

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

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

### **Annual report on the operations of NLB Banka AD Skopje for 2024**

The Supervisory Board proposes to the Shareholders Assembly to adopt the following:

#### **Annual report on the operations of NLB Banka AD Skopje for 2024**

In addition:

- Annual report on the operations of NLB Banka AD Skopje for 2024
- Opinion of the Supervisory Board regarding the Annual Report on the operation of NLB Banka AD Skopje for 2024;
- Proposal-Decision on the adoption of the Annual Report on the Operations of NLB Banka AD Skopje for 2024 and the Opinion of the Supervisory Board regarding the Annual Report.

Skopje, May 2025

**ANNUAL REPORT  
ON THE OPERATION OF NLB BANKA AD  
SKOPJE FOR 2024**

## CONTENT

I. Profile of NLB Banka AD Skopje .....	3
II. Macroeconomic environment .....	7
III. Key legal and regulatory amendments that affected the Bank's operations .....	10
IV. Banking sector .....	12
V. Financial results of the Bank .....	14
VI. Sales channels and digital transformation.....	17
VII. Activities with retail .....	20
VIII. Activities with corporate .....	23
IX. Domestic and foreign payment operations.....	26
X. Financial markets .....	27
XI. Risk management.....	31
XII. Capital and Adequacy Management .....	35
XIII. Human resources management .....	37
XIV. Internal audit .....	39
XV. Marketing .....	40
XVI. Informational technology .....	41
XVII. Project management .....	42
XVIII. Intragroup services .....	43
XIX. Corporate governance report .....	44
XX. Environmental and Social Aspects Management (ESG).....	70
XXI. Strategy and future outlooks.....	73
Annexes.....	74

## I. Profile of NLB Banka AD Skopje

NLB Banka AD Skopje was established in 1985 and has been operating as a commercial bank since 1993, providing a full range of banking services to both domestic and international clients. From its inception, it has been one of the leading banking institutions in the Republic of North Macedonia, demonstrating a consistent growth trend and continuously delivering positive results. The bank is classified as a systemically important financial institution and is the third-largest bank in the Republic of North Macedonia by total assets. Since 2000, the bank has been a member of the NLB Group, with Nova Ljubljanska Banka d.d. Ljubljana being the strategic shareholder, holding a 86.97% stake in the bank's total capital.

### Business model of the Bank

NLB Banka AD Skopje is one of the leading financial institutions in the Republic of North Macedonia, recognized as systemically important with a robust market position across key banking sectors. The bank operates within the framework of a universal banking business model, placing a particular emphasis on commercial banking products that cater to a diverse range of client segments, including corporate clients, individuals, financial institutions, and public sector entities at both central and local government levels.

The bank's business model is strategically focused on two core market segments:

- Retail clients (individuals)
- Corporate clients

The bank's client base is segmented into five distinct groups:

- Private individuals
- Large private legal entities
- Micro, small, and medium-sized private legal entities
- Government and state-owned enterprises
- Financial institutions

The range of products and services offered by the Bank is diverse and can be categorized into the following:

- Loans and deposits for individuals
- Loans and deposits for legal entities

In addition to these, the Bank provides an array of specialized services, including:

- Payment services
- ATM and card services
- Account management
- Guarantees and letters of credit
- Investment banking services
- Other tailored financial services

The bank delivers its products and services using a combination of traditional and digital channels. The existing sales strategy integrates the following distribution channels:

- Branches
- ATMs and POS terminals
- Online banking platforms
- Mobile applications
- Contact center

- Intermediaries
- Website

The bank's customer engagement model is primarily executed through:

- Dedicated personal bankers for individual clients
- Account management for corporate clients
- Digitalization of business relationships
- Transactional banking services (providing payment solutions to clients who have the potential to develop into long-term banking relationships)

The primary revenue streams for the bank are:

- Interest income from the sale of loans
- Interest income from investment portfolios and money markets
- Fee-based income from account management, payment services, card services, documentary transactions, cash transportation, as well as brokerage and custodial services
- Revenue generated from the sale of third-party products such as non-life and life insurance, pension schemes, and shares in investment funds
- Other miscellaneous revenue from the bank's core business activities

The key operating costs for the bank include:

- Interest expenses associated with financing from both banking and non-banking sectors
- Fees and charges for payment systems and cash management services
- Personnel-related costs
- Costs for the management and ongoing maintenance of sales channels
- Expenditures related to the upkeep of IT infrastructure and cybersecurity measures
- Other general administrative and operational expenses

The primary stakeholders influencing the bank's operations include:

- Bank clients
- NLB d.d., the strategic shareholder with an 87% stake in the bank's share capital, alongside other minority shareholders
- Investors
- Suppliers of technology and other banking resources
- Regulatory authorities
- Employees of the bank
- Society at large and the local community

The core operations of the bank encompass:

- Lending activities
- Deposit management
- Customer relationship management
- Provision of client services and advisory functions
- Management of payment accounts and credit products
- Payment processing and card operations
- Provision of electronic and digital banking services
- Management of non-performing loans (NPLs)
- Comprehensive risk management
- IT operations and systems management

The fundamental resources that underpin the bank's operations include:

- Bank capital
- Deposits
- IT infrastructure

- Human resources (employees)
- The NLB brand

*The current business model of NLB Banka AD Skopje, combined with its established market position, provides a solid foundation for sustainable growth and development. This model facilitates the financing of growth through internal resources, while simultaneously ensuring an attractive return on equity for investors.*

## **Activities of the Bank in 2024**

In 2024, the Bank operated in accordance with its Business Policy for 2024. The strategic guidelines for the bank's development and operations for the period 2024-2028, as well as the directives from the NLB Group for 2024 were followed adjusting its ongoing operational activities and pricing policy to the economic and market conditions in alignment with changes in legal regulations and the evolving business policy of the NLB Group.

Despite significant global challenges and uncertainties, which also impacted the domestic economy, the bank managed to achieve excellent results across all operational segments. At the same time, it remained committed to improving the well-being of its employees and contributing to community support and individuals through financial assistance and other initiatives and activities.

Throughout the year, the bank closely monitored trends in the banking sector and the broader financial system, adjusting all activities to enhance customer accessibility, deliver innovative services, and streamline procedures, while being mindful of its environmental impact and promoting sustainable community development.

## **Awards and recognitions of the Bank in 2024**

A confirmation of the successful performance of NLB Banka AD Skopje in terms of business results, positive image and recognition, as well as its highly developed corporate social responsibility are the international and national awards and recognitions received:

- Recognition for Good ESG Practices (from the Macedonian Stock Exchange and the American Chamber of Commerce);
- "Leaders in Donation" (from the organization Konekt and USAID);
- "Oscar of Humanity" (from the Red Cross of the City of Skopje);
- "Best Practices in Corporate Philanthropy" (from the American Chamber of Commerce, USAID, and the organization Konekt);
- "Golden Supporter" of the activities of the Red Cross (from the Red Cross of the Republic of North Macedonia);
- Plaque for Special Contribution and Support to the Special Olympics of North Macedonia (from Special Olympics North Macedonia).

**Key indicators of the Bank's operations**

	<b>2024</b>	<b>2023</b>
ROE before tax	21,6%	22,0%
ROE after tax	18,7%	19,9%
ROA before tax	3,1%	3,1%
ROA after tax	2,7%	2,8%
Cost/Income Ratio	40,0%	43,2%
Capital Adequacy Ratio	18,5%	18,9%
CET 1 Ratio	16,3%	16,5%
Market share of total assets	15,9%	15,6%
Earnings per share - EPS (profit/ number of shares)	3.858	3.767
Market capitalization (mil. MKD)	47.966	25.228
Profit before tax (mil. MKD)	3.809	3.555
change in %	7,1%	32,6%
Profit after tax (mil. MKD)	3.295	3.217
change in %	2,4%	32,2%
Net operating income (mil. MKD)	6.946	6.015
change in %	15,5%	15,1%
Operating costs (mil. MKD)	2.778	2.597
change in %	6,9%	14,4%
Impairment and provisions, net (mil. MKD)	-339,0	155,0
change in %	-318,7%	-159,7%
Net interest income / Average interest-bearing assets	4,6%	4,1%
Balance sum (mil. MKD)	131.240	116.407
change in %	12,7%	3,3%
Loans to non-banking sector (change in %)	13,6%	4,3%
(market share in %)	17,9%	17,7%
Deposits to non-banking sector (change in %)	15,6%	2,6%
(market share in %)	17,6%	17,1%
Loans to non-banking sector/Deposits from non-banking sector	78,7%	80,1%
Loans in risk categories „A“ and „B“/Total loans	97,2%	96,2%
Coverage of portfolio with provisions	4,4%	5,1%
Non-performing loans/Total loans	2,9%	3,6%
Number of branches	48	48
Number of active employees	954	928
Number of FTE employees	939	917
Net Profit per employee (thsd. MKD)	3.454	3.466

\* The indicators are calculated in accordance with the regulations of the National Bank of the Republic of North Macedonia (NBRNM) and the International Financial Reporting Standards (IFRS) adopted in North Macedonia.

## II. Macroeconomic environment

In an environment of slowing inflation, a favorable foreign exchange market and still-present external risks associated with high geopolitical and economic uncertainty, the domestic economy recorded an annual growth of 2.8% in 2024. Additionally, the financial condition of companies showed some improvement, while household disposable income increased.

As a result of macroeconomic stability and the country's consistent macroeconomic policies, the international rating agencies Standard & Poor's and Fitch reaffirmed the credit rating at "BB-" with a stable outlook and "BB+" with a stable outlook, respectively. Furthermore, expectations for the country's economic situation include accelerated economic growth, a gradual reduction of the budget deficit, implementation of investments (particularly in infrastructure), reduced inflationary pressures and stimulation of domestic productivity.

### Key Macroeconomic Indicators

	2024	2023
GDP real growth (%)	2,8	2,1
GDP (mil.EUR)	15.431	14.598
Average Inflation (%)	3,5	9,6
CB bill rate (%)	5,55	6,30
National referent interest rate (%)	2,63	2,27
Interbank interest rate (%)	3,66	3,57
Industrial production (% period/period)	-1,4	-5,8
Unemployment rate (%) *	11,9	13,0
Budget deficit (mil.EUR)	684	674
% of GDP	4,43	4,61
General government debt (Central Government, Public Funds and Municipalities) (mil.EUR)	8.298	7.256
% of GDP	53,8	49,7
External public debt (mil.EUR)	5.825	5.345
% of GDP	37,7	36,6
Trade balance (mil.EUR)	-3.278	-2.822
% of GDP	21,2	19,3
Foreign reserves (mil.EUR)	5.019	4.538
Direct investment in the Republic of N.Macedonia (mil.EUR)	1.255	578
% of GDP	8,1	4,0

Source: State Statistical Office, NBRNM, Ministry of Finance

### Real sector

**The GDP real growth rate** of the Macedonian economy accelerated in 2024, reaching 2.8% (compared to 2.1% in 2023). The sectors that recorded the most favorable performance were "trade, transport and hospitality" and "public administration, education and healthcare."

At the end of 2024, **industrial production** in the country declined moderately by 1.4% compared to the previous year (2023: -5.8%). This decline was primarily driven by weaker performance in the manufacturing industry and mining, whereas the energy sector experienced a significant annual growth of 19.8%.

**The construction sector** in 2024 recorded increased activity, achieving a real growth of 2.4% by the end of the third quarter. Additionally, the housing price index rose by 10.6% by the end of the year, reaching a level of 159.1 (2023: 143.9 with an annual increase of 6.9%).



The downward trend in **the unemployment rate** continued in 2024, with the unemployment rate reaching 11.9% by year-end (2023: 13.0%), accompanied by a higher employment rate of 46.2% (2023: 45.4%). The number of unemployed persons (94,795) decreased by 7.9% compared to the same period the previous year, while the number of employed persons (700,526) increased by 1.9%. The average monthly net salary in December 2024 amounted to 43,587 MKD, reflecting an annual growth of 9.0%.

**The trade deficit** for the period January – December 2024 amounted to 3,278 million EUR, reflecting a 16.2% increase compared to the same period the previous year. During this period, exports declined by 6.5%, while imports decreased by 0.7%. The import-to-export coverage ratio stood at 70.4% (2023: 74.7%). In terms of total trade volume, the Republic of North Macedonia's main trading partners in 2024 were Germany, the United Kingdom, Greece, China, and Serbia.

**Total foreign direct investments (FDI)** in the country for the period January – December 2024 amounted to 1,255 million EUR, marking a 117.2% increase compared to 2023, when FDI stood at 578 million EUR.

## Fiscal sector

As of December 2024, **the state budget** recorded total revenues of 306 billion MKD (5.0 billion EUR), which is 3.9% lower than the planned Budget for 2024. VAT revenues amounted to 81 billion MKD (1.3 billion EUR), 3.8% higher than the planned budgeted revenues. Total expenditures reached 348 billion MKD (5.6 billion EUR), which is 4.2% lower than the planned amount. The budget deficit as of December 2024 stood at 42 billion MKD (0.7 billion EUR), 5.9% lower than the planned deficit for 2024.

In 2024, **the budget deficit** was financed through domestic borrowing (government securities) and external borrowing (foreign loans). Additionally, in 2024, the government secured a 500 million EUR loan agreement with Hungary, offering lower interest rates compared to international markets, aimed at covering budgetary needs and supporting the economy.

The consolidated **public debt** as of December 31, 2024, amounted to 510 billion MKD (8,298 million EUR), representing 53.8% of GDP (2023: 49.7%). Of the total public debt, 55.6% was external debt (2023: 57.5%), while 44.4% (2023: 42.5%) was domestically sourced.

**The guaranteed and non-guaranteed debt of state-owned enterprises and joint-stock companies** stood at 82 billion MKD (1,327 million EUR) by the end of 2024 (2023: 1,221 million EUR).

## Monetary sector

Throughout 2024, the National Bank pursued a cautious normalization of monetary policy, responding to a lower inflation rate compared to 2023. As part of this approach, the benchmark interest rate on central bank bills was reduced three times, while the offered amount of central bank bills remained unchanged at 10 billion MKD. Additionally, the interest rates on overnight deposits, seven-day deposits and overnight loans were lowered. This accommodative monetary policy, aligned with broader macroeconomic and financial conditions, contributed to further disinflation and a stable foreign exchange market, providing strong support for credit flows in the economy.

The **interest rate on central bank bills** was reduced three times throughout the year, reaching 5.55% by the end of 2024, down from 6.30% at the end of 2023 (-0.75 percentage points).

The **national reference interest rate** (denar deposits without foreign exchange clause) also increased from 2.27% at the end of 2023 to 2.63% at the end of 2024 (+0.36 percentage points).

The **interest rates on overnight deposits and loans** decreased from 4.20% and 6.80%, respectively, at the end of 2023, to 3.95% and 6.05%, respectively by the end of 2024.

The **reserve requirement ratio**, a key monetary policy instrument obliging banks to hold reserves at the central bank, stood at 8%, 100%, and 21% for domestic currency, domestic currency with a foreign exchange clause and foreign currency, respectively at the end of 2024.

The **interbank deposit market interest rate** averaged 3.66% in 2024, reflecting a 0.1 percentage point increase on an annual basis.

At the end of 2024, **foreign exchange reserves** stood at 5,019 million EUR, marking a 480 million EUR increase (+10.6%) on an annual basis. The majority of these reserves were allocated in securities (70.1%), followed by currencies and deposits (18.8%), and monetary gold (11%).

The **average inflation rate**, measured by the Consumer Price Index (COICOP), stood at 3.5% in 2024 (2023: 9.6%), while the Retail Price Index averaged 4.3% (2023: 7.0%).

### III. Key legal and regulatory amendments that affected the Bank's operations

During 2024 several laws and by-laws, and amendments and additions to the existing, were adopted which affected separate areas of the Bank's operations, as follows:

- Law on Financial instruments;
- Law on Prospectuses and Transparency Obligations for Issuers of Securities;
- Law on Amendments and Supplements to the Law on Payment Services and Payment Systems;
- Law on Amendments and Supplements to the Law on the National Bank of the Republic of North Macedonia;
- Law on the Use of the Macedonian Language;
- Law on Amendments to the Law on Securities;
- Law on Amendments and Supplements to the Law on Prevention of Money Laundering and Financing of Terrorism;
- Guidelines on the manner of risk management related to climate change
- Guidelines for greater inclusion of people with disabilities as consumers in the banking sector;
- Decision on executions of payment transactions;
- Decision on amending the Decision for establishing requirements for strengthened authentication and general, secure and open communication standards;
- Decision on amending the Decision on the Methodology for determining the countercyclical capital buffer rate for exposures in the Republic of North Macedonia;
- Decision on Amendments and Supplements on the Decision on the methodology for credit risk management;
- Decision on Amendments and Supplements the Decision on the methodology for determining capital adequacy;
- Decision on reserve requirements;
- Decision on Amendments and Supplements the Decision on the content and manner of functioning of the Credit Registry;
- Instructions for amendments and supplements the Instructions for implementing the Decision on the content and manner of functioning of the Credit Registry;
- Decision on Amendments and Supplements the Decision on the publication of reports and data by banks;
- Decision on the amount of the countercyclical capital buffer rate for exposures in the Republic of North Macedonia and for exposures to other countries in the second quarter of 2025;
- Decision on the amount of the countercyclical capital buffer rate for exposures in the Republic of North Macedonia and for exposures to other countries in the third quarter of 2025;
- Decision on the amount of the countercyclical capital buffer rate for exposures in the Republic of North Macedonia and for exposures to other countries in the fourth quarter of 2025;
- Decision on amending the Decision on the methodology for recording and valuing accounting items and preparing financial statements (effective from 2025);
- Decision on Amendments and Supplements the Decision on the types and content of banks' financial statements and notes to those statements (effective from 2025);
- Decision on Amendments and Supplements the Decision on the Chart of Accounts for Banks (effective from 2025);
- Decision on the methodology for identifying systemically important banks;
- Instructions on Amendments and Supplements the instructions on the manner of performing international payment transactions;
- Rulebook on the form and content of the act for issuing securities by types of securities;
- Rulebook on the manner and procedure for registration of securities;
- Rulebook on the content of the notification of the completion of the public offering of securities and the notification of the outcome of the subscription;
- Prospectus Regulations;
- Rulebook on the form and content of the application for approval of a private offering of securities and the documents submitted with the application for fulfillment of the conditions for a private offering, as well as the form and content of the notification on the realization of the issue;
- Rulebook on the form and content of the report for a cash transaction in the amount of 15,000 EUR in MKD equivalent or more;

- Rulebook on the format of the numbered register kept by service providers related to virtual assets, the numbered register kept by entities performing exchange operations, the numbered register kept by brokerage houses and banks licensed to operate with securities, the numbered register kept by persons trading or acting as intermediaries in the trade of works of art and the numbered register kept by persons storing, trading or acting as intermediaries in the trade of works of art when the activity takes place in free zones;
- Rulebook on the form, type and categories of data from the report on suspicions of money laundering and/or terrorist financing;
- Rulebook on the characteristics of automatic data processing software;
- Regulation on the security of personal data processing;
- Rulebook on Amendments and Supplements the Rulebook on the manner of conducting supervision;
- Rulebook on Amendments the Rulebook on the manner of reporting personal data security breaches;
- Regulation on the manner of operation of the investment company;
- Rulebook on obtaining approval for the operation of an investment company and on status changes of the investment company;
- Rulebook on determining special organizational conditions for an investment company when creating or creating investment products and their distribution;
- Rulebook on the form and content of information provided to clients and potential clients;
- Guideline on Client suitability assessment;
- Rulebook on granting approval to a member of the management body and a member of the supervisory body of an investment company, market operator and authorized depositary, as well as the conditions and criteria for assessing the suitability of members of the bodies and key function holders – we have no official interpretation as to whether it applies to Banks;
- Rulebook on the manner of protecting the property of the clients of the investment company and the manner of using the property (financial instruments and cash) of the clients by the investment company;
- Rulebook on determining the criteria for fulfilling the conditions for appointing a tied representative;
- Rulebook on the form, content of the application and the required documentation in the procedure for obtaining and renewing a broker and investment advisor operating permit;
- Regulation on the Investor Compensation Fund.

## IV. Banking sector

In 2024, the banking sector consisted of 13 banks and 2 savings institutions. The sector continues to be stable and resilient to operational risks, with a satisfactory level of liquidity and a high capital adequacy.

Credit growth was balanced between the corporate sector and households, with stronger performance in the corporate sector by the end of the year.

### Key indicators for the banking sector

in mil. MKD	31.12.2024	31.12.2023	Change	
			%	abs
<b>Balance sum</b>	<b>824.812</b>	<b>746.739</b>	<b>10,5%</b>	<b>78.073</b>
Capital and reserve	105.206	92.910	13,2%	12.296
Deposits from non-financial sector	600.785	539.602	11,3%	61.183
Loans to non-financial sector(gross)	489.924	440.560	11,2%	49.365
Provisions(balance and off-balance)	19.969	20.078	-0,5%	-108
Gross NPL(financial and non-financial sector)	13.205	12.245	7,8%	961
Profit before tax	19.776	15.783	25,3%	3.993
<b>Financial result</b>	<b>17.390</b>	<b>14.296</b>	<b>21,6%</b>	<b>3.095</b>

Source: NBRNM – Supervision, data and indicators for the banking system of the Republic of North Macedonia.

Total loans recorded an annual growth of 49.7 billion MKD or 11.2%, with credit growth in the corporate sector amounting to 29.6 billion MKD or 13.9%, while in the household sector, the growth was 20.1 billion MKD or 8.8%. From a currency perspective, denar-denominated loans had the largest contribution to the annual growth of total loans, accounting for 61.5% of total loans (2023: 58%). Regarding the loan maturity structure, 15.1% were short-term loans, while 81.6% were long-term loans (2023: 15.4% short-term, 81.4% long-term).

Total deposits in 2024, recorded an annual growth of 66.1 billion MKD or 12.4%, with deposit growth in the household sector amounting to 48.1 billion MKD or 13.8%, while in the corporate sector deposits increased by 14.8 billion MKD or 9.2%. Denar-denominated deposits contributed the most to the annual growth of deposits in both sectors, accounting for 59.4% of total deposits (2023: 56.9%). Regarding the deposit maturity structure, 38.2% were demand deposits (2023: 37.5%), 37.2% were short-term deposits (2023: 40.4%), while 24.6% were long-term deposits (2023: 22.1%).

The gross loans-to-deposits ratio for the non-banking segment, as of December 31, 2024 was 81.5% (December 31, 2023: 81.6%).

### Credit portfolio quality

The share of non-performing loans in total gross loans (loans to non-financial entities) as of December 31, 2024 was 2.6% (December 31, 2023: 2.7%). In the household sector, this indicator deteriorated compared to the previous year, reaching 2.5% (December 31, 2023: 1.9%) as a result of introduction of new definition of default, while in the corporate sector the indicator improved to 2.7% (December 31, 2023: 3.5%).

### Financial Stability

The liquidity of the banking sector remained at a high level in 2024.

As of September 30, 2024, highly liquid assets accounted for 18.5% of total assets (December 31, 2023: 19.9%) and covered 32.2% of short-term liabilities (December 31, 2023: 32.7%).

The capital adequacy ratio at the sector level as of December 31, 2024, was 18.9% (December 31, 2023: 18.1%).

## Profitability

As of December 31, 2024, the banking sector recorded a net profit of 17,390 million MKD, representing an increase of 3,095 million MKD or 21.6% compared to the same period of the previous year.

The primary contributor to profit growth during this period was the higher net interest income, which increased by 3,088 million MKD or 12.3%. Additionally, other regular income rose by 893 million MKD or 41.6%, while net fee and commission income grew by 525 million MKD or 8.0%. A further positive impact resulted from the reduction in impairment costs, which declined by 817 million MKD or 18.8% compared to the same period in 2023. At the same time, operating expenses increased by 1,335 million MKD or 9.5%.

## Indicators of the profitability of the banking sector

in %	31.12.2024	31.12.2023	Change percentage points
ROAA	2,2%	2,0%	0,2
ROAE	17,6%	16,1%	1,4
Cost / income	42,0%	43,4%	-1,4
Staff expenses / Total regular income	18,4%	18,9%	-0,5
Staff expenses / Operating costs	43,8%	43,5%	0,2
Non interest income / Total regular income	41,4%	41,5%	-0,1

Source: NBRNM – Supervision, data and indicators for the banking system of the Republic of North Macedonia.

## V. Financial results of the Bank <sup>1</sup>

The Bank's financial performance for 2024 is driven by sustained sales initiatives in credit products, with a strategic emphasis on households and enterprises, an expanding client base for payment services, as well as prudent risk management, operational efficiency and an unwavering commitment to enhancing the customer experience.

### Income statement of the Bank

in million MKD	2024	2023	Annual change	
			abs.	%
Interest income	5.245	4.450	795	17,9%
Interest expenses	-604	-480	-125	26,0%
<b>Net interest income</b>	<b>4.640</b>	<b>3.970</b>	<b>670</b>	<b>16,9%</b>
Fee and commission income	2.484	2.427	56	2,3%
Fee and commission expenses	-936	-1.102	166	-15,1%
<b>Net fee and commission income</b>	<b>1.548</b>	<b>1.325</b>	<b>223</b>	<b>16,8%</b>
Net gains/(losses) on financial instruments held for trading	11	-15	26	-177,6%
Net foreign exchange gain	326	367	-41	-11,1%
Net income from other financial instruments designated at fair value	-10	-8	-2	26,3%
Other operating income	431	375	55	14,8%
<b>Net operating income</b>	<b>6.946</b>	<b>6.015</b>	<b>931</b>	<b>15,5%</b>
Personnel expenses	-1.267	-1.186	-81	6,9%
Depreciation	-259	-258	0	0,0%
General and administrative expenses	-1.252	-1.153	-99	8,6%
<b>Profit before impairment and provisions</b>	<b>4.169</b>	<b>3.418</b>	<b>751</b>	<b>22,0%</b>
Impairment losses of financial assets, net	-332	3	-335	-11598,7%
Impairment losses of non-financial assets, net	-6	152	-158	-104,1%
Share of profit/loss of associated companies	-21	-18	-3	18,7%
<b>Profit before tax</b>	<b>3.809</b>	<b>3.555</b>	<b>254</b>	<b>7,1%</b>
Income tax expense	-514	-338	-176	51,9%
<b>Profit after tax</b>	<b>3.295</b>	<b>3.217</b>	<b>78</b>	<b>2,4%</b>

### Profit

In 2024, the Bank delivered a **pre-tax profit** of 3,809 million MKD, marking a 7.1% year-over-year increase. This performance reflects the growth in total net income, coupled with higher provisions for impairment of financial assets.

The **net profit after tax** for 2024 amounted to 3,295 million MKD, representing a 2.4% increase compared to 2023, driven by higher interest income and increased fee-based revenues.

The **profit before impairments and provisions** reached 4,169 million MKD, reflecting a 22.0% growth year-over-year.

<sup>1</sup> The financial statement positions in the Annual Report are consistent with the positions in the Bank's financial statements prepared according to the NBRNM methodology, except where it is necessary to show their clearer presentation. The differences are of a presentational nature, while the final positions (profit and total assets/liabilities) do not show differences.

The total **cost for impairments and provisions for financial assets, for impairment of non-financial assets and provisions for potential liabilities based on legal disputes** reached 332 million MKD and are increased compared to 2023.

**Total net operating income** amounted to 6,946 million MKD, demonstrating a robust 15.5% year-over-year expansion.

### Net interest income

The total net interest income for 2024 amounted to 4,640 million MKD, reflecting an increase of 670 million MKD (16.9%) compared to 2023. This growth was primarily driven by a 795 million MKD increase in interest income, partially offset by a 125 million MKD rise in interest expenses.

The dominant contributor to net interest income was the retail segment, accounting for 59.8% of total net interest income, with net interest income from households reaching 2,777 million MKD, marking an 11.1% increase year-over-year. This growth stemmed from a 17.9% rise in interest income, while interest expenses rose by 26.0%.

Meanwhile, net interest income from corporate clients totaled 1,012 million MKD, reflecting a 6.2% increase compared to 2023, primarily attributed to higher interest revenues.

### Net non-interest income

Total net non-interest income amounted to 2,306 million MKD, reflecting a 12.8% increase compared to 2023, primarily driven by higher fee and commission income.

Net non-interest income accounted for 33.2% of total income (2023: 34.0%), with net fee and commission income representing the largest share at 67.1% (2023: 64.8%).

### Net fee and commission income

Total net fee and commission income amounted to 1,548 million MKD, marking a 16.8% increase compared to 2023.

Total fee and commission income grew by 2.3% year-over-year, primarily driven by higher revenues from bancassurance, brokerage services, increased transaction volumes on payment cards and POS terminals, card settlement operations, and higher income from the sale of fund units.

Total fee and commission expenses declined by 15.1% compared to 2023, mainly due to lower expenses related to card operations with international payment systems.

### Costs

Total operating expenses amounted to 2,778 million MKD, reflecting a 6.9% increase compared to 2023. Employee-related expenses rose by 6.9%, other operating expenses increased by 8.6%, while depreciation recorded a marginal increase of 0.04%.

The cost-to-income ratio stood at 40.0%, an improvement compared to 43.2% in 2023.



## Balance sheet of the Bank

The total assets of the Bank, at the end of 2024, amounted to 131,240 million MKD, representing an increase of 14,833 million MKD or 12.7% compared to 2023. This growth was primarily driven by increased lending to the non-financial sector.

On the asset side, the gross loan portfolio grew by 10,075 million MKD or 13.6% year-over-year. Loans to non-financial legal entities increased by 4,921 million MKD or 18.8%, while loans to households recorded an annual increase of 5,031 million MKD or 9.7%.

On the liability side, the total deposit base of the non-banking sector saw a significant increase of 14,392 million MKD or 15.6% compared to the previous year. This was driven by a 16.2% rise in household deposits and a 15.7% increase in deposits from non-financial legal entities.

Conversely, borrowed funds recorded a 17.7% decline compared to 2023.

Share capital and reserves increased by 10.5%, reaching 18,527 million MKD.

## Balance sheet of the Bank

in million MKD	2024	2023	Structure	Annual change	
				abs.	%
<b>ASSETS</b>	<b>131.240</b>	<b>116.407</b>	<b>100,0%</b>	<b>14.833</b>	<b>12,7%</b>
Cash and balances with central banks	23.425	22.443	17,8%	983	4,4%
Derivatives	6	2	0,0%	4	214,8%
Loans and advances to banks	0	1	0,0%	0	-64,9%
Loans and advances to customers (net)	84.149	74.073	64,1%	10.075	13,6%
Loans and advances to customers (gross)	88.606	78.731	67,5%	9.875	12,5%
Non-financial corporations	31.095	26.174	23,7%	4.921	18,8%
Non-profit institutions serving households	6	6	0,0%	-1	-11,3%
State	1	1	0,0%	0	-34,9%
Households	57.152	52.121	43,5%	5.031	9,7%
Other financial institutions	353	429	0,3%	-77	-17,9%
Investment securities	20.652	15.849	15,7%	4.803	30,3%
Вложувања во придружени друштва	45	46	0,0%	0	-1,0%
Income tax claims	0	0	0,0%	0	0,0%
Other assets	884	1.846	0,7%	-963	-52,1%
Foreclosed collateral	26	32	0,0%	-6	-18,3%
Intangible assets	171	226	0,1%	-55	-24,3%
Property, plant and equipment	1.881	1.888	1,4%	-7	-0,4%
<b>LIABILITIES</b>	<b>131.240</b>	<b>116.407</b>	<b>100,0%</b>	<b>14.833</b>	<b>12,7%</b>
Financial liabilities at fair value through profit and loss, designated at initial recognition	51	29	0,0%	22	77,4%
Derivatives	0	3	0,0%	-3	-100,0%
Deposits from banks	371	362	0,3%	9	2,5%
Deposits from customers	106.913	92.521	81,5%	14.392	15,6%
Non-financial corporations	26.231	22.662	20,0%	3.569	15,7%
Non-profit institutions serving households	1.126	1.021	0,9%	105	10,3%
State	335	235	0,3%	100	42,6%
Households	77.601	66.793	59,1%	10.808	16,2%
Other financial institutions	901	1.021	0,7%	-120	-11,8%
Non-residents	719	789	0,5%	-70	-8,8%
Borrowings	2.268	2.757	1,7%	-489	-17,7%
Subordinated debt	1.534	2.089	1,2%	-554	-26,5%
Provisions	200	231	0,2%	-31	-13,3%
Liabilities for income tax	203	100	0,2%	104	103,9%
Other liabilities	1.171	1.553	0,9%	-382	-24,6%
Profit for the year	3.295	3.217	2,5%	78	2,4%
Equity and reserves	15.232	13.546	11,6%	1.686	12,4%

## VI. Sales channels and digital transformation

One of the Bank's strategic priorities is the enhanced digitalization and increased digital engagement of its clients. This objective is to be achieved through the introduction of new digital functionalities and the digital transformation of the Bank's core products and services. The Bank's multi-channel strategy outlines transformational initiatives across all distribution channels (e/m-banking, website, Contact Center, ATM and POS network, NLB Pay, credit intermediaries, and branch network) to transition all channels from service-oriented (customer support) to sales-oriented platforms for various banking products.

Key Multi-channel Strategy initiatives, implemented in 2024:

- **Implementation of Garmin Pay** – a digital wallet enabling contactless payments via Garmin smartwatches by digitalizing NLB payment cards in the Garmin Connect app for both Android and iOS devices. Garmin Pay utilizes NFC technology, allowing the smartwatch to communicate with compatible POS terminals worldwide,
- **Implementation of Smart POS** – a software-based POS solution in the form of a mobile application for Android devices, enabling the acceptance of payment transactions initiated by payment cards. Smart POS represents one of the most advanced card payment technologies, allowing merchants to accept card payments without additional hardware. The solution supports payments with MasterCard and Visa cards.
- **Implementation of the PayByLink service** – designed for small e-commerce merchants who lack the capability to develop and integrate their own online store with a bank. NLB Banka AD Skopje is the first and only bank in the market to introduce the "Pay by Link" option for online payments using VISA and MasterCard. This service enables clients to pay for goods and services via a payment link sent by the merchant. The seller can generate a payment link and send it to the buyer through email, Viber, WhatsApp, SMS, or social media.

### Mobile and electronic banking

Throughout 2024, several key initiatives were implemented in the mobile and electronic banking segment, enhancing digital banking services and customer experience:

- Introduction of Garmin Pay for seamless contactless payments via Garmin smartwatches,
- Launch of NLB Pay ByLink, enabling quick and convenient payments through a link provided by the merchant,
- Implementation and upgrade of the Smart POS mobile application, allowing card-based payment acceptance using NFC technology,
- Integration of NLB Funds and NLB Leasing into the mobile banking application for retail clients, ensuring easy access to financial services,
- Enhancement of security mechanisms to prevent fraud and strengthen card payment security.

The number of retail clients using mobile banking reached 275,225, marking a 12.6% year-over-year increase (2023: 244,372). As of December 31, 2024, 77.7% of users were active, compared to 73.7% in 2023.

The number of retail clients utilizing electronic banking services totaled 476,679, reflecting a 5% increase compared to 2023 (453,671). Among them, 51,665 users were active as of December 31, 2024, representing a 10.8% increase from the previous year.

As of December 31, 2024, the number of corporate clients utilizing electronic banking services reached 27,068, reflecting a 4.3% year-over-year increase (2023: 25,948). The proportion of active users within the total client base stood at 12,124, representing 45.9% of all corporate electronic banking users.

Through its mobile application, the Bank offers a comprehensive range of financial services, including payment and card services, as well as the sale of consumer loans and third-party financial products, such as insurance policies, investment fund shares, and leasing solutions.

In 2024, the number of consumer loans issued via the mobile application amounted to 5,467 marking a 23.9% increase compared to 2023.

## Contact Center

The Contact Center operates as a 24/7 communication channel, dedicated to providing comprehensive customer support and information services. Its primary role is to address customer inquiries and offer detailed insights into the Bank's products and services. In addition to customer assistance, the Contact Center also manages automated SMS payment campaigns, mass informational email and SMS campaigns, and sales-driven telephone campaigns. Furthermore, it facilitates remote client requests without the need for physical presence by utilizing electronic identity (EID), catering to customers unable to visit a branch. Alongside customer support for all banking products, the Contact Center also provides technical assistance for electronic banking services for both retail and corporate clients, support for branches, assistance for the ATM and POS terminal network, as well as monitoring high-risk transactions related to card payments and payment operations.

The diverse range of communication channels available to clients enables the Contact Center to centralize all complaints and written correspondence at the Bank level. NLB Banka AD Skopje provides the following communication channels for its clients:

- A dedicated customer support phone number (02/15-600), available 24/7,
- Official email addresses: info@nlb.mk, helpdesk@nlb.mk, kontaktcentar@nlb.mk, and kabinetuprava@nlb.mk,
- The Bank's official website: www.nlb.mk,
- Comment boxes placed in easily accessible locations at each branch,
- The Viber platform and NELA, the first banking electronic assistant, available 24/7,
- The Bank's physical archive,
- Official social media profiles of the Bank.

In terms of activity, 2024 recorded a significant increase in overall communication compared to 2023. With an expanded workforce, the development of innovative digital tools, and a proactive support approach, the Contact Center continues to evolve as one of the strategic key points within the Bank.

## ATMs and POS network

Throughout 2024, the Bank continued expanding and optimizing its ATM network, increasing the total number of ATMs to 174 compared to 168 in 2023. Of these, 121 ATMs feature "Cash-in" functionality. During the year, a replacement of existing ATMs was completed, introducing new models that support contactless cash withdrawals.

At the same time, the expansion of the POS network continued, reaching 8,617 terminals by the end of 2024, up from 7,662 in 2023. In addition to increasing the number of terminals, EMV/Contactless functionality was implemented across the entire POS network, enabling acceptance of contactless transactions from the Diners card network.

Total transaction volume through the Bank's ATMs in 2024 reached 59 billion MKD, reflecting an annual growth of 11%. Meanwhile, POS network transactions amounted to 51 billion MKD, marking a 2% increase compared to 2023.

In the e-commerce segment, the Bank established partnerships with 91 new e-commerce merchants, increasing the number of active e-commerce merchants to 301. Additionally, the first-ever loyalty transaction was successfully completed in 2024, allowing interest-free installment payments within e-commerce—a pioneering transaction of its kind in the country.

### **Credit intermediaries**

Sales through credit intermediaries represent a significant channel for distributing loan products. The Bank remains one of the most active in this segment, with over 13,000 loans disbursed through credit intermediaries in 2024. This accounts for more than 30% of all retail loans issued by the Bank. The sales volume of these loans increased by 16.8% compared to 2023.

Throughout 2024, the Bank expanded its network of business partners for the distribution of instant loans designed for the purchase of green and energy-efficient technologies.

Additionally, the Bank continued developing a digital platform for instant loan sales in collaboration with multiple credit intermediaries and business partners. This platform will enable a fast, easy, and fully digitalized loan application, approval, and disbursement process, allowing customers to obtain instant loans directly at credit intermediaries' retail locations without visiting a branch.

### **Branch network**

The branch network, also in 2024 is the primary and dominant channel for acquiring new clients, providing advisory services, offering loans, accepting deposits, processing domestic and international payments, handling cash and currency exchange transactions, personal banking, and selling non-banking products such as pension insurance, life and non-life insurance, and investment fund shares. Additionally, branches played a key role in early loan collection efforts and served as the "first line of defense" in preventing money laundering and terrorism financing.

The Bank's network consists of 48 branches and one service counter, covering 23 cities across North Macedonia.

As part of the branch network transformation program, the Central Skopje branch underwent a complete renovation in 2024, evolving into a modern banking facility that offers greater comfort and innovative services. This business concept introduces a new digital banking experience, replacing traditional cash transactions with a fully cashless model. Cash deposits, withdrawals, bill payments and other banking transactions are now handled entirely through a "24/7" self-service zone equipped with ATMs.

Retail loan sales through the branch network amounted to 26,300 loans (housing and consumer) in 2024, reflecting a 1.4% increase compared to 2023.

Of all retail loans disbursed in 2024, 94% (by value) were issued through the branch network, underscoring its importance as a key sales channel.

Throughout 2024, the Bank remained focused on optimizing the credit process to reduce sales and disbursement time. Additionally, efforts were made to expand automated lending beyond unsecured consumer loans, reinforcing the Bank's competitive advantage.

## VII. Activities with Private individuals

NLB Banka AD Skopje is the second-largest bank in the retail banking segment by market share, consistently demonstrating growth across all market sub-segments.

As of the end of 2024, the number of active individual clients reached 453,799.

The Bank's total market share in retail loans stood at 22.8% at the end of 2024 (2023: 22.7%). By product category, market share was 23.1% in consumer loans, 23.6% in housing loans, 22.9% in credit card loans and 19.2% in overdraft facilities on transaction accounts.

In terms of retail deposits, the Bank's market share increased to 19.6% by the end of 2024 (2023: 19.2%).

Additionally, the Bank held a 24.6% market share among salary recipients and a 24% market share among pension recipients by the end of 2024.

### Credit activity and offer

The gross retail loan portfolio in 2024 amounted to 57,152 million MKD, reflecting an annual increase of 9.7% (5,031 million MKD). The strongest growth was recorded in housing loans (13.7%) and consumer loans (9.4%).

Throughout 2024, the Bank closely monitored interest rate movements in financial markets and competitive trends, adjusting interest rates and fees for housing and consumer loans to maintain a competitive offering.

The Bank offers housing loans in denars with a foreign exchange clause and various repayment terms, featuring a combined interest rate. Consumer loans are available in denars with different maturities and fixed interest rates, including general-purpose consumer loans, car loans, consumer loans backed by a 100% deposit, and mortgage-backed consumer loans with a combined interest rate. Additionally, the Bank provides credit card limits and overdraft facilities on transaction accounts.

In 2024, the Bank reintroduced unsecured consumer loans and mortgage-backed consumer loans with an ESG component, in collaboration with GEFF and EBRD.

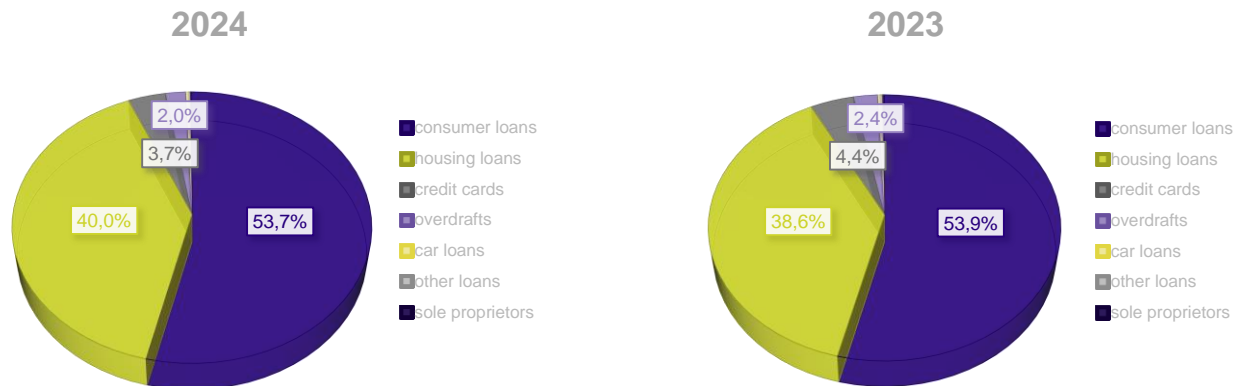
Several promotional credit campaigns were conducted throughout the year, alongside targeted offers for new salary and pension recipients, featuring simplified application procedures and preferential terms. The Bank has issued a total of 478,544 cards across Visa and MasterCard brands, including co-branded cards with domestic companies. As of September 30, 2024, its market share in issued cards stood at 26.05%.

To encourage credit card usage and enhance customer satisfaction, multiple marketing campaigns were launched during the year including:

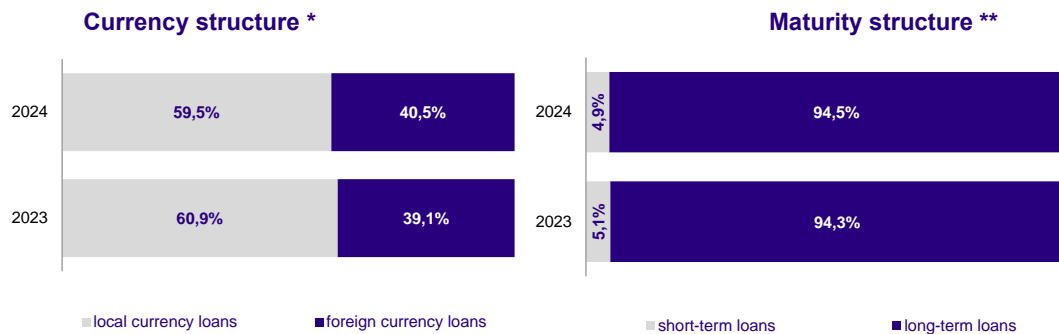
- Promotional interest rates for all transactions made with Visa credit cards for individuals (Visa Classic, Visa Gold).
- Double cashback for MasterCard haPPy credit cards through NEP Loyalty for transactions made at Neptun.
- Double cashback for all POS transactions with the NLB haPPy credit card.
- Double cashback for all POS transactions made at Neptun with the NLB haPPy credit card.

As of December 31, 2024, retail loans accounted for 64.5% of the Bank's total gross loan portfolio (2023: 66.2%). Non-performing retail loans represented 2.2% of total retail loans (2023: 1.3%).

### Share of loan products in the total retail loan portfolio



### Structure of retail loans



\*\* Loans with a currency clause are included in foreign currency loans.

\*\* The difference of up to 100% in the maturity structure of the loans is for doubtful and disputed claims.

### Deposit activity and offer

Retail deposits grew by 16.2% year-on-year, reaching 77,601 million MKD, an increase of 10,808 million MKD. The share of retail deposits in the Bank's total deposits for 2024 stood at 72.6% (2023: 72.2%).

The Bank's retail deposit portfolio consists of transaction account balances and term deposits in both denars and foreign currencies, available in various maturities with fixed interest rates and a top-up interest rate option. NLB Banka AD Skopje remains one of the most preferred banks for depositors, backed by its strong brand, market position and stable financial performance.

As of 2024, the Bank serviced 134,331 salary recipients, 81,848 pensioners and approximately 42,000 social welfare beneficiaries.

Throughout the year, the Bank closely monitored market interest rate trends and competitive offerings, making strategic adjustments to the interest rates on denar and foreign currency savings to maintain its competitive position.

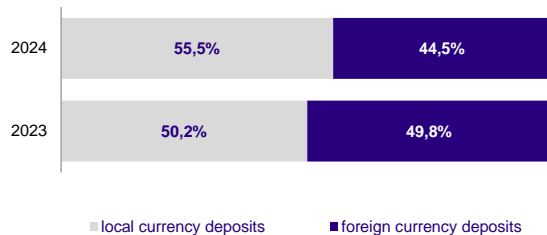
The composition of the retail deposit base shifted towards term deposits, with the Bank ensuring a well-balanced maturity structure to provide stable funding sources for its lending operations.

In 2024, the Bank conducted multiple promotional campaigns, offering special interest rates on term deposits with maturities of 13, 25 and 36 months.

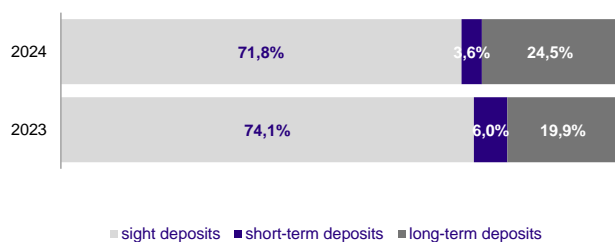
The gross loan-to-retail deposit ratio stood at 73.3% (2023: 77.5%).

### Structure of retail deposits

#### Currency structure



#### Maturity structure



### Other services of the Bank

**Personal Banking** is a specialized service offered by the Bank, providing clients with a premium banking experience, greater flexibility, and simplified communication through a dedicated personal banker. In 2024, personal banking services for individual clients were available in 40 branches, with a total of 5,699 clients utilizing the service as of December 31, 2024.

A key segment of the Bank's extensive offering is **NLB Bancassurance**, which includes the sale of life and non-life insurance policies. Throughout 2024, the Bank remained actively engaged in selling insurance policies both independently and as bundled offerings with banking products. The sale of risk life insurance policies bundled with loans continued to grow, driven by the "Sigurnost Plus" life insurance product linked to consumer loans. The Bank also continued to offer non-life insurance policies, achieving significant results in bundled home insurance, which is mandatory for securing mortgage and housing loans.

The Bank also recorded significant results in the standalone insurance market, particularly in investment-linked risk life insurance, investment fund shares, and private health insurance. The Bank is actively working on expanding its insurance offerings, introducing new life and non-life insurance products to meet evolving customer needs.

Recognizing the growth potential of the Macedonian market, the NLB Group expanded its product portfolio to include **asset management services**. In 2024, Generali Investments AD Skopje, a Macedonian investment fund management company, was acquired by NLB Skladi, the largest asset management company in Slovenia, and rebranded as NLB Fondovi Skopje.

As a result of the intensified cooperation between NLB Banka AD Skopje and NLB Fondovi, a new investment product, Investment Pair, was introduced in 2024 with strong sales performance.

An investment pair is a combined product/package sold on:

- Depositing funds (term deposit) in the Bank, and
- Purchase of shares in investment funds of the company NLB Funds AD Skopje

where it can be invested in all equity funds managed by the company NLB Fondovi AD Skopje: "NLB Brick", "NLB America" and the combined "NLB Top Brands" and the deposit can be used as collateral.



## VIII. Activities with corporate

NLB Banka AD Skopje upholds a strong presence in corporate banking, offering a comprehensive range of credit and deposit products to businesses across various segments, including large enterprises, small and medium-sized enterprises (SMEs), and micro-enterprises. The Bank provides documentary instruments, project financing, syndicated lending, domestic and international payment services, foreign exchange trading, cash handling and storage, a network of POS terminals, card business solutions, e-commerce services, and additional offerings through other NLB Group members.

A key focus of the Bank is supporting small and medium-sized enterprises, recognizing them as vital drivers of the national economy.

By the end of 2024, the Bank had 17,208 active corporate clients, including businesses and other financial institutions.

As of December 31, 2024, NLB Banka AD Skopje held a 12.9% market share in loans to non-financial legal entities, marking an increase of 0.5 pp to previous year (2023: 12.4%). Additionally, the Bank's market share in deposits from non-financial legal entities grew to 14.9% (2023: 14.0%).

### Credit activity and offer

As of December 31, 2024, gross loans in the corporate segment amounted to 31,095 million MKD, reflecting an 18.8% year-on-year increase or 4,921 million MKD in absolute growth.

In 2024, the share of non-performing corporate loans in total corporate loans decreased to 4.2% (2023: 8.7%), while the share of corporate loans in the Bank's total gross loan portfolio increased to 35.1% (2023: 33.2%).

Throughout 2024, the Bank closely monitored interest rate trends in financial markets and competitive dynamics, adjusting interest rates and fees on short-term and long-term loans in local and foreign currencies, ensuring a competitive market position.

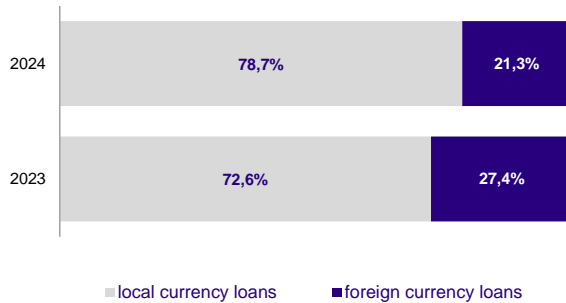
The Bank provides financing through its own funds and dedicated credit lines, offering loans for: working capital, investment projects for business expansion, modernization and automation of technological processes, renewable energy projects, energy efficiency improvements, export-import activities and other business purposes.

During 2024, the Bank continued disbursing loans under the EIB VII credit line, aimed at financing SMEs and mid-cap enterprises, as well as from the revolving fund under the EIB VI credit line. Additionally, the "Competitiveness +" credit line, financed by the European Bank for Reconstruction and Development (EBRD) under the Regional SME Competitiveness Support Program, remained available to support the competitiveness of small and medium-sized enterprises.

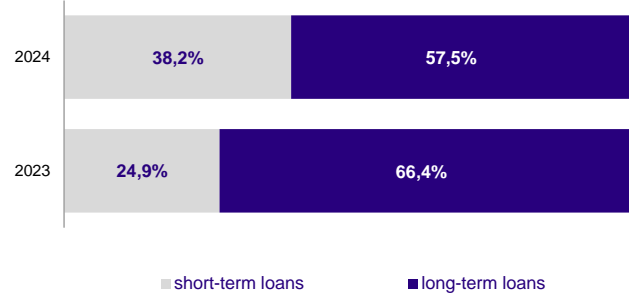


## Structure of loans to legal entities

### Currency structure\*



### Maturity structure \*\*



\* Loans with a currency clause are included in foreign currency loans.

\*\* The difference of up to 100% in the maturity structure of the loans is for doubtful and disputed claims.

## Project Finance

Throughout 2024, the Bank's project finance activities focused on approving loans for new projects and executing previously approved project financing loans. As a result, the total outstanding project financing loan balance as of December 31, 2024, amounted to 3,358 million MKD.

Project financing involves multi-year, phased funding of capital projects, which continue to exhibit a growing market trend in North Macedonia. These projects are of strategic interest to the Bank, given their potential for cross-selling opportunities.

## Sustainable Development Projects (ESG-projects)

In 2024, as part of its environmental sustainability policy, the Bank continued to support investment activities in high-quality ESG projects, facilitating the green transition for its clients.

NLB Banka AD Skopje remains committed to financing ESG initiatives, granting loans to enhance corporate energy efficiency, reduce energy consumption and minimize pollution.

During 2024, the Bank approved several ESG projects totaling 2,152 million MKD, bringing the total outstanding ESG loan balance to 2,460 million MKD as of December 31, 2024.

## Guarantees and letters of credit

To support corporate clients, the Bank issues payment guarantees, performance guarantees and letters of credit for various purposes.

In 2024, the total value of issued guarantees reached 3,127 million MKD, marking a 3.8% annual increase. The value of opened letters of credit amounted to 3,122 million MKD, reflecting a 13.1% year-over-year growth.

## Documentary work

	01.01.-31.12.2024	01.01.-31.12.2023	Change 2024/2023	
			abs.	%
<b>Guarantees</b>				
Value of issued during the year (mil. MKD)	3.127	3.013	114	3,8%
Number of issued during the year	1.679	1.985	-306	-15,4%
<b>Letters of credit</b>				
Value of issued during the year (mil. MKD)	3.122	2.760	362	13,1%
Number of issued during the year	238	201	37	18,4%

## Deposit activity and offer

As of December 31, 2024, corporate deposits at the Bank amounted to 26,231 million MKD, reflecting an increase of 3,569 million MKD or 15.7% compared to 2023.

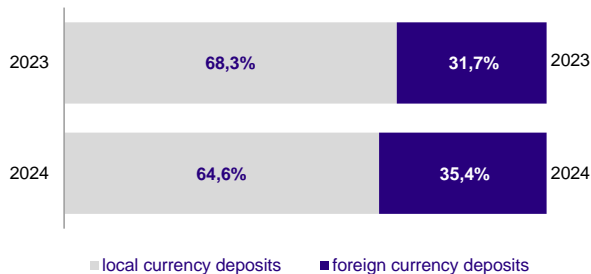
The share of corporate deposits in the Bank's total client deposits for 2024 remained at 24.5% (2023: 24.5%).

The corporate deposit base consists of transaction account balances and term deposits in MKD and foreign currencies, with different maturities and fixed interest rates.

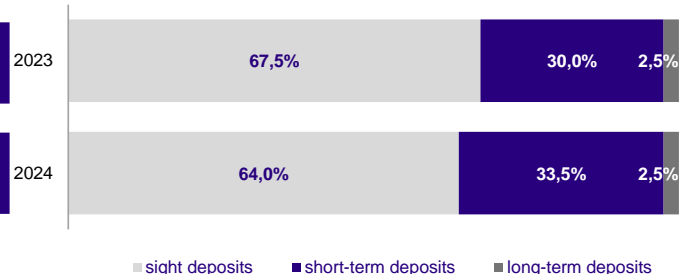
The gross LtD ratio for corporate clients stood at 118.3% (2023: 115.2%).

## Structure of deposits to legal entities

### Currency structure\*



### Maturity structure



\* Deposits with a currency clause are included in foreign currency deposits.

## Cash center services

In addition to cash supply services for its branch network and ATM network, the Bank's Cash center also provides services for corporate clients and other banks, including cash collection, transportation, and security.

The services include:

- Cash and valuables transportation
- Processing of domestic and foreign currency
- Foreign currency transfers to international banks
- Vault and deposit services
- Buying and selling of domestic and foreign currency
- Conversion of high-denomination banknotes into smaller denominations for corporate clients
- ATM servicing for the Bank and other commercial banks
- Supplying local currency cash in exchange for foreign currency for exchange offices
- Daily cash collection from corporate premises and transport to the Bank
- Processing of banknotes and coins and depositing funds into corporate payment accounts

Regarding domestic currency operations, the Bank recorded an 8% annual growth in 2024. However, in foreign currency operations, there was a slight decline due to the discontinuation of transactions with certain foreign currencies.

## IX.Domestic and foreign payment operations

### Domestic payment operations

In 2024, the total domestic payment turnover reached 990 billion MKD. The total number of transactions executed for both individuals and businesses amounted to 14.7 million, reflecting an annual growth of 3% (2023: 14.3 million transactions).

According to data published by the National Bank of the Republic of North Macedonia (NBRNM) for the period up to September 30, 2024, NLB Banka AD Skopje held a market share of 19% in terms of the number of transactions, while its share in total transaction value stood at 14%.

### Foreign payment operations

In 2024, the total volume of cross-border payments reached 3.4 billion EUR, reflecting a 5.1% annual increase compared to 2023. This growth was primarily driven by the higher inflow and outflow of Nostro and Loro remittances from both individuals and businesses, with a notable rise in individual transactions within international payment operations.

### Remittances

	31.12.2024	31.12.2023	Annual change	
			abs.	%
<b>Nostro remittances</b>				
<b>Turnover (mil. EUR)</b>	<b>1.620</b>	<b>1.536</b>	<b>84</b>	<b>5,4%</b>
Individuals	77	65	12	18,9%
Legal entities	1.543	1.472	72	4,9%
<b>Number of nostro remittances</b>	<b>71.885</b>	<b>69.766</b>	<b>2.119</b>	<b>3,0%</b>
Individuals	11.679	10.399	1.280	12,3%
Legal entities	60.206	59.367	839	1,4%
<b>Loro remittances</b>				
<b>Turnover (mil.EUR)</b>	<b>1.813</b>	<b>1.729</b>	<b>84</b>	<b>4,9%</b>
Individuals	207	195	11	5,8%
Legal entities	1.606	1.533	73	4,8%
<b>Number of loro remittances</b>	<b>165.383</b>	<b>160.096</b>	<b>5.287</b>	<b>3,3%</b>
Individuals	97.074	92.772	4.302	4,6%
Legal entities	68.309	67.324	985	1,5%

According to data published by the National Bank of North Macedonia (NBRNM), as of September 2024, NLB Banka AD Skopje held a 14% market share in the country's total cross-border transaction volume, with a 14.3% share in total inflows and 13.7% in total outflows.

Recognizing the importance of high-quality and accessible payment services for clients increasingly engaged in global e-commerce, the Bank actively worked throughout 2024 on transitioning its SWIFT platform to the new ISO 20022 standard, set to go live in January 2025. This implementation will make NLB Banka AD Skopje the first bank in North Macedonia to standardize this service.

Simultaneously, the Bank has been aligning with new regulatory requirements under the Law on Payment Services and Payment Systems, which is expected to significantly reshape the domestic financial environment once fully implemented.

As part of its anti-money laundering (AML) and counter-terrorism financing (CTF) framework, the Bank migrated to the new Safe Watch Screening module in 2024, replacing the previous Safe Watch Filtering system, further strengthening its compliance efforts. According to data published by the National Bank of North Macedonia (NBRNM), as of September 2024, NLB Banka AD Skopje held a 14% market share in the country's total cross-border transaction volume, with a 14.3% share in total inflows and 13.7% in total outflows.

## X. Financial markets

### Liquidity management

During 2024, the Bank managed the denar and foreign currency liquidity in accordance with the legislation and by-laws that regulate liquidity risk management and the acts that apply at the level of the NLB Group, while respecting the defined limits for exposure to liquidity risk.

Surpluses were placed in securities issued by NBRNM (treasury bills), the Ministry of Finance of the Republic of North Macedonia (government bonds), the EU countries and the USA (foreign government bills and bonds), and through the monetary instruments of the NBRNM (overnight deposits and seven-day deposits). The type, method and instruments used for investment of surplus were determined depending on the current and expected maturity structure of the assets and liabilities in the short and long term, the risk of the instruments and the movements of interest rates on the money market and securities markets.

The obligation for the mandatory reserve in denars and in foreign currencies was fulfilled on a regular basis. Structural liquidity indicators, including the indicators in accordance with Basel III - LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio), during 2024 were maintained above required minimum, which indicates continuous stable and high liquid position of the Bank throughout the year.

#### Investment portfolio balance:

- 11.029 million MKD in nominal value of government bonds
- 1.600 million MKD in treasury bills
- 53.3 million EUR in Macedonian Eurobonds
- 94.5 million EUR in German, Austrian, Dutch, Belgian, and American treasury bills

### Wholesale funding

During 2024, the Bank continued with regular servicing of obligations upon credit arrangements with domestic and foreign creditors, as well as withdrawal of new funds for financing investment projects and working capital.

During the year, 9.813 thousand EUR were repaid by separate credit lines, and funds were withdrawn in the total amount of 1.850 thousand EUR.

In 2024, NLB Banka AD Skopje concluded loan agreement with NLB d.d. Ljubljana in the amount of 10 million EUR which represents part of the additional core capital of the Bank, in accordance with the Decision on the methodology for determining the capital adequacy of the NBRNM.

Additionally, the Bank made an early repayment of subordinated loans from NLB d.d. Ljubljana in the amount of 19 million EUR and concluded a new subordinated loan agreement with NLB d.d. Ljubljana in the amount of 10 million EUR, which represents part of the Bank's additional capital.

In 2024 funds were withdrawn from the following credit lines:

- European Bank for Reconstruction and Development (EBRD) – funds were withdrawn from the EBRD in a total amount of 1.315 thousand EUR, as follows: 915 thousand EUR from the EBRD credit line of EBRD SME Competitiveness Support Program, intended for further financing of investments by legal entities in industrial facilities, equipment, software, improvement of enterprise systems or general upgrading designed to advance one or more EU directives in the field of environmental protection, employee safety and product quality and safety, as well as investments in high-performance technologies and 400 thousand EUR from the new credit line

Green Economy Financing Facility III - REpower Residential, intended for green investments in residential segment. Also, in November 2024, a long-term loan agreement for up to 4 million EUR was signed with the EBRD from the Green Economy Financing Facility III - REpower Residential credit line. The funds are intended for green investments and efficiency in the residential sector, manufacturers, construction companies and public enterprises;

- Development Bank of the Republic of North Macedonia (RBSM) – one tranche from the EIB 7 credit line for green loans in the total amount of 515 thousand EUR, funds from the Agricultural Credit Discount Fund (ZKDF) – two tranches of the IFAD 2 credit lines in the total amount of 20 thousand EUR;
- The French Development Agency with the Development Bank of North Macedonia - framework agreement for participation in the credit line to support green and socially responsible investments.

### Commission operations

During 2024, the Bank continued to implement the project "Self-employment with lending", as an active measure for self-employment implemented by the Employment Agency of the Republic of North Macedonia, in cooperation with the Development Bank of North Macedonia since May 2008.

Throughout the year, the Bank mediated financing with funds from the Macedonian Development Foundation for Enterprises and the Agricultural Credit Discount Fund, for the needs of the "Mozhnosti" Savings house".

In 2024, on behalf of the clients, the Bank recorded 1.290 million MKD of government securities, which is 85,5 % decrease compared to last year (2023: 8.879 million MKD) due to change in the investment policy of one client.

From the total amount, 73,7 % (950 million MKD) was realized through auctions with government bonds and 26,3 % (339 million MKD) was realized through the auctions with government bills.

### Foreign exchange market

In 2024, the Bank executed a total turnover on the foreign exchange market of 3,5 billion USD (2023: 3,6 billion USD) realized through 78.824 transactions (2023: 85.087) or 2,9 % less compared to 2023. The largest part of the Bank's turnover on the foreign exchange market refers to the purchase and sale of euro currency, with 70,1 % in purchases and 91,3 % in sales.

The Bank's market share on the foreign exchange market amounts 20,6 % as of 31.12.2024

In 2024, the turnover from authorized exchange offices amounted to 696 million EUR (2023: 752 million EUR), which represents 45,3% of the total purchase of foreign currency from authorized exchange offices by banks in the country.

On the interbank foreign exchange market, 1,8 EUR (2023: 1.7 billion EUR) were traded through 7,159 purchase and sale transactions (2023: 8.660).

## Custodian and brokerage services

### Custodial services

During the year, the Bank provided custodial services for investment and pension funds, for non-residents trading on the Macedonian securities market and for domestic clients investing in foreign securities.

As a custodian bank, the Bank provides custodial services to two pension funds managed by one Mandatory and Voluntary Pension Fund Management Company, and as a depository bank to eleven investment funds, managed by three Open-Ended Investment Fund Management Companies.

The total income of the Bank from the investment funds in 2024 amounted 8,2 million MKD, which represents an increase of 38,9 % compared to the revenues achieved last year (2023: 5,9 million MKD), while the total revenues from pension funds realized in 2024 amounted 18,0 million MKD or 5,8 % more compared to last year (2023: 17,0 million MKD).

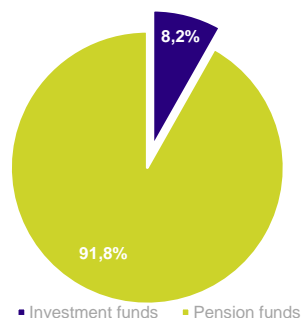
#### Funds balances:

**Investment Funds**  
6.493 million MKD in total assets

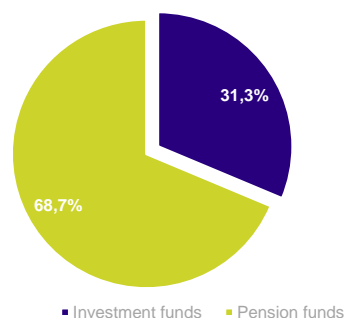
**Pension Funds**  
72.840 million MKD in total assets

### Assets and income from funds (participation)

Net assets value of funds



Income of funds



### Brokerage services

The total turnover in classic trading on the Macedonian Stock Exchange in 2024 amounts 7,2 billion MKD which represents increase in the turnover of 151,5 % compared to the previous year, while the number of transactions increased by 98,3 %. The growth of the turnover is the result of increased liquidity on the domestic capital market, and above all, the high dividend yields and solid financial results of the companies that are most traded on the Macedonian Stock Exchange.

The price of the MBI-10 index of MSE, achieved an increase of significant 66,78 % annually, thus ranking as second in the world in terms of index growth compared to other stock exchanges.

The Bank's market share in the classic turnover on the Stock Exchange decreased by 1,52% compared to the previous year and amounted to 5,95 %. At the same time, the market share in completed block transactions is 3,01 %.

As of 31.12.2024, 351 customers have signed an agreement with the Bank for these services, with a total turnover of 611 million MKD.

The total value of the portfolio in foreign securities, which the Bank keeps on behalf of the customers as of 31.12.2024 amounts to 1.684 million MKD (2023: 1.223 million MKD) i.e. growth by 48 %. The portfolio of domestic securities that the Bank keeps for non-resident clients amounts to 48 million MKD .

**Macedonian Stock Exchange  
as of December 31, 2024**

- Total turnover of NLB Banka AD Skopje on MSE (classic trading): 1.2 billion MKD
- Market share of the Bank (classic trading): 5.95%

## XI. Risk management

The Bank pursues a careful and prudent policy in its operations, with regard to risk management:

- uses a modern system for monitoring and controlling risks and
- applies an integrated approach to managing different types of risks.

This way of operations allows the Bank to:

- successful collection of granted loans,
- maintaining the required level of capital,
- readiness for unexpected situations and
- reducing the risk of not meeting planned goals.

During 2024 the following activities were undertaken in the area of risk management:

- review and update of the risk management strategy,
- updating risk management policies and
- compliance with Group standards.

With this way of operation, the Bank ensures secure and stable operations, while simultaneously protecting the interests of its clients and shareholders.

### Credit risk management and credit portfolio quality

Credit risk management includes:

- Analysis of the credit portfolio;
- Monitoring sectoral diversification;
- Evaluation of clients' financial performance;
- Monitoring of repayment regularity;
- Maintaining an appropriate level of reservations.

The total exposure of the Bank (portfolio on which provisions are calculated) decreased by 9.767,4 million MKD in 2024 and amounts 104.627,0 million MKD (2023: 94.859,6 million MKD). The coverage rate of loans with set aside provisions has decreased by 0,7 p.p. and is 4,4 % (2023: 5,1 %).

The share of A and B loans in the total portfolio on which provisions are calculated at the end of 2024 is 97,2 % (2023: 96,2 %).

The share of non-performing loans in total loans in 2024 is 2,9 % (2023: 3,7 %) and presents improvement compared to 2023.

Increase compared to 2023 in the coverage of loans classified in C, G and D risk categories with total allocated provisions 2024: 157,7 % 2023: 134,4 %.

#### Credit portfolio 31.12.2024

Portfolio for which provisions are calculated:  
104,627.0 million MKD  
Participation of A and B loans: 97.2%  
Participation of non-performing loans: 2.9%  
Coverage with provisions: 4.4%  
Coverage of B, C, and D loans: 157.7%



## Non-Credit Risks Management

The Bank has established policies for monitoring of non-credit risks. The Bank monitors and manages liquidity, currency, interest, operational, legal, strategic and reputational risk, and at the same time information system security is monitored and managed.

The Bank actively manages the following types of risks::

1. Financial risks:
  - Liquidity risk (ability to pay obligations)
  - Currency risk (changes in exchange rates)
  - Interest rate risk (changes in interest rates)
2. Operational risks:
  - Operational risk (internal processes and systems)
  - Legal risk (compliance with legal regulations)
  - Information system security (IT security)
3. Strategic risks:
  - Strategic risk (long-term planning)
  - Reputational risk (bank reputation)

For each of these risks, the Bank has:

- Special tracking policies
- Clear management procedures
- Regular monitoring and reporting
- Risk reduction measures

This comprehensive approach enables better control and timely response to potential problems in the Bank's operations.

### Liquidity risk management

In 2024 exposure to liquidity risk was monitored on a regular basis. Operational and structural liquidity moved within the established limits and warning levels.

During 2024 stress tests of the Bank's exposure to liquidity risk were conducted on a monthly basis, which indicate a high and stable liquidity position of the Bank. According to the results of the conducted liquidity risk stress testing as of 31.12.2024, the Bank has enough CBC (counterbalancing capacity) and inflows to cover outflows and survive a period of 3 months in conditions of an adverse combined stress scenario.

The liquidity position during 2024 enabled timely and smooth servicing of the Bank's obligations.

### Currency risk management

Currency risk management refers to constant monitoring of the Bank's net exposure by individual currencies and aggregated, while maintaining an optimal level of required funds by buying and selling foreign currencies.

The Bank's exposure to currency risk is monitored on a daily basis by monitoring the realization in relation to the set limits per individual currency and on an aggregate basis. During 2024 the Bank adhered to the set limits for currency risk (limit: +/- 30 % of the fixed capital).

The total open foreign exchange position calculated on a net basis on 31.12.2024 represents a long position in the amount of 754 million MKD, i.e. 4,64 % of the Bank's core capital.

The largest part of the open foreign exchange position stems from the position in euro currency, which is a long position and amounts to 718 million MKD, i.e. 4,41 % of the Bank's core capital.

In 2024 stress tests of the Bank's exposure to currency risk were carried out on an annual basis, and with the application of the most conservative scenario, capital adequacy is at a stable and satisfactory level.

### **Interest Rate Risk Management**

The activities of the Bank in relation to the management of the interest risk refer to the optimization of the economic value of the capital and the net interest income in relation to the change of the market interest rates, which are consistent with the business strategy of the Bank.

In terms of sensitivity of the economic value of the capital, the Bank monitors the exposure to interest rate risk by applying an interest rate risk management methodology, which includes: calculation and allocation of 'Core' sight deposits in appropriate maturity blocks, in period of 10 years; and additional elements in interest rate risk management (non-performing exposure, off-balance sheet exposure, before due date credit repayment rate and automatic options). The bank monitors interest rate risk exposure based on 6 regulatory prescribed scenarios (parallel upward shock +200 bp / 400 bp; parallel downward shock -200 bp / 400 bp; steep shock; downward shock; short-term rate shock upward and short-term rate shock downward). The Bank's total exposure to interest risk represents the largest negative value of the EVE (Economic Value of Equity) indicator from the regulatory prescribed scenarios. The total exposure of the Bank to interest risk, as of 31.12.2024 amounts to 274 million MKD, i.e. 1,68 % of the Bank's core capital, based on the value of the EVE-indicator in the downward shock scenario.

In terms of the sensitivity of net interest income, the Bank measures the impact of the change in interest rates on the net interest income for a period of one year, assuming a parallel increase in market interest rates of 100 basis points for other currencies and 50 basis points for EUR currency. The indicator for the sensitivity of the Bank's net interest income (NII-indicator), as of 31.12.2024 amounts to 437 million MKD, i.e. 2,69 % of the Bank's fixed capital.

Within the framework of interest risk management, the Bank calculates and monitors the "credit spread" risk exposure (CSRBB), which represents the risk of a change in the value of debt securities as a result of changes in the credit margin on the market. The exposure of the Bank to the "credit spread" risk (FV-OCI portfolio) on 31.12.2024 is 22 million MKD, that is, 0,14 % of the Bank's core capital; the exposure of the Bank to the "credit spread" risk (FV-OCI and AC-portfolio), on 31.12.2024 amounts to 336 million MKD, i.e. 2,06 % of the Bank's fixed capital.

The indicator total weighted value/own funds, during the entire year 2024 was within the prescribed limit of 20 % of the Bank's own funds, in accordance with the Decision of the NBRNM on managing the risk of changes in interest rates in the portfolio of banking activities. The indicator of total weighted value/own funds, on 31.12.2024 is 16,29 % of the Bank's own funds.

Based on monthly monitoring of the fulfillment of interest rate risk exposure limits, it was determined that during 2024 the calculated BPV and CSRBB indicators, the NII indicator and all other indicators defined in the Interest Risk Management Policy are within the prescribed limits.

In 2024 stress tests of the Bank's exposure to interest rate risk were conducted on a monthly basis, within the prescribed scenarios in accordance with the Methodology for interest rate risk management. At the same time, the results obtained from the conducted stress tests indicate a relatively low to moderate sensitivity of the Bank to changes in market interest rates. The Bank's exposure to interest rate risk is at a stable low to moderate level.

## Operational Risk Management

Operational risk management implies a system for recording, monitoring, controlling and dealing with potential and real harmful events that originate from the current operation of the Bank or from external factors and have a negative effect on the financial result.

During 2024 the Bank revised the Operational Risk Management Policy in which it also defined a tolerance threshold for the operational risk arising from an operational and security incident related to payment services, which means that in the course of its operations the Bank allows or accepts security and operational risks from payment services whose realization will not have a material impact on the business result and will not significantly harm the Bank's reputation.

The tolerance threshold for an operational and security incident from payment services is defined in the Bank's Recovery Plan and Risk Appetite. Adverse events in the area of operational risks were actively monitored and recorded and reports were prepared and presented to the Bank's bodies (Risk Management Committee and Operational Risk Management Commission).

The net loss from operational risks during 2024 was within the established tolerance limit and risk appetite of the Bank.

1. During 2024 the Bank conducted an assessment of the sensitivity of operational risks with a high financial effect and low frequency through the scenario-analysis method. The analysis covered the following operational risks: internal crime (great theft by an employee), external crime, outage of the core banking system, natural disaster (flood, fire, earthquake), attacks through the digital space and/or internal attacks using IT resources, risk to IT security, risk of large regulatory fines, risk of robbery of a vehicle transporting cash, risk of recruitment and retention of human resources, risk of epidemic, risk associated with the use of services from external suppliers - outsourcing providers, money laundering, obsolescence/lack of DWH solution for (data quality, reporting), fraud through electronic banking, legal risk and theft in a branch. Based on the analysis of the sensitivity of these risks, it was found that there is no need to check the control mechanisms or introduce additional measures to reduce operational risks with a high effect on the Bank's solvency and profitability and a low frequency.
2. During 2024 The Bank implemented an update of the Methodology for Monitoring Key Risk Indicators (KIR). KIRs are a tool of the early warning system, alerting the Bank to the danger of a higher risk of future losses, which is reflected as statistical or other measures, through which the Bank receives information about its risk status and risk processes, warning of potential changes in the operational risk profile. During the year, a workshop was held to review the defined KIRs, their tolerance limits, calculation methodologies, and define mitigation measures when the KIR is no longer in the "green zone". They are monitored on a quarterly basis and reported to the Risk Management Committee and the Supervisory Board of the Bank.
3. During 2024 the Bank also carried out an assessment of the risk of using services from outsiders. Outsourcing means an arrangement in any form between the Bank and a service provider whereby that service provider performs a process, service or activity that would otherwise be undertaken by the bank. The assessment included a total of 24 providers and 41 functions of which 24 functions were assessed as critical functions.

## XII. Capital and Adequacy Management

According to the Banking Law, banks are obligated to maintain:

- Common Equity Tier 1 capital rate (CET1 ratio) min. 4.5 %
- Tier 1 capital rate (T1 ratio) min. 6%
- Total capital adequacy ratio (Total capital) min. 8 %

In addition, the NBRNM's Governor may prescribe higher rates than stated in the preceding paragraph, if necessary, because of the nature, type and extent of the Bank's activities and the risks to which it is exposed as a result of those activities, including risks arising from macroeconomic environment, based on the implementation of the annual Supervisory Review and Evaluation Process (SREP-Pillar 2).

The supervisory rating of the minimum required level of capital is based on the assessment of the Bank's overall risk profile, which includes the assessment of the Bank's business model, the Bank's corporate governance, the Bank's liquidity situation and the risks to the Bank's capital position (at least the credit risk, operational risk, currency risk and the risk of changes in interest rates of the portfolio of banking activities). At least once a year, NBRNM performs a reassessment of the minimum required level of capital for the Bank, which applies to the following year. Based on a supervisory assessment of the Bank's risk profile, NBRNM determined an addition of 3.25 percentage points above the minimum legally established level of capital adequacy, so that the Bank was obliged to maintain capital adequacy at a level higher than 11.25 % during 2024.

During 2024 the Bank was obliged to maintain capital buffers, as follows:

- **Capital conservation buffer** with a rate of 2.5 % of risk weighted assets;
- **Systemically important banks buffer**, with a rate of 2.0 % of risk weighted assets. Systemically important banks buffer is designated once a year by the NBRNM no later than April 30th and can range from 1 % to 3.5 % of risk weighted assets;
- **Countercyclical capital buffer** for exposures in the Republic of North Macedonia in the amount of 0.75% starting from 01 January 2024, 1% starting from 01 July 2024, 1.25% starting from 01 November 2024 and the countercyclical capital buffer for exposures to other countries in the amount of the rates determined by the competent authorities of other countries;
- **Systemic risk buffer** defined as a percentage of risk-weighted assets estimated by NBRNM for all banks, or for each one individually, and can range from 1 % to 3 % of risk-weighted assets. The systemic risk buffer is not currently applicable to the Bank (0 %).

The total capital adequacy ratio that the Bank was required to maintain for 2024 was 16.50% - 17.00% (2023: 16.25%). The bank should achieve and maintain an adequacy ratio of 17.25 % starting from 01.01.2025 and adequacy rate of 17.50 % starting from 01.08.2025.

**NLB Banka AD Skopje minimum capital requirements (Pillar 1, Pillar 2 and total capital buffers), at the end of the year**

		2024	2023
<b>Pillar 1</b>	CET 1	4,50%	4,50%
	Tier 1	6,00%	6,00%
	Total capital	8,00%	8,00%
<b>Pillar 2</b>	Total capital	3,25%	3,25%
<b>Total SREP Capital requirement (TSCR)</b>	CET 1	7,75%	7,75%
	Tier 1	9,25%	9,25%
	Total capital	11,25%	11,25%
<b>Combined Buffer requirement (CBR)</b>			
Conservation buffer	CET 1	2,50%	2,50%
SII buffer	CET 1	2,00%	2,00%
Countercyclical buffer	CET 1	1,25%	0,50%
Systemic risk buffer	CET 1	0,00%	0,00%
<b>Overall capital requirement*</b>	CET 1	13,50%	12,75%
	Tier 1	15,00%	14,25%
	Total capital	17,00%	16,25%
	Total capital + management buffer	17,50%	16,75%

\*Overall capital requirement is according to the risk appetite of the bank

On 31.12.2024 the Bank's capital adequacy ratio was 18,54 % (2023: 18,89 %). The bank fulfilled the regulatory requirements for the minimum legally prescribed capital adequacy ratios, including the requirements for the maintenance of capital buffers as well as the capital addition in accordance with the supervisory rating by the NBRNM for the minimum required level of capital.

The Bank's own assets in 2024 recorded an annual growth of 1.243 million MKD in large part as a result of the included part of the profit achieved in 2024 in the amount of 1.055 million MKD in the calculation of CET 1 capital, after the previous consent received from of NBRNM.

The total risk-weighted assets of the Bank on 31.12.2024 amounted to 95.977 million MKD (2023: 87,631 million MKD) and is higher by 8.347 million MKD or 9,5 % compared to the previous year as a result of an increase in credit risk weighted assets for 7,343 million MKD, an increase in operational risk weighted assets by 1,124 million MKD, while the currency risk weighted assets recorded decrease of 100 million MKD and decreased other risks weighted assets for 20 million MKD.

### Determination of internal capital ICAAP

According to the NLB Banka AD Skopje's Risk profile determination methodology, in 2024 analysis of the Bank's risk profile was conducted.

Based on macroeconomic expectations, developments in the banking sector, Undertaking and Risk Management Strategy, conducted risk identification according to volume, volatility and historical data in relation to losses, key risk indicators, set limits, performed stress tests and professional opinion of the members of the so-called Expert Group in the Bank, materially significant risks to the Bank's risk profile are credit risk (including concentration risk, industry risk and foreign currency lending risk), currency risk, market risk arising from investments in equity securities, "credit spread" risk, interest rate risk and operating risk.

According to the Methodology for determination of internal capital of NLB Banka AD Skopje, in the first half of 2024 a calculation of the capital required to cover the risks identified as materially significant for 2024. According to the calculation in the economic approach, the total capital requirement for risk coverage as of 31.12.2024 amounts to 8.580 million MKD, and the indicator for internal capital is 204% and is by 88 p.p. above the internal level.

### XIII. Human resources management

During 2024, NLB Banka AD Skopje remained committed to caring for people through the ongoing introduction of innovative practices in human resource management that contributed to greater efficiency and value for the organization and employees. The implemented activities were aimed at supporting strategic initiatives and responding to modern challenges in order to provide a dynamic and supportive environment that inspires and motivates employees and helps them realize their potential.

- Taking into account the importance of the project for **building organizational culture**, the scope of activities was significantly expanded and segmented in order to follow the initial intention of continuous improvement of culture in several directions:

- **Development of leadership competencies "Leadership Journey"**. At the end of the year, discussions were held with 120 managers at all levels as an introduction to defining individual development plans (IDPs) that were completed in 2024. Based on the development plans, a structured leadership development program was defined, individual training sessions were delivered, and Udemy licenses were provided for following appropriate trainings.

- **Promotion and establishment of NLB values**. The bank organized a series of activities that represented a combination of classic training, e-learning and mentoring, which together resulted in the implementation of 280 training sessions, a total of approximately 54.940 hours of training, or an average of 56.6 hours of training per employee. Of the 16.547 participants, 1.183 are in the domain of AI and Data Management, while 363 are in the ESG segment.

- **Breaking the silos**. In 2024, emphasis was placed on improving communication and building a positive team spirit through the organization of 14 teambuilding activities with a total of 1.229 participants. Some of the activities were carried out within teams (60 employees), where the focus was on employees from the sales network, but some were also among employees involved in various intersectoral processes. The year was also marked by the NLB Picnic, where more than 630 employees participated to mutual satisfaction.

- **A future-oriented work environment**. In 2024 there was a transfer from an informal to a formally established remote work model that follows modern practices and anticipates the needs of employees. The new approach enabled employees to choose between full remote work, a flexible combined model and constant presence at the workplace, while contributing to easier evaluation, monitoring and potential optimization of the process itself, with higher benefits for employees.

- Closely related to the organizational culture are the activities for **building the brand of a desired employer** (employer branding), which remained a key focus in 2024. In addition to continuing the practice of measuring the employer's brand, part of the activities realized in this area were in the part of cooperation with educational institutions (4 domestic faculties, 2 recognizable companies for informal education, 2 international educational institutions). There was also participation in local and regional job fairs, guest appearances by NLB Banka's employees as lecturers and panelists at a series of events organized by local faculties and other organizations (over 10 events in the field of human resources and development alone). The NELA summer internship program was traditionally held, in which over 30 children of the Bank's employees were included. Additionally, the paid internship project continued, involving almost 100 young people.

- In accordance with practice, at the end of 2024 measurement of **employees' engagement was carried out** through the "Engagement Assessment Survey" following the established Gallup methodology. The responsiveness of the survey was at the highest level so far with the participation of more than 88 % of the employees. It aimed to gain insight into the impact of the measures implemented during the year and showed an increase in overall engagement with an increase in all individual categories and in most sectors. The percentage of actively engaged employees as a driver

of progress is significant 41%. After a detailed analysis, the activity plan will be revised in order continuing growth in the next year.

Recognizing the connection between culture, employer brand and employee engagement and the initiated general plan that addresses these three areas, in 2023 a series of additional activities divided into 4 different pillars were realized, among which:

- **Bringing our people together:** social media communication campaign "Our people, our stories"; New Year's party for employees' children .
  - **Team spirit and energy:** a series of mini activities to mark the seasons; celebrating women's and men's health month with guest doctors at panel discussions, World Chess Day, organizing an open-air "NLB Picnic", New Year's celebration under the motto "let it shine".
  - **Gratitude and well-being:** private health insurance, remote work, flexible working hours and the possibility of leaving early on Fridays; greater informality in the dress code; use of a birthday day; personalized electronic birthday greeting; gift for a newborn; wishes for good health for employees on long-term sick leave; election of the "best colleague"; second Sustainability Festival, numerous sports activities.
  - **Employment and introduction to the company:** acquisition of new staff through cooperation with non-formal education companies, cooperation with new companies for recruiting specific personnel, expanding the team by 1 recruiter, providing Linked-in recruiter licenses, certification and using Hogan assessment tool; welcoming coffee for new employees with the members of the Management Board, defined welcome package.
- In order to adequately respond to modern challenges in human resource management and achieve the desired goals, the Human Resources Management Service also paid attention to its **structural aspect** in terms of adequate staffing and digitalization. Namely, during 2024, intensive work was carried out on the implementation of a **new modern HR information system** – Cornerstone, which will enable the development and improvement of the implementation of future human resources practices in accordance with global trends. Additionally, it will enable standardized and unified data, providing a strategic and analytical overview of the human resources function and employees at the NLB Group level.

Appreciating the key role of people in the development and growth of the Bank, our vision for the future remains to support the long-term strategy of the organization and to continue to be a leader in introducing modern practices for the development and care of employees, thereby encouraging them to be active creators of their own growth and development, in order to achieve their own potential and leading to sustainable success and growth of the company.

### Employees' structure

	31.12.2024		31.12.2023		Change	
	Number	Structure	Number	Structure	abs.	%
<b>Structure of employees</b>						
<b>by education degree</b>	<b>954</b>	<b>100,0%</b>	<b>928</b>	<b>100,0%</b>	<b>26</b>	<b>2,8%</b>
PhDs	4	0,4%	3	0,3%	1	33,3%
Specialists and Masters	162	17,0%	165	17,4%	-3	-1,8%
Bachelors	673	70,5%	660	71,6%	13	2,0%
Undergraduates	7	0,7%	8	0,8%	-1	-12,5%
Highschool	108	11,3%	92	9,9%	16	17,4%
<b>by age</b>	<b>954</b>	<b>100,0%</b>	<b>928</b>	<b>100,0%</b>	<b>26</b>	<b>2,8%</b>
up to 25 years	26	2,7%	15	1,9%	11	73,3%
25 to 35	296	31,0%	290	32,5%	6	2,1%
35 to 45	356	37,3%	381	40,1%	-25	-6,6%
above 45	276	28,9%	242	25,5%	34	14,0%
<b>by years of work within the Bank</b>	<b>954</b>	<b>100,0%</b>	<b>928</b>	<b>100,0%</b>	<b>26</b>	<b>2,8%</b>
up to 1 year	96	10,1%	46	6,9%	50	108,7%
1 to 2	60	6,3%	126	13,7%	-66	-52,4%
2 to 5	128	13,4%	99	10,4%	29	29,3%
more than 5	670	70,2%	657	69,0%	13	2,0%
<b>by gender</b>	<b>954</b>	<b>100,0%</b>	<b>928</b>	<b>100,0%</b>	<b>26</b>	<b>2,8%</b>
male	334	35,0%	322	34,4%	12	3,7%
female	620	65,0%	606	65,6%	14	2,3%

## **XIV. Internal audit**

During 2024 the Bank's audit activities were aimed at achieving the key objectives: conducting audits with a main focus on the strategy, business objectives and key risks in the Bank's operations, providing SMART audit recommendations, efficient implementation of audits reviews and professional and professional development of internal auditors.

Within the audit reviews performed during 2024 a total of 199 recommendations were issued, of which: 36 from A priority, 105 from B priority and 58 from C priority.

Following separate processes, the recommendations mainly relate to the promotion of risk management and internal controls in the following areas:

- project financing and syndicated loans;
- new models of profitability;
- corporate governance;
- ESG (Environmental and Social Framework);
- internal management of risk data collection and risk reporting - BCBS 239;
- guarantees and documentary work;
- deposits – natural and legal persons;
- accounting and taxes;
- risk-weighted assets;
- IT security management;
- credit card;
- phase 2 customers;
- external services;
- computer network;
- personal data protection;
- treasury operations;
- settlement and payment in the payment transaction ("N" message);
- loans to corporate - large clients;
- brokerage operation -households;
- credit intermediaries;
- reward;
- audits in branches of the Bank;
- audits conducted on the recommendation of the Governor of NBRNM.

For the open recommendations as of 31.12.2024 appropriate activities are undertaken for their realization within the set deadlines.



## XV. Marketing

In 2024, NLB Banka AD Skopje has successfully implemented numerous marketing campaigns and promotional activities aimed at strengthening customer relations and brand visibility. At the same time, the Bank implemented numerous projects in the area of corporate social responsibility, with a special focus on important community initiatives and significant sponsorships.

Calendar of significant events and activities of the Bank in 2024:

January	February	March	April	May	June
IV Season "NLB Frame for Assistance"	NLB Member of WOBA	NLB Smart POS	Blood Donation Campaign	Recognition from EBRD for Contribution to the Success of the Green Economy Financing Facility	"Oscar of Humanity" from the Red Cross of the City of Skopje
July	August	September	October	November	December
Skopje calling & Ohrid Calling, Galichka Wedding, Ohrid Summer	II Season "Growing into Champions"	"NLB Month of Savings"	BiH – Donation of 100,000 EUR for Flood Relief	Garmin Pay & Agreement with EBRD, 4 million EUR for Green Financing	NLB Pay By link

In accordance with the marketing plan, the following promotional campaigns of the Bank were implemented towards both customer segments:

### For corporate

- Promotional campaign for introduction of NLB Smart POS;
- Promotional campaign for introduction of NLB Pay By Link;
- Promotional campaign for NLB Proklik for electronic banking and NLB mProklik banking for legal entities.

### For retail

- NLB Loans (consumer, housing, automobile and mortgage) throughout the year;
- Loan via mClick application up to 1.500,000 MKD for 95 months;
- NLB mClick promotional free mobile banking;
- Caravan for financial counseling for non-bank products;
- Double cashback with Happy credit cards- „Pay once, you will get back twice. “;
- Promotional NLB Super Deposit;
- NLB Banka AD Skopje enables payment with Garmin Pay;
- NLB Visa Credit cards „ Can you see the interest?“;
- NLB Savings Month;
- NLB Insurance Month;
- NLB Cybersecurity Tips.

## XVI. Informational technology

In 2024, The Bank worked to fulfill the strategic goals aimed at developing and upgrading information systems to support banking operations, digitalization of banking services, data management, automation and optimization of banking processes and harmonization within the NLB Group. All this was supported by continuous improvement of the IT infrastructure (network, system and server) and ensuring the safety and security of the systems. The most significant areas of work in 2024 were:

### 1. Digitalization of banking processes and products.

The process of issuing loans to individuals, implemented on the new Digital-first IT architecture, has been significantly improved.

### 2. Data Driven Bank („Data Driven Bank“)

- Establishment of DWH (Data Warehouse) as a central reporting system, as well as a database for the implementation of modern solutions to support banking processes;
- Self-service BI – establishment of an analytical layer of data and greater use of BI tools;
- Advanced analytical solutions - developing predictive models;
- DWH optimization - New optimized ETL process developed in internal resources, without dependence on suppliers;
- Continuous improvement of data quality, through appropriate validations and control mechanisms.

### 3. Development of digital channels and Contact Center

- Implementation of Open banking platform;
- Implementation of the new group platform for Contact Center – integration with the Viber channel;
- Increased limit for issuing loans to individuals via mKlik;
- Implemented annual report for individuals, with a detailed overview of commissions and costs related to payment services;
- Implementation of “My Bank” for quick and easy access for customers to information about payment services.

### 4. IT Security

During 2024 The IT Infrastructure and Security Center focused on providing a secure and stable IT infrastructure, easily upgradeable, with sufficient capacity to meet business needs and future growth, as well as technological advancement and fulfillment of the Group IT Strategy. Special emphasis was placed on increasing the level of IT security, in order to raise the level of protection of IT systems and data, as well as the uninterrupted functioning of the systems through the implementation of various systems and measures:

- Increasing the level of server virtualization, greater efficiency in IT infrastructure;
- Business continuity in the event of a disaster;
- Secure and resilient IT infrastructure;
- Cyber security aligned with the National Bank and NLB Group.

## XVII. Project management

As part of the implementation of the long-term Strategy of the Bank and the NLB Group, project activities continued in multiple segments of operations throughout 2024.

### Group level

- Introduction of new credit products in automated sales (LOPA - Loan Origination Process Advancing across NLB Group), development of statistical models for assessing credit risk for individuals, micro, small, and medium enterprises, and development of scoring models, new standardized internet portal for NLB Banka AD Skopje, implementation of a new platform Cornerstone in the domain of human resources, implementation of criteria/standards for setting up the process and procedure for IFRSS22 components with EIB's Technical Assistance, introduction of a new SWIFT platform called Financial Gateway (FGW) - for payments in accordance with ISO20022 standards.

### Local level

- Branch Network Transformation Project: Implementation of CDSs (Cash Deposit Services) devices, enabling document signing on electronic devices and acceptance via email (eSign & eArchive Phase II), renovation of branches and their adaptation according to the Digitalization Strategy, additional development of the mobile application mKlik to introduce functionality for applying and increasing credit card limits through mKlik, Digital Origination Project: development of a digital platform for instant loans from credit intermediaries, enabling E2E (end-to-end) approval of instant loans through credit intermediaries, Web Developments – Web Update of PI Data (OneID) - enabling legal entity data updates through the website, with OneID, Loyalty Network Project, Reshape of Collateral Process for PI&LE – project to improve the collateral management process, KYC Automatization – project to determine criteria for updating client data - individuals without presence in the Bank, centralization of Bank safes – project for reorganizing and improving standards for bank safes, project for full implementation of the requirements of the Law on Payment Services and Payment Systems, projects in the field of data management and changes in legal reporting (payment statistics, credit registry, ISIDORA).

Throughout 2024, the Bank also continued activities for optimizing and improving operations in line with the implementation of the RPA (robotic process automation) process. This activity will continue in the following year with the active identification of processes eligible for RPA and their implementation.

## XVIII. Intragroup services

NLB Banka AD Skopje within the Standards for intragroup services of the NLB Group according to the group "MSFA" (Master Service Framework Agreement) and the related individual agreement under MSFA, performs services of Group Independent Validation Function and Group Data governance activities.

The validation function provides an independent review and assessment of the data governance framework at the NLB Group level and at the level of individual banks within the Group, ensuring that relevant controls are built into the data governance framework and that the framework in place is fully respected and implemented.

In 2024, The Group Independent Validation Function conducted data control validations and published reports on continuous, thematic and full field validation of data aggregation and reporting processes in the risk management domain. Additionally, the Function participated and performed activities in the area of identifying opportunities to improve the quality of data monitoring processes, sharing good practices within the NLB Group (within the framework of implementing the Action Plan for compliance with the BCBS239 principles) and consulting on the implementation of innovative technologies.

The Data Governance function enables understanding and promoting the importance of Data Governance and data quality within the NLB Group, by establishing policies, standards, guidelines and procedures for data governance, as well as monitoring the development and implementation of related activities at the Group level. The Group's key activities for 2024 were focused on implementing compliance with the Basel Principles for data aggregation and reporting practices in the domain of risk management (BCBS 239 Principles).

NLB Banka AD Skopje, within the framework of the Standards for Intragroup Services of the NLB Group, in accordance with the group's "MSFA," performs services as the NLB Group Card Competence Center and provides support in the area of card operations for all banks within the NLB Group. The center provides support for group projects in the back office, conducting due diligence analyses, cost-saving analyses, facilitating member banks' certification processes and offering support, analysis, and improvement of processes related to suspicious transactions and regulatory mandates for card payment schemes.

## XIX. Corporate governance report

The Corporate Governance of the Bank, as a set of mutual relationships between the Management Board, the Supervisory Board, other persons with special rights and responsibilities performing the Bank's management function, the Bank's shareholders and other stakeholders in the Bank is based on the principles of responsibility, transparency and control in decision-making and day-to-day operations and reporting on the Bank's situation. The Bank's corporate governance is embodied through the Bank's bodies, which play a key role in the efficient operation of the Bank.

During 2024 the Bank was governed by statutory established bodies with rights and obligations set forth in the Banking Law, the Company Law and the Bank's Statute.

### Shareholders Assembly

During 2024 four sessions of the Shareholders Assembly were held, one of which was a regular Annual Assembly and three extraordinary sessions of the Shareholders Assembly.

At the extraordinary sessions of the Shareholders Assembly held on 21.02.2024 the following decisions were adopted:

1. Election of the Chairman of the Assembly;
2. Election of a Record keeper and vote counter of the Assembly;
3. Proposal-decision for the appointment of an independent member of the Supervisory Board of NLB Banka AD Skopje;

At the Annual Shareholders Assembly held on 29.05.2024 the following points were adopted:

1. Election of the Chairman of the Assembly;
2. Election of a Record keeper and vote counter of the Assembly;
3. Annual report on the operations of NLB Banka AD Skopje for 2023 with:
  - Opinion of the Supervisory Board after the Annual Report on the operations of NLB Banka AD Skopje for 2023 ;
  - Proposal-for the adoption of the Annual Report on the operations of NLB Banka AD Skopje for 2023;
4. Report of the Auditing Firm KPMG REVIZIJA DOO Skopje on the audit of the financial statements of NLB Banka AD Skopje, prepared in accordance with local regulations for 2023 with:
  - Control Report and Opinion of the Supervisory Board on the Report of the Auditing House Auditing Company KPMG REVIZIJA DOO Skopje on the audit of the financial statements of NLB Banka AD Skopje, prepared in accordance with local regulations for 2023;
  - Draft decision to adopt the Report of the Auditing Company KPMG AUDIT DOO Skopje on the audit of the financial statements of NLB Banka AD Skopje, prepared in accordance with local regulations for 2023;
5. Report of the Auditing House Auditing Company KPMG REVIZIJA DOO Skopje on the audit of the financial statements of NLB Banka AD Skopje, prepared in accordance with the International Financial Reporting Standards for 2023 with:
  - Control Report and Opinion of the Supervisory Board on the Report of the Auditing House Auditing Company KPMG REVIZIJA DOO Skopje on the audit of the financial statements of NLB Banka AD Skopje, prepared in accordance with the International Financial Reporting Standards for 2023;
  - Draft decision to review and accept the Report of the Auditing Company KPMG AUDIT LLC Skopje on the audit of the financial statements of NLB Banka AD Skopje, prepared in accordance with International Financial Reporting Standards for 2023;
6. Annual report on the work of the Supervisory Board in 2023, including results from individual and collective evaluation of the work of the members of the Supervisory Board for 2023;

- Proposal-decision for approval of the Report on the work of the Supervisory Board of NLB Banka AD Skopje for 2023;
- 7. Draft -decisions for approving the work of the members of the Supervisory Board;
- 8. Annual report on the work of the Management Board in 2023 with:
  - Proposal-decision for approval of the Report on the work of the Management Board of NLB Banka AD Skopje for 2023;
- 9. Draft -decisions for approving the work of the members of the Management Board;
- 10. Draft -decision for adoption of the Annual Accounts of NLB Banka AD Skopje for 2023;
- 11. Draft decision on the use and allocation of the realized profit according to the Annual Accounts and Financial Statements of NLB Banka AD Skopje for 2023;
- 12. Draft -decision for determining the amount of dividend and determining the dividend calendar of NLB Banka AD Skopje;
- 13. Draft decision on the appointment of a company to audit the financial statements of NLB Banka AD Skopje for 2024;
- 14. Draft -decision for amendment and supplement to the Statute of NLB Banka AD Skopje.

The extraordinary meeting of the Shareholders' Assembly was held on 05.09.2024, the following points were adopted:

1. Election of the Chairman of the Assembly;
2. Election of a Record keeper and vote counter of the Assembly;
3. Draft decision on the appointment of a company to audit the financial statements of NLB Banka AD Skopje for 2024;
4. Draft -decision for amendment and supplement to the Statute of NLB Banka AD Skopje.

The extraordinary meeting of the Shareholders' Assembly was held on 29.11.2024, the following points were adopted:

1. Election of the Chairman of the Assembly;
2. Election of a Record keeper and vote counter of the Assembly;
3. Draft -decision for the appointment of a member of the Supervisory Board of NLB Banka AD Skopje;
4. Information on the resignation of a member of the Supervisory Board of NLB Banka AD Skopje;
5. Draft decision on determining remuneration for the members of the supervisory bodies of NLB Banka AD Skopje.

## Supervision, audit and auxiliary bodies

### Supervisory Board

The Supervisory Board of the Bank supervises the operations of the Management Board, approves the policies for carrying out financial activities and supervises their implementation. The Supervisory Board is responsible for ensuring good operation, management and stability of the Bank, as well as timely and accurate financial reporting to the National Bank of the Republic of North Macedonia.

In 2024 the Supervisory Board held 18 (eighteen) sessions of which four regular, eight extraordinary and six were held by correspondence. At all its sessions, the Supervisory Board made decisions in accordance with the Statute and the Rules of Procedure and made decisions by majority vote. All members continuously participated in the operation of the Supervisory Board and contributed to the successful performance of the work of the Supervisory Board.

The Supervisory Board of the Bank, in accordance with the Banking Law and the Bank's Statute, performs the following tasks::

- adopts the Bank's Business Policy and the Bank's Development Plan;
- appoints and dismisses members of the Bank's Management Board;
- appoints and dismisses members of the Risk Management Board;
- appoints and dismisses members of the Audit Committee;

- appoints and dismisses members of the Credit Committee;
- adopts the Bank's financial plan;
- organizes the Internal Audit Division;
- approves the annual plan of the Internal Audit Division;
- adopts the information system security policy;
- adopts the Bank's risk management policies;
- adopts a conflict of interest policy that identifies possible conflicts of interest and the measures and activities for their prevention;
- adopts a remuneration policy, in accordance with the Bank's business policy, development plan, financial plan and policy for avoiding conflicts of interest;
- adopts and implements a policy on the method of selection, monitoring of operations and dismissal of the members of the Supervisory Board, the Risk Management Committee, the Audit Committee and the Management Board;
- reviews the reports on the operations of the Bank's Management Board;
- reviews the reports of the Risk Management Committee;
- reviews the reports of the Audit Committee;
- reviews the reports of the Internal Audit Division;
- reviews the reports of the Compliance and Integrity Center;
- approves the Annual Account and financial statements of the Bank;
- approves exposure to an individual person of over 20% of the Bank's own funds, with the exception of exposure based on the purchase of securities issued by the National Bank and the Republic of North Macedonia;
- approves transactions with persons related to the Bank in the amount of over 6.000.000 MKD;
- approves the acquisition of capital shares and the purchase of securities, greater than 5% of the Bank's own funds, except for the purchase of securities issued by the National Bank and the Republic of North Macedonia;
- approves the Audit Committee's proposal for the appointment of an audit firm, or the proposal for terminating the contract with the audit firm and is responsible for ensuring an appropriate audit;
- adopts the internal audit policy;
- reviews the supervision reports, as well as other reports submitted by the National Bank, the Public Revenue Office and other competent institutions, and proposes, that is, undertakes measures and activities to overcome the identified inconsistencies and weaknesses in the Bank's operations;
- approves the annual report on the Bank's operations and submits a written opinion on it to the Bank's Assembly;
- reviews the audit company's report and submits a written opinion on it to the Shareholders' Assembly;
- adopts the Corporate Governance Code that governs the Bank's management and supervision rules;
- adopts the Bank's code of ethics;
- concludes management contracts with the Bank's Management Board;
- decides on the definitive write-off of claims, based on the reports prepared by the Bank's expert services;
- decides on the establishment and closure of business and organizational units of the Bank abroad;
- adopts Rules of Procedure for its work;
- establishes boards, working and advisory bodies and commissions to perform tasks within its scope and determines their competence;
- decides on the Bank's participation in the formation of the Banking Consortium;
- approves loans and other forms of exposure of the Bank to a bank subsidiary, to a shareholder with a qualified participation in the Bank and persons related to him and to a person with special rights and responsibilities and persons related to him in an amount over 6,000,000 MKD and
- performs other tasks that are not within the competence of the Assembly.

In 2024 the Supervisory Board of the Bank worked with six members.

Due to the expiration of the term of office of the independent member of the Supervisory Board, Mr. 11.03.2024, by the National Bank of the Republic of North Macedonia, a Decision for prior consent was issued for the reappointment of Mr. Zoran Jovanovski as an independent member of the Supervisory Board of NLB Banka AD Skopje. The appointment consent was issued for a period of four years, starting from 31.03.2024.

By a Decision of the NBRNM, Ms. Mateja Treven was appointed as an independent member of the Supervisory Board of the Bank with a mandate until 28.05.2024.

According to the Law on Banks and the Statute of NLB Banka AD Skopje, at least one quarter of the members of the Supervisory Board must be independent members. To fulfill the legal obligation, it was proposed appointment of Mrs. Natasha Pukl as new independent member of the Supervisory Board of NLB Banka AD Skopje.

The Shareholders Assembly, at its session held on 21.02.2024 adopted a Decision on the appointment of Mrs. Natasha Pukl as independent member of the Supervisory Board of NLB Banka AD Skopje, which enters into force upon issuance of consent by the Governor of the National Bank of the Republic of North Macedonia for the appointment of an independent member of the Supervisory Board.

On 28.05.2024 by the National Bank of the Republic of North Macedonia issued a Decision for prior consent for the appointment of Ms. Natasha Pukl as an independent member of the Supervisory Board of NLB Banka AD Skopje.

The appointment consent was issued for a period of 4 (four) years, starting from 29.05.2024.

On 10.10.2024, the President of the Supervisory Board, Mr. Blaž Brodnjak, submitted his resignation from the position of President of the Supervisory Board of the Bank to the Shareholders' Meeting of NLB Banka AD Skopje.

According to article 364 of the Law on Trade Companies, after a resignation is submitted, no decision is made on its acceptance. The term of office of a member of the Supervisory Board shall be deemed to have ended on the day of submission of the notice of resignation, in writing, unless another date is specified in the notice.

In his resignation, Mr. Blaž Brodnjak states that he will continue to serve as Chairman of the Supervisory Board until the Governor of the National Bank of the Republic of North Macedonia approves the Supervisory Board member who will be appointed as his replacement.

To supplement the composition of the Supervisory Board of NLB Banka AD Skopje, the shareholder NLB d.d. Ljubljana has submitted a proposal to appoint Mrs. Hedvika Usenik as new member of the Supervisory Board of NLB Banka AD Skopje for the period of the remaining term of office of Mr. Blaž Brodnjak, or until 30.08.2025 which is why the Supervisory Board, at a session held on 24.10.2024, adopted a Decision proposing to the Shareholders' Assembly of NLB Banka AD Skopje to appoint Ms. Hedvika Usenik as a member of the Supervisory Board.

The Shareholders' Assembly, at its session held on 29.11.2024, adopted a Decision to appoint Ms. Hedvika Usenik as a member of the Supervisory Board of NLB Banka AD Skopje, and the procedure for her appointment is in progress.

The decision to re-appoint Ms. Hedvika Usenik as a Member of the Supervisory Board will enter into force upon receipt of consent from the National Bank of the Republic of North Macedonia for the appointment of Ms. Hedvika Usenik as a Member of the Supervisory Board.

- Term of office

The members of the Supervisory Board of the Bank are elected by the Assembly, with a majority of votes from the shares with the right to vote from the quorum determined for the work of the Assembly.



The Term of office of the members of the Supervisory Board lasts for four years, with the fact that every year the Annual Assembly decides on the approval of the work of each of the members separately, after which new members are elected in place of those whose work is not approved.

- Independence

At least a quarter of the members of the Supervisory Board must be independent members. In this regard, two of the members of the Supervisory Board of NLB Banka AD Skopje are independent members. The independence of the two members of the Supervisory Board of the Bank is determined in accordance with the independence criteria set forth in the Banking Law. The Bank continuously observes the fulfilment of these criteria throughout the year.

- Compensation and remuneration

According to the NLB Group Management and Supervision Policy, the members of the Supervisory Board employed by NLB Group are not entitled to any remuneration for participation in the work of the Supervisory Board, nor to participation in the remuneration from the Bank's profit.

From 01.5.2021 in accordance with the Decision for determining the remuneration of the members of the supervisory bodies of the Bank, adopted at the Annual Shareholders' Assembly on 29.04.2021, the members of the Supervisory Board who are not employed in the NLB Group are paid a monthly compensation in net-amount of EUR 500 in MKD counter value.

In accordance with the aforementioned decisions that were valid during the year, the independent members of the Supervisory Board, based on monthly remuneration and participation in sessions in 2024 were paid a gross amount of 492.250 MKD or the independent member Zoran Jovanovski and a gross amount of 171.043 MKD for independent member Mateja Treven and 239.163 MKD for the independent member Natasha Pukl, according to their mandate.

At the shareholders' meeting held on November 29, 2024, a decision was adopted to determine the compensation for the members of the supervisory bodies of NLB Bank AD Skopje, which changes the amount of the monthly compensation previously paid to the members of the supervisory body of NLB Bank AD Skopje.

The decision sets the compensation for performing the function of a member of the supervisory body of NLB Bank AD Skopje only for external members of the bodies of NLB Bank AD Skopje (members who are not employed by NLB d.d. or members of the NLB Group) at the amount of 15,000 EUR net annually, while the payment is made in proportional monthly installments of 1,250 EUR net. The decision comes into force on the day of adoption and will be applied from January 1, 2025.

Pursuant to the Company Law, the Bank is obliged to publish in the annual report also the remuneration that members of the supervisory and management bodies achieve from membership in management bodies in other companies, or if they have established employment relations with other employers. Due to the confidentiality of the data for four non-resident members of the Supervisory Board (Blazh Brodnjak - president, Kristina Kovachich Bjelajac, Andrea Strazhishar and Boshtjan Kovach), all employees of the employer NLB d.d. Ljubljana, the income for 2024 is expressed in the aggregate gross amount: amount of gross salary of EUR 1.432.439,33 and a variable part of salary in the gross amount EUR 17.002,56. The other independent members, during 2024 received the following income:

- Zoran Jovanovski – resident, gross salary in the amount of 3.434.133,00 MKD, salary allowances in the gross amount of 28.089,00 and other rights: 29.811 MKD;

- Mateja Treven – non-resident, gross salary in the amount of 44.547,61 EUR, compensations 7.666,68 and other rights 10.162,43 EUR;

- Natasha Pukl – non-resident, gross salary in the amount of 0 MKD, variable part in the amount of 0 MKD, other rights in the amount of 0 MKD.

## Members of the Supervisory Board and their membership in other boards

Name	Professional engagement	Education	Membership of the Bank's bodies				Membership in other supervisory or management bodies		
			Supervisory Board	Audit Committee	Remuneration Committee	Nomination Committee	Supervisory or management authority	Name and address of the legal entity	Period
Blaž Brodnjak	President of the Management of NLB d.d.	MBA	President, 28.07.2016 - current	-	President	Member	President of the Management Board	Nova Ljubljanska Banka d.d.	current
							President of the Board of Directors	NLB AD Prishtina	30.08.2021- untill 29.07.2024
							Member of the Supervisory Board, President of the Supervisory Board	Summit Leasing Slovenija d.o.o.	member from 19.09.2024, President from 08.11.2024
							President of the Board of Governors	American Chamber of Commerce in Slovenia	15.09.2020- untill 09.09.2024
							President of the Supervisory Board	Bank Association of Slovenia	01.11.2017 - current
							Member of the Board of Directors	Komercijalna banka a.d. Beograd	30.12.2020 - untill 29.04.2024
							Member of the Board of Directors	Rokometna zveza Slovenije	25.10.2018- untill 04.06.2024
Mateja Treven	Founder-CEO of Blockhap DOO Ljubljana and Head of Sustainability at Slovenske železnice (Slovenian Railways)	Master of Science in Investment Management	Member, 20.10.2020 - untill 28.05.2024	-	-	-	Member of the Management Board	Košarkarski klub Cedevita Olimpija	01.02.2022 - current
							External member of the Audit Committee	Port of Luka Koper d.d. Koper, Slovenia	01.02.2023- current
							Member of the Board of Directors	CFA Society Slovenia	July 2020- July 2024
Nataša Pukl	Deputy General Manager of Global Risk Division in NLB d.d.	Bachelor of Economics	Member, 29.05.2024 - current	-	-	-	-	-	-
Kristina Kovačič Bjelajac	-	Master of Science in Business Administration (MScBA), Banking and Finance	Member, 30.07.2019 - current	Member, 30.07.2019 - current, President of the Audit Committee from 29.01.2022	Member	Member	-	-	-
Boštjan Kovač	Head of Group Steering and Procurator at Nova Ljubljanska Banka d.d. Ljubljana	Bachelor of Economics	Member, 18.04.2022- current, Deputy President 21.04.2022- current	Member, 18.04.2022- current	Member 21.04.2022- current	President 21.04.2022- current	Member of the Supervisory Board	NLB DigiT d.o.o., Beograd	18.4.2022 – current
							Member of the Supervisory Board	NLB Lease&Go, leasing d.o.o, Ljubljana	20.5.2024 – current
Andreja Stražšar	Head of Controlling- NLB d.d	BSc of Economics	Member, 30.08.2021 - current	Member, 30.08.2021 - current	-	-	-	-	-
Zoran Jovanovski	Vice-president and adviser in the office of the president of the Chamber of Commerce of North Macedonia for macroeconomic issues and public finances	Master of Arts, Business Economics	Member, 30.03.2020 - current, Second deputy president, 27.10.2022' current	Member, 30.03.2020 - current	Member, 30.03.2020 - current	Member, 30.03.2020 - current	Member of the Management Board	Tikveš Winery AD Skopje	04.10.2022- untill 12.02.2024
Stojan Jordanov	Founder of the Audit company RSM Macedonia	BSc of Economics and Certified Auditor-	-	Member	-	-	Internal Auditor	CEV, Confédération Européenne de Volleyball	16.10.2020- current

## Supervisory Board's Succession Plan

The Succession Plan has been prepared in accordance with the legal provisions in the Republic of North Macedonia, the Statute of NLB Banka AD Skopje and other internal acts.

The Supervisory Board of the Bank consists of 6 members, who are appointed by the Assembly of the Bank from among the persons proposed by the shareholders of the Bank, on prior consent of the Governor of the National Bank of the Republic of North Macedonia.

The Bank maintains continuity within the Supervisory Board through a sustainable succession plan in terms of reducing the number of Board members, depending on the circumstances, whether there is a decrease in the composition below the number of members established in the Statute or below the number established in the Banking Law.

The composition of the Supervisory Board guarantees that Board members have the necessary knowledge and experience needed for independent supervision of the Bank's work, with particular emphasis on overall knowledge and understanding of the activities performed by the Bank and the material risks it is exposed, through successful professional experience gained over several active years by the members of the Board.

The different professional experience, knowledge, personal characteristics and the diversity in terms of age and gender of the members provide a comprehensive and effective knowledge of the processes, issues and risks of the Bank's daily functioning, as well as the Bank's purpose. The composition of the Board allows the members to complement each other in efficient and appropriate supervision of the Bank and the Management Board in accordance with the Bank Law and the Bank's Statute.

### ▪ Early termination of the Supervisory Board member's term of office

Early termination of the Supervisory Board member's term of office is possible in the following cases:

- With dismissal from duty due to operations that are in violation of the law, the Bank's Statute, good business practices,
- at the request of the shareholder whom he represents or on the basis of a personal written request,
- If the Shareholders' Assembly does not approve the report on the operation of the Supervisory Board or if the Shareholders' Assembly does not approve the work of an individual member of the Supervisory Board,
- if convicted by a final judgment with a prison sentence in accordance with the legal regulations.

In the case of early termination of the Supervisory Board member's term of office, at the first following session of the Bank's Assembly, an election for the vacant position for the remainder of the mandate is made.

### ▪ Member's resignation

A member of the Supervisory Board may resign at any time by submitting a written notice to the Assembly. Member's signature on the resignation is certified by a notary public.

After the submitted resignation, no decision is made on its acceptance. If the Bank's interests require, the Supervisory Board may oblige the member who has resigned to continue performing the function until the election of a new member, but not longer than 60 days.

- **Plan and maintaining continuity of composition**

If the number of members of the Supervisory Board decreases below the number determined by the Statute, the remaining members of the Supervisory Board continue to work until the completion of the procedure and the appointment of a new member of the Board.

The procedure for appointing members of the Supervisory Board to maintain the continuity of the composition of the Board is shown in the annex to this Report.

## **Remuneration Committee**

The Committee was established on the basis of the NBRNM Decision on the rules for good corporate governance in a bank and functions as an advisory body to the Supervisory Board. The Committee functioned with four members.

By decision of the Supervisory Board adopted on 26.10.2023 Mr. Zoran Jovanovski is re-appointed as a member of the Nomination and Remuneration Committee of NLB Banka AD Skopje, effective upon receipt of consent from the National Bank of the Republic of North Macedonia for the reappointment of Mr. Zoran Jovanovski as an independent member of the Supervisory Board.

On 11.03.2024 by the National Bank of the Republic of North Macedonia, a Decision was issued for prior consent for the reappointment of Mr. Zoran Jovanovski as an independent member of the Supervisory Board of NLB Banka AD Skopje.

The members of the Committee meet in sessions whenever there is a need to hold the Remuneration Committee.

During 2024, five video-conference sessions of the Remuneration Committee were held in the presence of all four members.

The Remuneration Committee, during 2024, as an auxiliary body of the Supervisory Board, brought proposal-decisions related to the approval of the total compensation and variable remuneration of the members of the Management Board and the management staff responsible for the control functions of NLB Banka AD Skopje for the year 2024 for evaluation on the success of the members of the Management Board and the management staff responsible for the control functions of NLB Banka AD Skopje, determination of the KPI (Key Performance Indicators) of the members of the Management Board and the management staff responsible for the control functions, amendment and addition of the Employee Remuneration Policy of NLB Banka AD Skopje and others.

- **Term of office**

The term of office of the members of the Remuneration Committee lasts from the moment of their appointment until the moment of their recall with an appropriate decision or cancellation on their part.

- **Compensation and remuneration**

From 01.5.2021 in accordance with the Decision for determining the remuneration of the members of the supervisory bodies of the Bank, adopted at the Annual Shareholders' Assembly on 29.4.2021 the members of the Remuneration Committee not employed by the Group are paid compensation in amount of EUR 50 in MKD counter value.

At the session of the Shareholders' Assembly, held on 29.11.2024 a Decision has been adopted to determine the remuneration for the members of the supervisory bodies of NLB Banka AD Skopje, which changes the amount of the monthly remuneration that has been paid to the members of the supervisory bodies of NLB Banka AD Skopje so far.

The Decision establishes the remuneration of the members of the Remuneration Committee who are not employees of the Group in the amount of 125 EUR. The Decision enters into force on the day of its adoption and will be applied from 01.01.2025.

### **Nomination Committee**

The Committee was established on the basis of the NBRNM Decision on the rules for good corporate governance in a bank and functions as an advisory body to the Supervisory Board. During 2024, it functioned with four members.

By decision of the Supervisory Board adopted on 26.10.2023 Mr. Zoran Jovanovski is re-appointed as a member of the Nomination Board and Remuneration Board of NLB Banka AD Skopje, which comes into effect upon receipt of consent from the National Bank of the Republic of North Macedonia for the reappointment of Mr. Zoran Jovanovski as an independent member of the Supervisory Board.

On 11.03.2024, by the National Bank of the Republic of North Macedonia, a Decision for prior consent was issued for the reappointment of Mr. Zoran Jovanovski as an independent member of the Supervisory Board of NLB Banka AD Skopje.

The members of the Committee meet in sessions whenever there is a need to hold the Nomination Committee.

In the reporting period, six sessions of the Nomination Committee were held in the presence of all 4 members, five of which were videoconference sessions, and one was held by correspondence.

During the year 2024 the Nomination Committee as an auxiliary body of the Supervisory Board made draft-decisions related to the positive assessment of the suitability of Mrs. Natasha Pukl appointing for member of the Supervisory Board, positive assessment of the suitability of Mrs. Hedvika Usenik appointing for member of the Supervisory Board, positive assessment of the suitability of Mr. Zoran Jovanovski for re-appointment as independent member of the Supervisory Board, positive assessment of the suitability of Mr. T. Stojanovski for appointing as a President of the Management Board, positive assessment of suitability of the members of the Supervisory Board of NLB AD Skopje for 2024 and positive collective assessment of suitability of the Management Board of NLB Banka AD Skopje according the distribution of new responsibilities among the members of the Board of Directors.

#### ▪ Term of office

The term of office of the members of the Nomination Committee shall run from the time of their appointment to the moment of their removal by appropriate decision or their resignation.

#### ▪ Compensation and remuneration

From 01.05.2021, in accordance with the Decision for determining the remuneration of the members of the supervisory bodies of the Bank, adopted at the Annual Shareholders' Assembly on 29.4.2021 the members of the Nomination Committee are paid a compensation of EUR 50 in MKD counter value.

At a session of the Shareholders' Assembly, held on 29.11.2024, a decision has been adopted to determine the remuneration for the members of the supervisory bodies of NLB Banka AD Skopje, which changes the amount of the monthly remuneration that has been paid to the members of the supervisory bodies of NLB Banka AD Skopje so far. The Decision establishes the remuneration of the members of the Remuneration Committee who are not employees of the Group in the amount of EUR 125. The decision enters into force on the day of its adoption and will be applied from 01.01.2025.

## Audit Committee

During 2024 the Audit Committee held eight sessions. Four were videoconference sessions, three extraordinary sessions and one of the sessions was held by correspondence.

The Audit Committee of the Bank performs the following tasks:

- reviews the Bank's financial reports and takes care of the accuracy and transparency of published financial information about the Bank's operations in accordance with accounting standards regulations;
- reviews and evaluates internal control systems;
- monitors the work and evaluates the efficiency of the internal audit service;
- monitors the Bank's audit process and evaluates the work of the audit company;
- adopts the Bank's accounting policies;
- monitors the compliance of the Bank's operations with regulations related to accounting standards and financial statements;
- holds meetings with the Management Board, the Internal Audit Division and the audit company regarding established non-compliances with the regulations and weaknesses in the Bank's operations;
- reviews the reports of the Risk Management Committee and
- proposes the appointment of an audit company and termination of the contract concluded with the audit company.

In 2024 the Audit Committee was composed of five members.

By decision of the Supervisory Board adopted on 26.10.2023, Mr. Zoran Jovanovski is re-appointed as a member of the Nomination Committee and the Remuneration Committee of NLB Banka AD Skopje, which shall enter into force upon receipt of consent from the National Bank of the Republic of North Macedonia for the reappointment of Mr. Zoran Jovanovski as an independent member of the Supervisory Board.

On 11.03.2024 by the National Bank of the Republic of North Macedonia, a Decision for prior consent was issued for the reappointment of Mr. Zoran Jovanovski as an independent member of the Supervisory Board of NLB Banka AD Skopje.

In 2024 the Audit Committee prepared and adopted a Work Plan with the independent external auditor "KPMG REVIZIJA" - LLC Skopje, which stipulates how often and in what manner the external auditor will report to the Audit Committee on the activities carried out.

### ▪ Term of office

The term of office of the members of the Audit Committee lasts for four years.

### ▪ Independence

According to Banking Law, the majority of the members of the Bank's Audit Committee are elected from among the members of the Supervisory Board, and the remaining members are independent members. At least one member of the Audit Committee should be a certified auditor. In that direction, four members of the Audit Committee are members of the Supervisory Board, and one member is an authorized auditor (Stojan Jordanov).

### ▪ Compensation and remuneration

According to the NLB Group Management and Supervision Policy, the members of the Audit Committee employed in NLB Group are not entitled to any remuneration for participating in the work of the Audit Committee, nor to participate in the remuneration from the Bank's profit.

From 01.05.2021 in accordance with the Decision on determining the remuneration of the members of the supervisory bodies of the Bank, adopted at the Annual General Meeting of Shareholders on 29.04.2021 the members of the Audit Committee are paid compensation of EUR 250 in MKD counter value.

At a session of the Shareholders' Assembly, held on 29.11.2024, a Decision has been adopted to determine the remuneration for the members of the supervisory bodies of NLB Banka AD Skopje, which changes the amount of the monthly remuneration that has been paid to the members of the supervisory bodies of NLB Banka AD Skopje so far. The Decision establishes the remuneration of the members of the Audit Committee who are not employed by the Group in the amount of 625 EUR. The decision enters into force on the day of its adoption and will be applied from 01.01.2025.

## Executive and auxiliary bodies

### Management Board of the Bank

#### Members of the Management Board and their membership in other boards

Name	Position	Education	Membership of the Bank's bodies							Membership in other supervisory or management bodies		
			Risk Management Committee	Assets and Liabilities Management Committee	Development Committee	IT Steering Committee*	Credit Committee	Operational Risk Commission	Project Management Committee	Supervisory or management authority	Name and address of the legal entity	Period
Toni Stojanovski	President of the Management Board from 03.09.2024	Master of economics-Monetary Economics	President from 03.09.2024	Member, President from 12.09.2024	President until from 03.09.2024	-	Second Vice-president until 02.09.2024	-	Member	Chairman of Board of Directors, Non-executive member	Macedonian Stock Exchange	03.09.2024 - current
Branko Greganović	President of the Management Board until 02.09.2024	MBA	President until 02.09.2024	Member, President from until 02.09.2024	President until 02.09.2024	President until 25.07.2024	Vice-president until 02.09.2024	Member until 18.01.2024	Member until 02.09.2024	Member of Board of Directors (member of the Supervisory Board and Deputy Chairman of the Supervisory Board)	NLB Skladi, Ljubljana, Slovenia	January 2017 - current
Peter Zelen	Member of the Management Board	Bachelor of Economics and Mechanical Engineering	Member	Member	Member	Member	President	President	-	Member of Board of Directors	NLB Banka AD Prishtina	12.07.2021 - current
Igor Davchevski	Member of the Management Board	MBA	Member	Member	Member	Member	-	Member	Member	-	-	-

\*IT Steering Committee was in effect till 22.04.2024.

The Bank's Management Board represents the Bank and manages its work in accordance with the Banking Law, the Statute of NLB Banka AD Skopje and the Bank's Corporate Governance Code. The members of the Bank's Management Board are appointed and dismissed by the Bank's Supervisory Board with a majority of votes, after the prior consent of the Governor of NBRNM.

In 2024 the Management Board of the Bank worked with three members.

On 07.06.2024 a resignation letter from Mr. Branko Greganovikj, the President of the Management Board of NLB Banka AD Skopje, has been submitted to the Supervisory Board of NLB Banka AD Skopje, in which Mr. Branko Greganovikj declares that he will continue to perform his function until the day of receiving consent from the Governor of NBRNM for the appointment of a new President of the Management Board.

At a session of the Supervisory Board held on 10.06.2024 Decision on the appointment of Mr. Toni Stojanovski as President of the Management Board of NLB Banka AD Skopje, which shall enter into force on the date of receipt of consent from the National Bank of the Republic of North Macedonia for the appointment of the President of the Management Board.

On 03.09.2024 by the National Bank of the Republic of North Macedonia, a Decision for prior consent was issued for the appointment of Mr. Toni Stojanovski as a member of the Management Board of NLB Banka AD Skopje.

At the session of the Supervisory Board held on 02.09.2024 a Decision has been made to appoint Ms. Katerina Jankovikj as a member of the Management Board of NLB Banka AD Skopje. With the adopted Decision, the composition of the Management Board increases from three to four members. The procedure for appointing Ms. Katerina Jankovikj as a member of the Management Board of NLB Banka AD Skopje took place during 2024, while the decision for her appointment entered into force after receiving consent from the National Bank of the Republic of North Macedonia for the appointment of Ms. Katerina Janković as a member of the Management Board.

During the reporting period, the Management Board worked in sessions, which were usually held once a week. In addition to regular sessions, the Management Board also made decisions on a daily basis, outside of sessions, with the written consent of all members of the Management Board.

In 2024 the Management Board held about 74 meetings some of which were held by correspondence.

In managing the operations of the Bank, the Management Board performs the following tasks:

- manages the Bank;
- represents the Bank;
- organizes the preparation of proposals for general acts, decisions and other acts decided by the Assembly of the Bank;
- executes the decisions of the Assembly and the Supervisory Board of the Bank, i.e. takes care of their implementation;
- initiates initiatives and makes proposals for the improvement of the Bank's operations;
- appoints and dismisses the Bank's persons with special rights and responsibilities, in accordance with the Bank's Statute and the provisions of the Banking Law, determines their salary and concludes contracts with them, as well as other employees of the Bank in expert and management positions for which they are concludes a management contract;
- prepares the Bank's business policy and development plan;
- prepares the Bank's financial plan;
- prepares a security policy for the Bank's information system;
- prepares an annual report on the Bank's operations and submits it to the Supervisory Board;
- drafts the Bank's code of ethics;
- Decides in the case of a submitted veto/prohibition by the Member of the Management Board responsible for risks when deciding on the Credit Committee of the Bank for credit exposures to a person up to 10% of the Bank's own funds and for each decision made it notifies the Supervisory Board of the Bank at the next regular session;
- approves the acquisition of capital shares and the purchase of securities, less than 5% of the Bank's own assets, as well as the purchase of securities issued by the National Bank and the Republic of North Macedonia;
- decides on the establishment of an employment relationship, on the assignment and remuneration of workers in accordance with the legal regulations and general acts of the Bank;
- decides on granting and taking loans for liquidity, guarantees, guarantees and letters of credit within the limits established by the law, the act on the Bank's business policy and the decision on the credit policy adopted by the Supervisory Board;
- establishes proposals for decisions and other acts decided by the Supervisory Board of the Bank;
- takes care of informing the Bank's shareholders;



- directs and organizes the work of the Bank's parts, especially with regard to the timely and professional performance of work;
- Adopts an act on the organization and systematization of jobs in the Bank;
- Decides on the establishment of organizational units;
- Decides on issues in the field of protection of workers' rights;
- Adopts the Rules of Procedure of the Management Board and regularly informs the Supervisory Board of the Bank about its amendments and supplements.;
- adopts individual acts of the Bank;
- establishes a commission for the inventory of fixed assets, small inventory, non-current and assumed assets, and, if necessary, establishes other commissions and working bodies and appoints their members;
- reviews and adopts a report on annual censuses;
- performs other tasks established by law, the Statute and other general acts of the Bank.

The Management Board of the Bank is responsible for:

- providing conditions for the operation of the Bank in accordance with the regulations;
- management and monitoring of the risks to which the Bank is exposed in its operations;
- achieving and maintaining an adequate level of own funds;
- functioning of the internal control system in all areas of the Bank's operations;
- smooth operation of the Bank's Internal Audit Division, i.e. ensures that the Internal Audit Division has access to the documentation and to the employees of the Bank in order to carry out its activities smoothly;
- smooth operation of the Compliance and Integrity Center, that is to ensure that the Center has access to the documentation and to the employees of the Bank in order to smoothly implement the powers;
- adoption and implementation of a policy on the method of selection, monitoring of operations and dismissal of persons with special rights and responsibilities, except for the members of the Supervisory Board, the Risk Management Committee, the Audit Committee and the Management Board;
- keeping the commercial and other books and business documentation of the Bank, preparation of financial and other reports in accordance with accounting regulations and accounting standards;
- timely and accurate financial reporting;
- regularity and accuracy of the reports submitted to the National Bank in accordance with the law and the regulations adopted on the basis of the law;
- implementation of the measures imposed by the governor towards the Bank and the legality of the Bank's operations.

To provide regular information about the Bank's operations, an agenda, minutes from the previous session, as well as materials from the Bank's organizational units are prepared for each session of the Management Board.

In addition to the above, the members of the Bank's Management Board also attend the sessions of the Supervisory Board and the Audit Committee.

At the regular sessions, within its competences, the Management Board undertakes activities and adopts regulations, instructions, procedures, plans and decisions.

In addition, the Management Board reviews the reports of the Compliance and Integrity Center monthly, in segment of ensuring legality in operations, a segment for preventing money laundering and terrorist financing, a segment for ensuring the security of the information system and a segment for personal data protection.

At least once a quarter, the Management Board informed the Supervisory Board about its operations through information on current activities.

▪ Term of office

The term of office of the members of the Management Board lasts for four years, unless the NBRNM decides otherwise with the Decision on Issuing a Prior Consent for the Appointment of a Member of the Management Board.

▪ Compensation and remuneration

The members of the Board are not entitled to compensation for participating in a session.

During 2024, the members of the Management Board earned the following incomes:

1. Toni Stojanovski, President of the Management Board from 03.09.2024 further, based on: gross salary in the amount of 3,7 million MKD, insurance in the amount of 0 MKD, variable part in the gross amount of 0 million MKD and other rights in the amount of 23 thousand MKD;
2. Branko Greganovikj, President of the Management Board to 02.09.2024 r., based on: gross salary in the amount of 7,6 million MKD, insurance in the amount of 5 thousands MKD, variable part in the gross amount of 1,2 million MKD and other rights in the amount of 1,9 million MKD;
3. Peter Zelen, Member of the Management Board, based on gross salary in the amount of 9,1 million MKD, insurance in the amount of 0 MKD, variable part in the gross amount of 1,2 million MKD and other rights in the amount of 4,6 million MKD.
4. Igor Davchevski, Member of the Management Board, based on gross salary in the amount of 9,1 million MKD, insurance in the amount of 0 MKD, variable part in the gross amount of 2,2 million MKD and other rights in the amount of 800 thousand MKD.

## **Risk Management Committee**

During 2024 the Risk Management Committee was composed of nine members.

The members of the Risk Management Committee are chosen from among the people with special rights and responsibilities who are employees of the Bank. One of the members of the Bank's Management Board must also be a member of the Risk Management Committee. In that direction, the president of the Risk Management Committee is the president of the Management Board, Branko Greganovikj inclusive of 31.08.2024, the new Chairman of the Risk Management Committee is the Chairman of the Management Board, Toni Stojanovski, and the member of the Management Board, Peter Zelen, is a member of the Risk Management Committee.

In the reporting period, the Risk Management Committee held 53 meetings.

The Risk Management Committee met regularly, once a week to fulfill the following responsibilities:

- Permanent monitoring and evaluation of the Bank's degree of risk and determination of an acceptable level of exposure to risks in order to minimize losses from exposure of the Bank to risk;
- Establishing risk management policies and monitoring their application;
- Monitoring of the regulations of the National Bank relating to risk management and the Bank's compliance with them;
- Evaluation of the risk management systems in the Bank;
- Determination of short-term and long-term strategies for managing the various types of risks to which the Bank is exposed;

- Analyzing the reports on the Bank's exposure to risks prepared by the services in the Bank that perform risk assessment and proposing strategies, measures and instruments for risk protection;
- Monitoring the efficiency of the functioning of internal control systems in risk management;
- Analyzing the effects of risk management on the Bank's performance;
- Analyzing the effects of proposed risk management strategies, as well as proposed strategies, measures and instruments for risk protection;
- Evaluation of conformity of the prices of the products and services offered by the Bank with the level of assumed risk, in accordance with the business policy and development plan of the Bank;
- Quarterly reporting to the Supervisory Board and the Audit Committee on changes in the Bank's risk positions, changes in the risk management strategy, the effects of risk management on the Bank's performance, as well as the measures and instruments taken to protect against risks and their effects;
- Approval of exposures to a person of over 10% to 20% of the Bank's own funds;
- Monitoring the security policy of the information system and identifying the cases when its revision is necessary;
- Evaluation of the established process of managing the reliability of the information system;
- Analyzing the report on the performed risk assessment and monitoring the activities undertaken in relation to managing the security of the information system;
- Determining and regularly revising the defined levels of risk acceptability.

The Risk Management Committee reported at least once a quarter to the Supervisory Board and the Audit Committee on changes in the Bank's risk positions, changes in the risk management strategy, the effects of risk management on the Bank's performance, as well as the measures and protection instruments taken of the risks and their effects.

▪ **Term of office**

The term of office of the members of the Risk Management Committee lasts from the moment of appointment until the moment of their recall by appropriate decision or resignation by them.

▪ **Compensation and remuneration**

The members of the Risk Management Committee are not entitled to compensation for participating in a session.

## **Credit Committee**

The Credit Committee consists of 6 members and their deputies. With the Decision on the appointment of the President of the Credit Committee, the member of the Management Board responsible for monitoring the risks is appointed, in his absence the president of the Bank's Management Board is appointed as the first vice-president of the Credit Committee, and the second vice-president is appointed by the manager of the Risk Management Division. The Credit Committee decides at regular meetings held at least once a week.

In the reporting period, the Credit Committee held a total of 135 sessions (104 regular and 31 correspondent).

The Credit Committee performs the following activities:

- approves credit exposures following credit requests above limits determined in the authorizations issued to persons with special rights and responsibilities and other employees of the Bank;
- decides on the determination of credit rating classification and reclassification above limits set out in the authorizations issued to persons with special rights and responsibilities and other employees in the Bank;

- decides on transactions with related parties with the Bank in an amount below 6.000.000 MKD;
- decides on the purchase and sale of securities, except for securities issued by NBRNM and state securities, within the limits established by the Bank's acts;
- approves credit exposures following credit requests with concessions (interest rates, commissions, collateral, amount and term, etc.) beyond the criteria provided by the Bank's internal acts and regulations;
- approves decisions on the operation of the Nonperforming loans and Intensive Care Division for which the Division has no special powers;
- decides on placing the companies on the WATCH-list and on the ICL-list (Intensive Care List) and by materials related to the clients placed on the ICL-list;
- approves credit exposures following credit requests of clients and their capital-related persons on the WATCH-list and on the ICL-list;
- approves the possibility of early termination of a deposit, before the expiration of the agreed term with the payment of contractual interest;
- decides on deviations from the Interest Rate Policy and the Bank's Tariff;
- other matters determined by the Bank's regulations and internal acts.

▪ Term of office

The term of office of the members of the Credit Committee and their deputies lasts from the moment of appointment until the moment of their revocation by appropriate decision or resignation on their part.

▪ Compensation and remuneration

The members of the Credit Committee are not entitled to compensation for participating in a session.

## The Bank's management team and board membership

Name	Position	Education	Membership of the Bank's bodies								
			Risk Management Committee	Assets and Liabilities Management Committee	Development Committee	IT Steering Committee*	Credit Committee	Operational Risk Commission	Project Management Committee	Legal Risk Commission	Committee for Identification of Employees Performing Special Work
Katerina Jankovikj	Assistant to the Management Board	MBA	Member	Member from 12.09.2024	-	-	-	-	Member	-	-
Goce Vangelovski	Assistant to the Management Board till 31.08.2024	BSc of Economics	Member until 31.08.2024	Member until 31.08.2024	-	-	Member until 31.08.2024	Member until 18.01.2024	Member until 31.08.2024	-	-
Ljupka Gjorgjevska	Assistant to the Management Board till 31.03.2024	BSc of Economics	-	Member until 18.01.2024	-	-	-	Member until 18.01.2024	-	-	-
Zoran Grncharovski	Assistant to the Management Board till 30.04.2024	BSc of Economics	Member until 30.04.2024	-	-	-	Member until 30.04.2024	Member until 18.01.2024	-	-	-
Lucija Muršec Jež	Advisor to the Management Board - Risk segment	BSc of Economics	Member from 16.05.2024	-	-	-	Member from 16.05.2024	-	-	-	-
Bogoja Kitanchev	Advisor to the Management Board - ESMS Officer and ESG Coordinator	MBA	-	-	-	-	-	-	-	-	-
Emilija Ristovska	Advisor to the Management Board - Chief Data Officer	MBA	-	-	-	-	-	-	Member	-	-
Marija Zafirovska till 10.05.2024	Advisor to the Management Board - Chief Data Officer	MBA	-	-	-	-	-	Member until 18.01.2024	-	-	-
Violeta Janeva	Manager of Legal and Secretariat Division	MSc in Finances and Finance Law	Member	-	-	Member until 22.04.2024	-	Member until 18.01.2024	-	President	-
Petar Trpeski	Manager of Corporate Clients Division	MBA	-	Member	-	Member until 22.04.2025	Member	-	-	-	-
Biljana Stepanuleska Pochevska	Manager of Corporate sales support Division	MSc in Economy	-	Member	-	-	-	Member until 18.01.2024	-	-	-
Donka Markovska	Manager of Financial Management Division	MBA	-	Member	Member	Member until 22.04.2025	-	Member until 18.01.2024	-	Member	Member
Vesna Kitanova	Manager of Payment System Division	BSc of Economics	-	-	-	Member until 22.04.2025	-	-	-	-	-
Igor Kacarski	Manager of Bank's Logistics Division	MBA	-	-	-	-	-	Member until 18.01.2024	-	-	-
Mateja Papež	Head of Compliance and Integrity Center	MSc in Economy	-	-	-	Member until 22.04.2025	-	Member	-	-	-
Ljubica Janchevska Dimitrovska	Manager of Financial Market and Treasury Division	BSc of Economics	Member	Member	-	Member until 22.04.2025	-	Member until 18.01.2024	-	-	-
Anita Boshkova	Manager of Internal Audit Division	BSc of Economics	-	-	-	-	-	-	-	-	-
Dragi Josivoski	Manager of Cash services and Depot Division	BSc of Economics	-	-	-	Member until 22.04.2025	-	-	-	-	-
Sanja Churilov	Manager of Risk, Evaluation and Control Division	BSc of Economics	Member	-	-	Member until 22.04.2025	-	Member	-	Member	Member
Ana Narashanova	Manager of Credit Risk Division	BSc of Economics	-	-	-	-	Vice president	Member until 18.01.2024	-	-	-
Marjan Kochovski	Manager of Sales Network Division	BSc of Economics	Member	Member	-	Member until 22.04.2025	Member	-	-	-	-
Dejan Madzhovski	Manager of Human Resources Center	MSc of Human Resources Management	-	-	-	-	-	Member	-	-	Member
Ivan Krstikj	Manager of Human Resources Management Center (until 16.09.2024)	MBA	-	-	-	-	-	Member until 16.09.2024	Member until 16.09.2025	-	-
Frosina Atanasovska	Manager of Sales Logistics Division	BSc of Economics	-	-	-	-	-	-	-	-	-
Verica Zarinska			Member	-	-	Member until 22.04.2025	-	-	Member	-	-
Dejan Atanasov	Manager of IT infrastructure and security Center	BSc of electrical engineering	-	-	-	-	-	-	Member	-	-

\*The Bank's IT Steering Committee functioned until April 22, 2024.

## IT Steering Committee

The Committee has been established based on the regulations of the NBRNM, the Basel Principles and the international standards for information system security. In the first half of 2024, the Board ceased to function, with the last meeting of the Board being held on April 22, 2024.

The IT Steering Committee had responsibilities delegated by the Bank's Supervisory Board in the domain of the information system and its reliability. Was responsible for his work to the Supervisory Board of the Bank and assists in making decisions for the approval of strategies, policies and significant investments in the field of information technology and provides conditions for effective planning of information technology and monitoring the capacity of the IT system and its performance, as well as all issues related to information security.

Steering Committee over the IT system worked and adopted valid decisions on a session convened at least once every three months.

The members and the president of the IT steering committee were appointed by the Supervisory board of the Bank.

### ■ Term of office

The term of office of the IT steering committee lasted from the moment of appointment until the moment of their recall with an appropriate decision or cancellation on their side.

- Compensation and remuneration

The members of the Board are not entitled to compensation for participating in a session.

## **Project Management Committee**

The Committee was formed in 2023 with a decision of the Management Board on 27.04.2023. The Project Management Committee is an auxiliary body that, in the project management process, plays the role of a certain control point where:

- approval/rejection of specific project change requests;
- prioritization and scheduling;
- regular monitoring of all change requests;
- an assessment of the proposed resources and budget needed to implement the specific request – project;
- approval to start work on a specific project (complete documentation for opening a project) intended for a meeting of the Management Board;
- project portfolio reporting, status monitoring, project dependencies and other attributes according to project methodology.

During 2024 the committee held 12 sessions.

- Terms of office

The mandate of the members of the Project Management Committee is from the moment of appointment until the moment of their recall by an appropriate decision or resignation on their side.

- Compensation and rewards

The members of the Commission are not entitled to compensation for participation in a session.

## **Corporate Governance Code**

The Corporate Governance Code of NLB Banka AD Skopje, adopted by the Bank's Supervisory Board sets out in more detail the standards of management of the bodies of NLB Banka AD Skopje. Guided by these standards, the Bank has established a clear organizational structure and a transparent and understandable management system that enhances the level of confidence by both domestic and foreign investors, the employees and the general public.

### **Statement on the application of the Corporate Governance Code**

The Bank applies the best practices and principles stipulated by the new Corporate Governance Code of Joint Stock Companies listed on the Macedonian Stock Exchange. The Statement for application of the Corporate Governance Code signed by the members of the Bank's Management Board is given as Annex to this report.

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

## **Policy for managing capital investments in other companies**

In accordance with the Strategy for working with financial instruments of NLB Banka AD Skopje and the Regulations for working with equity securities of NLB Banka AD Skopje, the Bank can invest in equity securities in domestic and foreign legal entities in the form of:

- stocks;
- shares;
- investments in associated companies;
- investments in subsidiaries and
- joint actions.

The bank has equity securities:

- at financial and non-financial companies that provide services related to banking products based on membership (VISA Inc USA и SWIFT SCRL Belgium) up to 10 % of the company's capital;
  - at financial companies established by law related to the financial system in the country (Central Depository for Securities (CDHV), Clearing House Clearing Interbank Systems AD Skopje (KIBS) and Macedonian Stock Exchange (MSE)) up to 10 % of the capital of the company;
  - in another legal entity (financial company) NLB Lease&Go, in which it owns 49 % of the total founding capital, while 51 % belongs to NLB Lease&Go, leasing d.o.o. Ljubljana.
- In 2024 the Bank increased the capital investment in the lease company for 20.601 thousand MKD and it amounts to 86.103 thousand MKD.

## Remuneration policy

The remuneration policy is in accordance with the goals and business strategy of NLB Banka AD Skopje and the NLB Group, organizational culture and values, long-term interests, environmental, social and governance factors (ESG), measures to prevent conflicts of interest, risk profile and risk appetite.

The Policy emphasizes encouraging employees not to take disproportionately large risks in their operations, i.e. risks that exceed the Bank's capabilities, considering all risks, including reputational risks and risks arising from wrong or unethical selling of products or other unethical or inappropriate behavior.

The criteria for determining the identified Bank employees with a special nature of work in the Bank fully take into account the risks to which the Bank or the NLB Group are or may be exposed, given the risk profile and risk appetite, as well as the organization and nature, the volume and complexity of activities within the Bank that one employee has and has a significant impact on the bank's risk profile.

Having this in consideration, the identified employees are divided into several categories: members of the Management Board, members of the senior management in the commercial part of the Bank (front office) and assistants of the Management Board of the Bank, members of the senior management from other functions (back office), control functions, as well as other employees who are considered to have an important influence on the Bank's risk profile in accordance with Commission Delegated Regulation (EU) no. 2021/923. No. 2021/923.

Identified employees are entitled to an annual variable part of the salary based on their fulfillment of the financial and non-financial performance criteria according to the rules and conditions set forth in the Policy.

In December 2024, the Supervisory Board of the Bank adopted amendments and supplements to the Employee Remuneration Policy of NLB Banka AD Skopje. The amended Policy has been aligned with the Policy for Employees of NLB d.d. and the NLB Group and refers to the coefficients used to assess performance, as well as the rights to payment of a variable part of salary.

Total compensation refers to all forms of fixed or variable monetary and non-monetary compensation paid to an employee and a member of the Bank's bodies. Total compensation is determined according to the following criteria:

- The fixed part of the remuneration depends on the job description, previously established criteria and does not depend on the success of the work. Fixed remuneration includes the following payments: gross salaries, allowances and salary supplements, all mandatory living expenses allowances in accordance with the Law on Labor Relations, collective agreements and individual agreements between the Bank and the employee, as well as remuneration received by the individual person whose payment conditions and determination of their amount depend on previously established criteria (compensation for separated life, compensation for working abroad, annual vacation allowance, jubilee award, severance pay, New Year's compensation, compensation for participation in a session of the members of the Supervisory Board and the Audit Committee).
- Variable remuneration includes all payments that are not considered a fixed part of the remuneration (paid variable part of salary, deferred variable part of salary, insurance for managers, payment to a third voluntary pension fund, payment of certain expenses in accordance with a management contract and other remuneration).

#### Earned income in accordance with the Decision on the rules for good corporate governance in a bank

Structure of persons (groups)	Number of persons who have been paid remuneration during 2024	Structure of remuneration ( in thousand MKD)		
		Fixed part	Variable part	Total remuneration
Supervisory Board	3	902	-	902
Audit Committee	1	205	-	205
Management Board	4	33.740	7.864	41.605
Other persons with special rights and responsibilities	48	138.234	36.558	174.791
Employed persons	938	957.846	95.190	1.053.036
Other persons, previously employed in the Bank	128	43.872	12.914	56.786
<b>Total</b>	<b>1.122</b>	<b>1.174.799</b>	<b>152.526</b>	<b>1.327.325</b>

The amount of gross remuneration paid by the Bank during 2024 (per persons, ranging from-to)	Number of persons	Total gross amount (in thousand MKD)
up to 500.000 MKD	170	40.969
from 500.000 to 750.000 MKD	95	58.617
from 750.000 to 1.000.000 MKD	251	223.947
from 1.000.000 to 2.000.000 MKD	520	687.969
above 2.000.000 MKD	86	315.822
<b>Total</b>	<b>1.122</b>	<b>1.327.325</b>

#### Policy for ensuring diversity in the management bodies and senior management of NLB Banka AD Skopje

The policy for ensuring diversity in the management bodies and senior management in NLB Banka AD Skopje is a framework document that establishes the Bank's commitments in terms of representativeness in the management bodies, as well as the senior management who answer to the Bank's Management Board, which was approved in the first quarter of 2023.

#### Objectives of the Diversity Policy and ways of its implementation

Considering the size of the Bank, its affiliation to a banking group and their regional presence and business strategy, to ensure diversity, the following aspects are important:

- gender/sex structure;
- age structure;
- professional competencies, skills and experience;



- continuity of the composition of the management body and the senior management;
- international experience;
- personal integrity;
- geographical origin.

These criteria have been chosen in order to provide enough different opinions and expertise necessary for a good understanding of the current situation and long-term risks and opportunities related to the Bank's operations, taking into account the size of the Bank and the business strategy, as well as the size of the Management Board and the Supervisory Board and the systemic importance of the Bank.

### **Manner of implementing the Diversity Policy**

The Supervisory Board of the Bank and the Nomination Board of the Supervisory Board of NLB Banka AD Skopje strive to harmonize the Diversity Policy of the Bank's Management Board. The Management Board strives to comply with the Senior Management Diversity Policy.

### **Gender / age structure**

The age structure target in the Supervisory Board and the Management Board is estimated to have been achieved in relation to the 2024 plan set, with all age structures from 40 to 60+ represented in the age structure. Also, in terms of gender representation, activities have been carried out to expand the gender representation of women within the Management Board. In that direction, one woman has been appointed, with the membership of the Board of Directors in 2025 starting with 25% of women. Regarding the membership of the Bank's Supervisory Board, equal gender representation has been continuously recorded. Additionally, 62% of the senior management team reporting directly to the Management Board is women.

### **Meeting the other criteria given in the Diversity Policy**

In relation to the objectives related to professional competences, skills and experience, the requirements for relevant international experience, personal integrity, continuity in the composition of the board and geographical province in the governing bodies and high leadership, it is estimated that:

- management bodies adequately cover an adequately wide range of knowledge, skills and professional experience of their members and are drawn up according to the following criteria: experience, reputation, management of potential conflicts of interest, independence, available time and collective appropriateness;
- management bodies and high leadership have an appropriate ratio between existing and new members, i.e. the relationship between existing and new members is not below 70 %;
- the Bank has an appropriate share of the management bodies and higher management with international experience in different areas;
- management bodies and members of high leadership have a high level of personal integrity;
- members of management bodies and high leadership have the appropriate geographical experience as set out in the plan.

The objectives set in the 2024 Diversity Policy are estimated to have been achieved.

### **Policy on using outsourcing services**

The use of outsourcing services by the Bank is formally regulated under the NLB Banka AD Skopje Policy on using outsourcing services, which describes in detail the procedure and manner of using such

services, in accordance with the provisions of EBA Guidelines on outsourcing arrangements and the Decision for risk management by NBRNM.

The Policy strictly regulates the rules regarding the use of services by outsourcing parties through:

- the basic principles and guidelines for managing the risks arising from the use of services from outsourcing persons;
- the manner of conducting an analysis for the selection of a potential outsourcing supplier;
- the manner of checking the quality of services provided by outsourcing persons and the conditions for efficient monitoring of their work;
- the manner of providing continual operation for the services used by outsourcing persons;
- defining strategic measures in case of expected or unexpected termination of the contractual relationship with the outsourcing provider from whom the Bank uses services.

Within the stated policy, the Bank uses services from outsourcing parties, of which the following services stand out as the most significant for the overall operation of the Bank:

- development, maintenance and management of information infrastructure;
- archival and documentary work;
- work in the domain of self-service products, cards, ATMs, digital channels of communication;
- Transport of valuable;
- collection of receivable.

The Bank acts in the direction of optimization of the relationship between the price and the quality of the purchased products and services, as well as for the efficient use of the resources in the Bank and for the selection of the most suitable outsourcing supplier.

### **Policy on Corruption and Bribery Prevention and Conflict of Interest Management in NLB Banka AD Skopje**

In the direction of a strong commitment to compliance and integrity as well as the existence of zero tolerance for any form of bribery and corruption, as well as with the aim of establishing more detailed rules for managing the conflict of interests and more precisely arranging the rules in the Bank is adopted and applied the Policy on Corruption and Bribery Prevention and Conflict of Interests Management in NLB Banka AD Skopje, adopted by the Supervisory Board.

The Policy on Corruption and Bribery Prevention and Conflict of Interest Management in NLB Banka AD Skopje regulates the system for managing, preventing and controlling conflicts of interest, as well as the system of rules and internal controls for preventing corruption and/or bribery and efficiently overcoming these risks.

The rules, procedures and guidelines for conduct regulated by the Policy are binding for all employees of the Bank, members of the management bodies of the Bank and business associates and clients of the Bank.

According to the Banking Policy and the Banking Law, persons with special rights and responsibilities regularly submit a written statement every six months to the Management Board and the Supervisory Board of the Bank on the existence or non-existence of a conflict of their personal interest with the Bank's interest.

### **Policy for the Assessment of Suitability of Key Function Holders**

The Policy for the Assessment of Suitability of Key Function Holders in NLB Banka AD Skopje establishes the procedure for preparing the assessment of the adequacy of the holders, i.e. the candidates for holders of key functions and the criteria for preparing the assessment of the adequacy

of the holders, i.e. the candidates for holders of the key functions in the Bank. The Policy was drawn up in accordance with the provisions of the Banking Law and the Decision of the NBRNM on the rules for good corporate governance in a bank, where the qualifications that are required to be possessed by persons with special rights and responsibilities determined by the Statute of NLB Banka AD Skopje are determined. In addition, this Policy incorporates the guidelines of ESMA (European Securities and Market Authority) and EBA (European Banking Authority) for assessing the adequacy of members of management or supervisory bodies and holders of key functions in banks.

During 2024, amendments and supplements were made to this Policy, which provided for more precise alignment with local and European regulations regarding the procedure for assessing the suitability of members of the management body and key function holders, more precise rules were set for assessing the criterion for independence in accordance with European legislation, as well as clearer and more precise rules regarding the procedure for assessing the suitability of key function holders.

### **Policy for preventing money laundering and financing of terrorism**

In dealing with clients, the Bank is exposed to a variety of risks, including the risk of money laundering and terrorist financing being one of the foremost risks in the financial industry. In order to prevent this type of risk, the Bank has adopted and consistently applies the Policy for the Prevention of Money Laundering and Terrorism Financing and other internal acts that regulate this area, and also cooperates with the competent institutions and correspondent banks. The bank has fully implemented all the instruments resulting from the positive regulations and policies of the NLB Group in the direction of effective detection and prevention of money laundering and terrorist financing.

### **Policy for information system security**

The information security of NLB AD Bank Skopje has been implemented in accordance with the Decision on the methodology for the security of the Bank's information system and the international standards ISO 27001 and 27002. In accordance with the above, an information security system has been established within the Bank, which includes:

- Risk assessment – through an established continuous process of identification of weaknesses and threats to information systems, including the risk of attacks in the digital space;
- Monitoring and upgrading – through an established process of continuous collection and analysis of information from the aspect of emergence of new threats and weaknesses of the information system, including threats in the digital space;
- Implementation of security controls – through incident monitoring and operational controls (administrative, physical and technical controls) that protect the security of information and systems at multiple levels;
- Evaluating the security and testing the resistance of the systems to attacks in the digital space;
- Division of competences of the Bank's bodies from the aspect of risk management related to the security of the information system.

### **Code of Conduct in the NLB Group**

The NLB Group's Code of Conduct presents the rules that every employee of the NLB Group must understand and respect. Its application and respect live / share common values and work / act within the NLB Group according to ethical standards.

The code summarizes the values and defines the basic principles of behavior, based on the operation of NLB Banka and the operation of the NLB Group. Thus, the code directs employees to behave daily and understand what is expected in the NLB Group from each employee and other participants. In this way, it also determines what is key to meeting the long-term strategy for the development of the NLB Group and its responsible behavior, which must preserve the trust of customers, employees, shareholders and the wider social space in which the NLB Group operates.

The Code clearly determines the expectations of each employee of the NLB Group and at the same time expresses the standards expected of employees in their relationship to others in the work, so it also provides guidance on each behavior and operation of the NLB Group.

NLB Group Code of Conduct:

- represents the values and basic principles of behavior,
- determines the rules that every employee of the NLB Group must understand and respect them,
- determines the expectations of each employee of the NLB Group while expressing them standards.

## Organizational structure of the Bank

During 2024 several changes were made in the organizational structure of NLB Banka AD Skopje.

In the first quarter of the year, several significant organizational changes, adopted in 2023, began to be implemented. Namely, in the area of work with corporate clients (B2B area), additional changes have been made to the organizational structure, in order to improve the processes already in place within the B2B area for work with corporate clients, namely: amendment, addition and transfer of competencies between the organizational units Corporate Client Sales Support Sector and Corporate Client Business Sector.

Additionally, the portfolio management segment was abolished in the Securities Services Department, Financial Markets and Assets Business Sector, due to the amendment of the National Bank Decision (PT No. 15-35271/2) and the Securities Commission Decision, which exclude the service "investment advice" and the service "management of securities portfolios by order and for the account of an individual client". At the same time, due to the formal arrangement of the management areas of the Board of Directors, a division of the organizational units into appropriate areas was adopted: chief executive functions, financial management functions, marketing management functions, risk management functions and operations management functions.

In the second quarter, a change of responsibilities was made in the Offer Development and Marketing Department, transferring it from the Product, Services and Sales Channel Development Department to the Strategic Marketing, Customer Relations and Communications Department. The transfer of responsibilities is aimed at completing the reporting section within the Strategic Marketing, Customer Relations and Communications Department.

Also, in the second quarter, a reorganization of the Information Technology Sector was carried out, i.e. the separation of the Service for Maintenance and Management of the Information Infrastructure and the Service for Information Technology Security from the Information Technology Sector into the Center for IT Infrastructure and Security, due to the need for a reliable and stable information system that will support the work of the management and employees.

Before the end of 2024, a change was made in the number of members of the Management Board from three to four members and a redistribution of responsibilities, division of the CMO area into 2 areas: CMO area/corporate banking and CMO area/retail banking, transformation of the Human

Resources and Organization Department, i.e. separation of the Organization and Business Process Management Service into the Center for Organization, Business Processes and Project Office.

The organizational structure of the Bank that was valid at the end of 2024 is shown in the annex to this Report.

## Share capital and ownership structure

### Share capital

The share capital of the Bank on 31.12.2024 consists of 854.061 ordinary shares with a nominal value of 1,000 MKD per share or a total of 854.061 thousand MKD. The shares are registered and entered by the Central Securities Depository of the Republic of North Macedonia. Holders of ordinary shares have the right to dividends and the right to vote at a meeting of the Shareholders' Assembly. One common share carries the right to one vote.

In accordance with the Bank's share book, as of 31.12.2024, 796 ordinary shares, i.e. 0,0932 % of the Bank's total share capital, have a limitation of shares with the right to vote on the rights based on law and/or decision of a competent authority.

During 2024 the Bank did not issue new share issues, nor did it buy back its own shares.

### Number of shareholders and structure

On 31.12.2024 the number of shareholders in the Bank is 1.315 (2023: 1.122 Out of them, 1.189 are retail (2023: 987), and 126 are legal entities (2023:134).

### Shareholder structure

	2024		2023	
Shareholders structure	Number of shares	% of shares	Number of shares	% of shares
NLB d.d.	742.804	86,97%	742.804	86,97%
Other shareholders	111.257	13,03%	111.257	13,03%
Individuals	84.426	75,88%	80.198	72,08%
Legal entities	26.831	24,12%	31.059	27,92%

The only shareholder with a share of over 5 % in the total number of issued shares of NLB AD Bank Skopje is Nova Ljubljanska Bank d.d. Ljubljana, with 86.97 % participation (742,804 shares) in the total number of shares of the Bank. NLB d.d., as the shareholder with the largest participation manages the Bank through its representatives in the Supervisory Board. NLB Group is the largest banking and financial group in the Republic of Slovenia, with a strategic focus on the selected markets of South-Eastern European countries and is a recognizable international brand. Since November 2018, the shares of NLB d.d. Ljubljana were classified on the stock market and were simultaneously included in trading on the main market of the London Stock Exchange. During 2019, the privatization process of NLB d.d. was finalized. Ljubljana, whereby the Republic of Slovenia remained the dominant owner with 25 % of the shares plus one ordinary share.

### Stock exchange listing

The Bank's shares are listed on the official market of the Macedonian Stock Exchange, in the mandatory listing segment - ordinary shares, registered under ISIN: MKTNBA101019. The Bank's shares are traded on the secondary market of the stock exchange, through authorized brokerage houses.

The Bank's shares are part of the Macedonian stock market index MBI10.

In accordance with the Listing Rules, the Bank regularly informs the stock exchange about its operations, the members of the management bodies, the management and legal relations with third parties and about events and information that are significant for the Bank's operations according to a previously established calendar of events that are publishes on the information service of the Stock Exchange no later than the end of January in the current year.

### **Dividend Policy**

Pursuant to the decisions on issuance of shares emissions of the Bank, the shares are entitled to a dividend, which may be determined by a decision of the Bank's Shareholders' Assembly. The Decision to distribute the dividend profits depends on a number of factors, including the Bank's capital structure, risk appetite, profit, financial position, regulatory requirements, general economic and business conditions and future prospects. The Bank's dividend policy envisages an annual dividend distribution of approximately 70 % of the realized profit from the previous year and is dependent on regulatory capital requirements.

## XX.Environmental and Social Aspects Management (ESG)

NLB Banka AD Skopje recognizes the challenges of the new era that legal entities and retail in the country face. These are challenges that include the negative environmental and social impacts of climate change due to greenhouse gas emissions, challenges in establishing mechanisms for ensuring an equal and just society, ethics and integrity in corporate management.

Sustainability efforts are based on a long tradition of responsible business and stakeholder-focused operations, which has been part of the Bank's identity since its inception.

Sustainability is firmly embedded in the Bank's vision, which means "taking care of the financial needs of our customers, while at the same time improving the quality of life in the region where we operate". In addition, sustainability is a vital element of the Bank's core values: we develop, encourage entrepreneurship, improve life.

During 2024 a sustainability commission was established (consisting of members and assistants of the Management Board, directors of divisions in the Bank and specialists in the field of ESG issues) which oversees the integration of ESG factors into the Bank's business model held 4 sessions. The Commission develops and approves (in accordance with internal procedures) sustainability strategies, policies, initiatives, methodologies, measurable indicators, and other relevant procedures, influences strategic goals related to sustainability and monitors its development and implementation.

During 2024, the Bank actively participates in several conferences related to ESG, all with the aim of increasing awareness of the importance of ESG not only for the banking sector, but also more broadly.

### Corporate social responsibility

Caring for the common good represents one of the highest priorities in the Bank's value system and is an integral part of the strategy, which is why the Bank pays special attention to social responsibility and the protection of the interests of all interested parties. By supporting projects in the fields of culture, sports, science, education and the protection of the human environment, children and young people, the Bank strives to contribute to the advancement and improvement of the overall quality of life of individuals, families, institutions and organizations in the wider environment in which works.

The Bank's corporate social responsibility is not measurable and visible only through sponsorships and donations. Almost all aspects of business operations are viewed through the lens of sustainability and management of environmental and social aspects.

For example, the digital solutions offered by the Bank, in addition to simplicity and accessibility, are important to be sustainable. In that context is the example of working without paper both in relation to employees and in relation to customers. The bank has a clear strategy for environmental management and sustainable development and is constantly working on improving its processes in the direction of reasonable use of natural resources and minimizing the impact that economic actors have on the environment.

NLB Banka AD Skopje is strongly focused on the implementation of activities aligned with the goals of the United Nations for sustainability, which are based on the Strategy for Sustainability, adopted at the level of the NLB Group. The goal of the Strategy is the integration of sustainability in banking operations, that is, sustainable financial performance of the Bank, taking into account social and environmental aspects and the possibility to actively contribute to more equitable and inclusive economic and social system.



In this regard, in 2024, the Bank implemented a series of projects, awarded sponsorships and donations in a total amount of 386 thousand EUR, with most projects (more than 74%) supporting the UN's sustainability goals, which is 34% more than the Bank's target.

The care for employees and their satisfaction is one of the most important priorities of the Bank. In this regard, among the benefits for its employees, NLB Banka AD Skopje provides private health insurance for all its employees, as well as additional pension insurance through the inclusion of employees in a professional pension scheme according to seniority.

In accordance with established practice, in 2024, jubilee cash awards were paid to 65 employees who celebrated significant anniversaries of 10, 20 or 30 years at the Bank in the current year.

During 2024, 15 trainings were organized by domestic and foreign consultants, who visited 363 employees of the Bank, who attended a total of 1117 hours of education, with the aim of continuously monitoring changes related to sustainable finance, green financing, climate change risks and other topics related to sustainability and ESG practices.

Within the framework of social responsibility, special attention is paid to the social dimension and gender equality issues. Women occupy half of the management positions in NLB Banka AD Skopje (50% of persons with special rights and responsibilities in the Bank). However, numbers are not what is most important. What is important is the commitment to common goals, which are part of the core of our business strategy.

## Environment

In accordance with the standards for the management of environmental and social aspects specified in the Policy for Environmental and Social Aspects as well as in the Policy for Measuring and Reporting the Carbon Footprint of NLB Banka AD Skopje, the Bank will continue investing in energy saving projects and in 2024 protection of the environment from the emission of harmful gases.

During 2024 the share of electricity produced from renewable energy sources (in total electricity consumed) increased by 45% and by 31.12.2024 amounted to 100%.

During 2024 the Bank actively supported projects related to financing the production of electricity from renewable sources and improving the energy efficiency of our clients.

By the end of the year, the total amount of financed projects aimed at the production of electricity from renewable sources reached the level of 32 million EUR with which the Bank (independently or together with other domestic and foreign financial institutions) participated in the financing of projects for the production of electricity energy from renewable sources (windmills, photovoltaics, hydropower plants, biogas plants) with an installed capacity of 101 MWh.

Additionally, during 2024 the construction of several buildings (residential and commercial) with A or B energy efficiency certificates was supported, with signed financing agreements totaling 24 million EUR. In this way, the Bank continued to implement its commitments for long-term investment in improving the environment.

During 2024 the Bank continued with the approval of the already introduced "Green" credit products intended for retail from its own sources, namely:

- Green consumer loans
- Green housing loans
- Green car loans

A total of 3 million EUR of funds from the Bank's own resources have been allocated for these purposes.

**Green consumer loan** is a support of energy efficiency in the residential sector and the opportunity for customers –retail, during the construction or renovation of existing buildings, to investing in energy



efficient technologies in order to reduce the costs of electricity, heating and cooling in the home.

With **the Green Housing Loan**, the Bank enables customers to buy apartments from construction companies or existing apartments owned by retail, for facilities that have Energy Efficiency A and B Certificate. These loan products have more favorable interest rates than the interest rates of standard credit products.

During 2024, within the framework of the project activities for the permanent reduction of the use of printing paper in all business processes, the Bank's strategic goal of a 50% reduction in the total consumption of printing paper in 2025 compared to 2019 was achieved. NLB Bank Skopje achieved a total of 52% reduction in printing paper in the period 2019-2024, i.e. almost 500 trees were saved.

## XXI. Strategy and future outlooks

During 2024, the Bank adopted the budget for 2025 and the financial projections for the period 2025 - 2030. The strategic focus is based on creating an improved experience for customers by recognizing their requirements and offering the right solutions based on technological innovations, improving work processes through automation and digitization, as well as continuous employee education. All this will go in the direction of supporting the quality of life, not only for employees and customers, but also for the whole society.

The Bank will continue to be fully dedicated to its primary activities - lending to private individuals and enterprises, as well as supporting clients in business enhancement projects and realization of investment activities. Therefore, in the segment of lending to the business, priority will be given to projects in the areas of electricity production from renewable sources, reduction of pollution and improvement of the environment.


The development of digital solutions, data management and their appropriate application in the direction of improving processes and procedures will continue to be in the focus of the Bank. On the other hand, customer satisfaction and positive user experience remains a top priority, through permanent availability of quality services to end users. In this direction, in parallel with the provision of quality service to customers through traditional channels, intensive work will be done on expanding the product portfolio with innovative digital products and services in accordance with world trends. As a leader and pioneer in this field, in conditions of healthy and strong competition in the market, the Bank will influence the further development, improvement of the quality, availability and speed of banking services in the country and in the region.

The new products and the upgrade of existing applications will be developed in the direction of enabling greater availability of banking services and easier interaction, in order to make online interactions and transactions for customers much simpler, faster and, above all, safer.

In support of initiatives to increase awareness of sustainable development at the global level, the Bank continues its activities in accordance with the Corporate Sustainability Strategy of the NLB Group through a more intensive integration of sustainability in its operations, i.e. conducting banking operations considering the impact on life environment and society in general.

Through its activities, the Bank will continue to be a serious partner in the future and continuously make its contribution to the wider community, in all segments of social life, integrating environmental and social aspects and sustainability in all segments of operations.

Скопје, март 2025

  
Петер Зелен  
Член на Управен одбор



  
Тони Стојановски  
Претседател на Управен одбор

## Annexes

### Annex 1. Procedure for maintaining continuity of the composition of the Supervisory Board

#### Procedure for appointment of SB members for maintaining the continuity of the composition of the Board

Reasons for premature termination of the mandate of a member of the Supervisory Board:

- by dismissal from duty due to operations that are in violation of the law, the Bank's Statute, good business practices,
- at the request of the shareholder whom he represents or
- based on a personal written request
- if the Assembly of Shareholders does not approve the Report on the operation of the Supervisory Board
- if he is convicted by a final judgment with a prison sentence in accordance with the legal regulations

I) Basis for starting the procedure	1 STEP	2 STEP	3 STEP	4 STEP	5 STEP	6 STEP	7 STEP	8 STEP	FINAL STEP
Reducing the number of SB members below the number specified in the Statute <sup>1</sup>  (The Supervisory Board continues to function)	Received proposal from a shareholder for appointing a new SB member	Fit & Proper Procedure on the proposed candidate  <b>Deadline:</b> 1 month deadline for completing the procedure	Nomination Committee Meeting  <b>Activity:</b> Proposal-Decision to the SB for appointing a new member	Supervisory Board meeting  <b>Activity:</b> Proposal-Decision to the GM for appointing a new member  Proposal-Decision for convening the Shareholder Assembly	Public Announcement for Shareholders Assembly  <b>Deadline:</b> 30 days prior to Shareholders Assembly	Shareholders Assembly meeting  <b>Activity:</b> Decision for appointing a new member of the SB	Starting of the licensing procedure in front of the National Bank  <b>Deadline:</b> Approx. 5 days after the Shareholders Assembly meeting	Licensing procedure in front of the National Bank  <b>Deadline:</b> Approx. 60-120 days after initiation of the procedure	Issuing prior consent for the appointment of new SB member from National Bank

<sup>1</sup> The duration of the entire procedure lasts approx. 4 to 6 months.

II) Basis for starting the procedure	1 STEP	2 STEP	3 STEP	4 STEP	5 STEP	6 STEP	7 STEP	8 STEP	FINAL STEP
Reducing the number of SB members below the number specified in Law <sup>2</sup>  (The Supervisory Board does not continue to function)	Received proposal from a shareholder for appointing a new SB member	Nomination Committee Meeting  <b>Activity:</b> Proposal-Decision to the SB for appointing a new member	Supervisory Board meeting  <b>Activity:</b> Proposal-Decision for convening the Shareholders Assembly  <b>Deadline:</b> 3 days from the reason of reduction of SB Members	Public Announcement for Shareholders Assembly  <b>Deadline:</b> 30 days prior to Shareholders Assembly	Shareholders Assembly meeting  <b>Activity:</b> Decision for appointing a new member of the SB	Starting of the licensing procedure in front of the National Bank  <b>Deadline:</b> Approx. 5 days after the Shareholders Assembly meeting	Licensing procedure in front of the National Bank  <b>Deadline:</b> Approx. 60-120 days after initiation of the procedure	Fit & Proper Procedure on the proposed candidate  <b>Deadline:</b> 30 days after the Shareholder Assembly (prescribed as an exception in the Decision from NBRNM for the rules of good corporate governance in banks)	Issuing prior consent for the appointment of new SB member from National Bank

<sup>2</sup> The duration of the entire procedure lasts approx. 3 to 6 months.

## **Annex 2. Statement by the members of the Management Board on the application of the Corporate Governance Code**

### **Statement of Compliance with the Corporate Governance Code**

We, the members of the Management Board of the company NLB Banka AD Skopje, declare that the company NLB Banka AD Skopje in its operations applies the Code of Corporate Governance of Joint Stock Companies of the Macedonian Stock Exchange AD Skopje, published on the website of the Stock Exchange [www.mse.mk](http://www.mse.mk).

The company NLB Banka AD Skopje applies the principles and best practices of corporate governance provided for in the Code according to the "apply or explain why it was not applied" approach, by filling in questionnaires whose form and content are prescribed by the Code.

With this Statement, we confirm that the questionnaires were published on SEI-NET and on the website of the company NLB Banka AD Skopje 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 the company NLB Banka AD Skopje prescribed by the Corporate Governance Code.

**Skopje, March 2025**

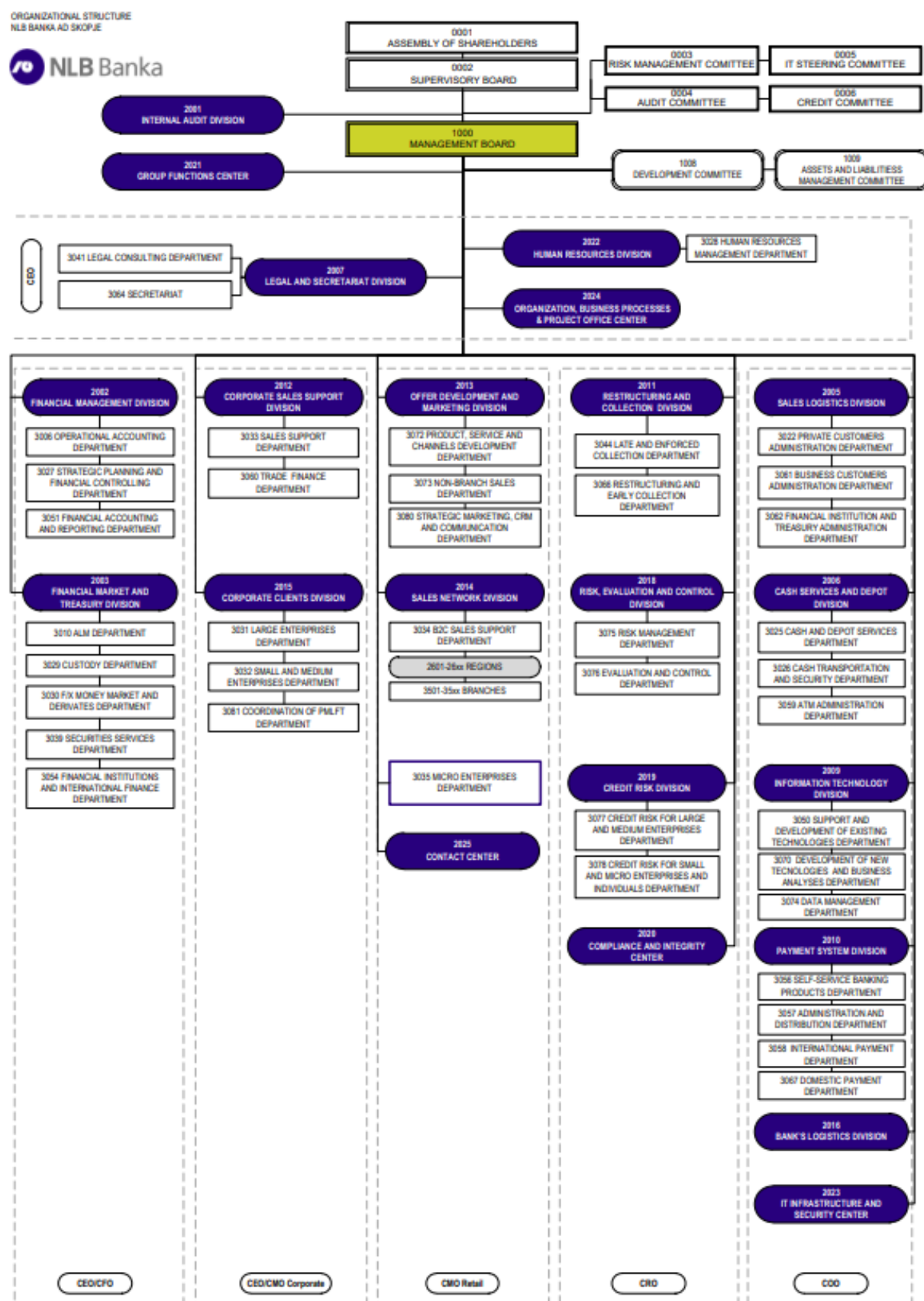
Katerina Jankovikj  
Member of the  
Management board

Igor Davchevski  
Member of the  
Management board

Peter Zelen  
Member of the  
Management board

Toni Stojanovski  
President of the  
Management board

## Annex 3 Organizational structure of NLB Banka AD Skopje



**Annex 4**

**Opinion  
on the Annual Report on the Bank's operations in 2024**

The Annual report on the operations of NLB Banka AD Skopje for the year 2024 covers the operations of the Bank in the period from 01.1.2024 to 31.12.2024. The report presents, in a systematized way, the implementation of separate banking activities, both in terms of general financial operations and for all other activities that are reported in accordance with the Law on Trade Companies, the Banking Law, the Decision on the Rules for Good Corporate Governance in banks, as well as according to the Code for Corporate Governance of the Macedonian Stock Exchange.

The report includes data on the changes in the macroeconomic and market conditions, in which the Bank operated, and the changes in the regulation that directly or indirectly affected the realization of the financial result and the market position.

The financial results for the year 2024 are presented in accordance with the legal regulations that are applied in the Republic of North Macedonia.

The operational activities are presented in more detail by separate market segments and indicate the achieved results by separate financial and non-financial activities of the Bank.

Risk management as a key responsibility of the Bank is shown in detail and indicates the existence of an integrated risk management system in the Bank. In addition, the Bank disclose information on the management of human resources in the Bank, the management of information technology, the undertaken marketing activities, project activities as well as compliance with comprehensive legal regulations.

The Report integrally presents the corporate management of the Bank, the operation and activities of the bodies and their members, the fulfillment of obligations in terms of preventing money laundering and the security of the information system, the activities undertaken from the aspect of corporate social responsibility, with an emphasis on the environment and issues of social interest. The state and changes of the Bank's own funds and shareholder structure among shareholders with more than 5 % participation in the Bank's capital are also shown.

In our opinion, the Annual Report provides a comprehensive and objective picture of the Bank's operations in 2024 the state of its assets and financial performance.



Hedvika Usenik  
President  
of the Supervisory Board

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

### **Proposal-Decision on the adoption of the Annual Report on the operations of NLB Banka AD Skopje**

Pursuant to Article 39 of the Statute of NLB Banka AD Skopje, the Assembly of NLB Banka AD Skopje adopted the following:

#### **Decision on adoption of the Annual Report on the operations of NLB Banka AD Skopje**

1. The Annual Report on the operations of NLB Banka AD Skopje for 2024 is adopted with the opinion of the Supervisory Board regarding the same, annex to this decision;
2. This decision shall enter into force on the day of its adoption.

In Skopje, 29.05.2025

The decision shall be submitted to:  
Secretariat

Chairman  
of the Annual Shareholders Assembly  
of NLB Banka AD Skopje

## **Executive Summary**

Pursuant to Article 39 of the Statute of NLB Banka AD Skopje, the Shareholders Assembly is responsible for adopting the Annual Report on the Bank's operations together with a written opinion prepared by the Supervisory Board.

The Supervisory Board of NLB Banka AD Skopje has prepared a written opinion on the Bank's operations for 2024 and it is an integral part of the Annual Report on the operations of NLB Banka AD Skopje for 2024.