. Upon request by two members, the Chair is required to include any item proposed for the Agenda at the first Supervisory Board meeting following submission of said request.
- (3) The Chair of the Supervisory Board or his/her substitute presides over the Supervisory Board meetings, proposes the items on the agenda and guides its work.
- (4) The Supervisory Board has the requisite quorum when more than half its members are present or represented. Under no circumstances, however, may the number of members attending be less than 4. In any event, any member of the Board may request to participate in the meeting via teleconference, if he/she resides in a country other than that in which the meeting is held or for any other significant reason, such as illness or disability. Unless otherwise provided for by law or the Statute of SB, decisions are taken by absolute majority of those attending or represented. In case of proposal submitted by written statement, the decision is considered valid only if all members of the Sup Board unanimously pass the proposal.
- (5) To cover the eventuality of participation in a Supervisory Board meeting by phone or teleconference, the invitation to the directors must include the information necessary for such participation in the meeting. The members of the Board of Directors or other employees of the Bank may be called to participate on an ad hoc basis. The Chair may excuse at any point a non-member from the Supervisory Board meeting.

- (6) Once a year, the Supervisory Board shall devote an entire meeting to reviewing and discussing the SB's strategy. On this meeting the Budget and the Business Plan is reviewed and approved as well. All members of the Board of Directors shall attend the Strategy Meeting and outside experts on specific issues may also be invited to give presentations. The Chair is responsible for convening and setting the agenda of the Meeting, whose items should be prepared by the SB Executive Committee.
- (7) The Secretary of the Sup Board is encouraged to promote modern but safe technologies for organizing its meetings, approving and signing of documents, and efficient fulfilment of his/hers duties and responsibilities.

4.3 Minutes

- (1) The proceedings and decisions of the Supervisory Board and its Committees are recorded in its minutes by the Sup Board Secretary, which can be kept in electronic form. A list of the names of the members present or represented at the meeting shall also be recorded in the said minutes. The minutes of each meeting shall be distributed and approved by the Supervisory Board at the next meeting. Supervisory Board minutes drafted and signed by all members thereof shall be equivalent to a Board resolution, even where no Supervisory Board meeting has been held. This provision applies also if all members or the representatives thereof agree to the recording of a majority decision within meeting minutes, without a meeting having been held.
- (2) Board meeting minutes shall be signed in accordance with the law, i.e. by the Chair or the Deputy Chair. All other members who were present on the meeting should sign the Minutes as well.
- (3) Copies of and excerpts from the said minutes issued by the Supervisory Board Chairman or the Secretary of the Supervisory Board shall be official without further validation, as per the current legal and regulatory framework. The signing of meeting minutes by the members thereof may be replaced by the exchange of messages via e-mail or other electronic means.

- (4) The Minutes shall contain information on the venue and date of the meeting, the participants, the items on the Agenda, the important discussions and the decisions adopted, including the note for the participants who voted against a proposal. Furthermore, any reported conflict of interest should be noted in the Minutes as well.

5 Conflict of interest & Ethical Behaviour

- (1) Each member of the Sup Board is obliged to protect the interests of Stopanska Banka. Each member shall immediately disclose to the Chair of the Sup Board (through the Cabinet) any conflicts of interest, in accordance with the Policy for conflict of interest of senior managers of SB and should, insofar as possible, avoid any activities that could lead to conflict of interest or other incompatibilities with their mandates as members of the Sup Board.
- (2) Together with the Board of Directors, the Supervisory Board aims to ensure the highest standards of ethics and integrity are applied throughout all of the activities of the Bank in accordance with international best practice and to make senior management more responsible and accountable for their conduct, actions and competence; oversees senior management's efforts to foster a culture of ethics and compliance within the Bank, to enhance the internal ethics culture and business integrity and to discourage unethical behavior; and enhances responsible company and management behavior towards sustainable growth and long - term value creation and corporate social responsibility. To this end, the Supervisory Board among others approves and reviews, whenever required, the Bank's codes of conduct (such as the Code of Ethics) and other internal ethical policies and guidelines.

6 Relationship with stakeholders

- (1) Together with the Board of Directors, the Sup Board shall take the interests of the Bank's main stakeholders and the impact of its activities on them into consideration when carrying out their responsibilities. The Sup Board fosters open and constructive communication with the Bank's shareholders and all other stakeholders and maintains good cooperation with the National Bank and other regulatory bodies.
- (2) The Sup Board ensures that the Board of Directors have implemented effective mechanisms in place for identifying the Bank's main stakeholders and understanding their interests on

issues of material importance, that the Board of Directors have regular engagement with these stakeholders, and that the Sup Board is informed of the results of that engagement.

(3) The Secretary of the Sup Board shall ensure that the Sup Board is informed about all relevant legal changes regarding stakeholder rights.

(4) The Sup Board submits annual report on its operations to the Annual Shareholders Assembly.

7 Final provisions

(1) These Rules of Procedure enter into force on the day they are passed by the Supervisory Board of Stopanska Banka AD – Skopje.

(2) The Sup Board Secretary shall review at least once per year these Rules to ensure that they are operating with maximum effectiveness and in full compliance with the laws and regulations. The Secretary shall recommend for review and adoption to the Sup Board any changes he/she deems necessary.

S.B. No. 23/25

SUPERVISORY BOARD

24.03.2025

S k o p j e

Marinis Stratopoulos

Chairman

Document Change History

Version No.	Prepared by	Approved by	Date of Approval	Description of amendments
1	Chairman's Office	Supervisory Board	13.12.2018	New Charter adopted.
2	Chairman's Office, Board Secretary	Supervisory Board	24.03.2025	Adjustments to the SB Corporate Governance Code and the Corporate Governance Code for Listed Companies, that regulates all the governance matters in details. Technical amendments are included as well.