Комерцијална банка

Report and Data of Komercijalna Banka AD Skopje as at 31.12.2025

Skopje, May 2026

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02-100-1681/1 27.05.2026

STATEMENT

on Confirmation of the Consistency of the Published Reports and Data

Signed by: **Nikola Dzambazovski**, (name and surname)	**Chief Sales and Development Officer,** (position)	**23.12.2024** (date of appointment of the Responsible Person for Confirming Compliance)
Signed by: **Biljana Maksimovska-Popovikj**, (name and surname)	**Chief Corporate Banking Officer,** (position)	**23.12.2024** (date of appointment of the Responsible Person for Confirming Compliance)
Signed by **Maja Stevkova Shterieva**, (name and surname)	**Chief Finance Officer,** (position)	**23.12.2024** (date of appointment of the Responsible Person for Confirming Compliance)
Signed by **Ilija Iloski**, (name and surname)	**Chief Operative Officer,** (position)	**23.12.2024** (date of appointment of the Responsible Person for Confirming Compliance)
Signed by **Hari Kostov**, (name and surname)	**Chief Executive Officer,** (position)	**23.12.2024** (date of appointment of the Responsible Person for Confirming Compliance)
Signed by **Iskra Toseva,** (name and surname)	**Manager of the Independent Compliance and AML Department,** (position)	**23.12.2024** (date of appointment of the Responsible Person for Confirming Compliance)

I/we hereby confirm that the disclosed reports and data as at **31.January.2025** are complied with the requirements of the Decision on disclosure of reports and data by banks (Official Gazette of the Republic of North Macedonia No. 36/23 and 179/24) and with the Policy on disclosing data and reports of Komercijalna Banka AD Skopje.

Date:
27.05.2026

Signature: _____

Signature: _____

Signature: _____

Signature: _____

Signature: _____

Signature: _____

Introduction

Komercijalna Banka AD Skopje publishes this document in accordance with the Decision of the National Bank of the Republic of North Macedonia (NBRNM) on the disclosure of reports and data by banks (Official Gazette of the Republic of North Macedonia No.36/2023 and No.179/2024).

The Decision prescribes a clear framework for transparent and responsible banking operations, which represents an essential prerequisite for a stable financial system and public trust.

By publishing the prescribed reports and data, the following objectives are achieved:

- ✓ **Increased transparency** – providing clear and timely insight into banks' operations;
- ✓ **Strengthening public confidence** – enabling citizens and investors to make informed decisions based on published data;
- ✓ **Protection of depositors and clients** – through availability of information on banks' stability and security;
- ✓ **Support of financial stability** – regular disclosure of reports contributes to a stable and secure banking system;
- ✓ **Regulatory compliance** – ensuring adherence to NBRNM standards and alignment with international transparency practices;
- ✓ **Improvement of corporate governance** – through public disclosure of organizational structure and shareholder relations.

All data are prepared in accordance with the published Annual report of the performance of the Bank and audited financial statements of the Bank on an individual basis as at 31 December 2025. Quantitative data are presented in thousands of denars, unless otherwise stated. Any discrepancies among the data published in this document are due to rounding effects.

Template OEP: Report on the main elements of the policy for disclosing reports and data

Ref. no.	Data	Description
1	*2*	*3*
1	**Dates of the policy**	**Date**
1.1	Date of adoption	23.12.2024
1.2	Date of revision	/
2	**Main elements of the policy**	**Description**
2.1	Manner of assessing the accuracy	The description follows below the table, via link in column 2.
2.2	Identification of material data	
2.3	Identification of proprietary data	
2.4	Identification of confidential data	
3	**Reports and data**	**Frequency of disclosure of the reports and data**
	Standard reports and data	The description follows below the table, via link in column 2.
	Additional reports and data	

2. Main elements of the policy

2.1. Manner of assessing the accuracy

The Bank has information and communication technology (ICT) systems and adequate software that support risk management processes and the appropriate preparation of reports prescribed by regulations or prepared by the Bank for operational purposes.

The ICT systems are subject to supervision by NBRNM, which monitors compliance with legal and regulatory requirements for disclosure of data by the Bank.

When audits are conducted by external auditors, they provide an independent assessment aimed at confirming that the Bank meets the criteria of accuracy, verification, and timeliness of the data it discloses, which is of key importance for user trust and the integrity of the Bank.

The accuracy of the prepared reports and data is a responsibility of the competent organizational units of the Bank, in accordance with their scope of work. Persons with special rights and responsibilities within the Bank, under a specific verification procedure, confirm the accuracy, completeness, and compliance of the reports and data with the regulations. Their signature confirms the integrity and quality of the data within the scope of the competent organizational unit. In accordance with the Policy on Disclosure of Reports and Data of Komercijalna Banka AD Skopje, the persons authorized to confirm by statement the compliance of the disclosed reports and data with the obligations arising from the Decision on Disclosure of Reports and Data by Banks are all members of the Board of Directors and the person with special rights and responsibilities

responsible for monitoring the Bank's compliance with regulations and for preventing money laundering.

The Bank publishes the written statement confirming the compliance of the disclosed reports and data, signed by the authorized persons in accordance with the adopted policy, and this statement constitutes an integral part of this document.

2.2. Identification of material data

In order to ensure the implementation of the Policy on Disclosure of Reports and Data of Komercijalna Banka AD Skopje and the Decision on Disclosure of Reports and Data by Banks of NBRNM, the Bank's Board of Directors has adopted procedures for identifying material, proprietary, and confidential data within Komercijalna Banka AD Skopje.

The distinction between material, proprietary, and confidential data is necessary to provide an adequate scope of publicly available information, while avoiding information overload for end users and protecting the Bank from legal and reputational consequences related to inappropriate disclosure of data and information.

According to the procedures, data are considered material if their omission or misrepresentation could influence or alter the economic decision of users of such data (the public). Material data may be quantitative or qualitative. Materiality is determined based on the significance of the data for users in making economic decisions, whereby the Bank prepares an assessment of the level of importance of a given data item and/or information for each stakeholder group. The Bank identifies the following stakeholder groups: employees, clients, shareholders/investors, suppliers, the Government and state institutions (including the regulator – NBRNM), and the community. The assessment of the significance of the intended data and/or information from the perspective of decision-making by users (stakeholders) is carried out by assigning levels of importance from 1 to 5, as follows: level 1 – "no significance", level 2 – "low significance", level 3 – "medium significance", level 4 – "high significance", and level 5 – "very high significance". The procedures prescribe a materiality threshold based on the average level of significance.

2.3. Identification of proprietary data

Proprietary data are data which potential disclosure to market competitors could lead to a deterioration of the Bank's competitive position, and/or a reduction in the value of the Bank's investment in products or systems.

In accordance with the procedures for identifying material, proprietary, and confidential data in Komercijalna Banka AD Skopje, all documents and information which, according to the Regulation of the NBRNM on the classification of information and documents, bear the designation KB Strictly Confidential, KB Confidential, and KB For Internal Use, constitute a business secret and, accordingly, represent proprietary data. The Bank does not disclose such data in full, but instead prepares a brief description to inform stakeholders, in line with the provisions of the Decision on Disclosure of Reports and Data by NBRNM.

2.4. Identification of confidential data

Confidential data are data obtained in the course of banking and other financial activities and transactions for individual clients of the Bank.

In accordance with the procedures for identifying material, proprietary, and confidential data in Komercijalna Banka AD Skopje, if the data relate to an individual client (legal entity or natural person) and may directly or indirectly lead to identification of the client (such as name, account number, contract, unique transaction/exposure, etc.), such data shall be treated as confidential. In line with the provisions of the Decision on Disclosure of Reports and Data, the Bank notifies NBRNM within the prescribed deadline of the identified confidential data and their exclusion from the prescribed reports.

3. Reports and data

Given that the Bank has been identified as a systemically important bank, the frequency of disclosure of reports and data is as follows:

- On a quarterly basis, as at 31 March and 30 September, reports are disclosed no later than 31 May and 30 October of the current year, respectively;
- On a semi-annual basis, as at 30 June, reports are disclosed no later than 31 July of the current year; and
- On an annual basis, as at 31 December, reports are disclosed no later than 31 May of the following year.

Table No. 1: Overview of reports and data with the frequency of disclosure

3	Report and Data	Frequency of Disclosure of Reports and Data
	Standard Reports and Data	
1	Statement	quarterly, semi-annual, annual
2	Template OEP: Report on the main elements of the policy for disclosing reports and data	annual
3	Template OP1: Report on the general information about the bank	annual
4	Template OP2: Report on the general information about the bank which is a member of a banking group	annual
5	Template OP3: Report on the general information about the bank which is a subject to consolidated supervision	annual
6	Template AS: Report on the bank's shareholder structure	annual
7	Template NP: Report with the most important indicators	quarterly, semi-annual, annual
8	Template UR1: Report on the general risk management framework	annual
9	Template KO1: Report on the corporate governance	annual
10	Template SN: Report on the remuneration system	annual
11	Template SSO: Report on own funds as at _____	semi-annual, annual
12	Template KI: Report with data on capital instruments	annual
13	Template APRO: Report on risk-weighted assets as at 31.12.2025	quarterly, semi-annual, annual

14	Template PIKO: Report on the internal capital adequacy assessment process	annual
15	Template SZSK: Report on the capital buffer rates	annual
16	Template SPZSK: Report on the countercyclical capital buffer	annual
17	Template KRK: Report with the qualitative information on credit risk	annual
18	Template KAO: Report on the amount and the quality of the performing and non-performing credit exposures as at _____	semi-annual, annual
19	Template KRRKI: Report on the amount and the quality of the forborne credit exposures	annual
20	Template KRDD: Report on the structure of credit exposures by past due dates	annual
21	Template KRZD: Report on the structure of the performing and non-performing credit exposures by country and by activity	semi-annual, annual
22	Template KRNF: Report on the changes in the amount of the non-performing credit exposures	semi-annual, annual
23	Template KRPR: Report of the residual maturity of credit exposures	annual
24	Template KRPS: Report on foreclosed assets	annual
25	Template KRSPPR: Report on the qualitative information related to the credit risk mitigation instruments	semi-annual, annual
26	Template KRIKZ: Report on the qualitative information related to the credit risk mitigation instruments	annual
27	Template KRSPI: Report on the total amount of the secured and unsecured exposure with credit risk mitigation instruments	semi-annual, annual
28	Template RDDSK: Report with the qualitative information on the counterparty risk	annual
29	Template RDDSO: Report on the capital requirements for counterparty risk	annual
30	Template PRK: Report with the qualitative information on market risks	annual
31	Template PRIK: Report on the amount of the capital requirements for market risks	semi-annual, annual
32	Template ORK: Report with the qualitative information on operational risk	annual
33	Template ORIK: Report on the amount of the capital requirements for operational risk	annual
34	Template KSK: Report with the qualitative information on the interest rate risk in the banking book	annual
35	Template VPVO: Report on the change of the economic value of the banking book	semi-annual, annual
36	Template KPSEG: Report with the qualitative information on climate-related risks, ESG, risks and green loans	annual
37	Template KPTR: Report on the exposure to climate-related transition risks	annual
38	Template KPFR: Report on the exposure to climate-related physical risks	annual
39	Template LRK: Report with the qualitative information on liquidity risk	annual
40	Template SPLKV: Report with the qualitative information on the liquidity coverage ratio	annual
41	Template SPLO: Report on the liquidity coverage ratio	annual
42	Template RNOSK: Report on the total amount of the available unencumbered and encumbered assets	annual

43	Template SZK: Report on the qualitative information on the leverage ratio	annual
44	Template SZO: Report on the leverage ratio for the _____ half of 2025	semi-annual, annual
45	Template FINTEK: Report on financial innovations	annual
	Additional Reports and Data	
	The Bank has published additional reports and data in accordance with the **Law on Trade Companies**, the **Law on Securities**, and other regulations. However, these are not included in this document but are available for review at **www.kb.mk**.	In accordance with other regulations

Template OP1: Report on the general information about the Bank

Ref. no.	Data	Description
1	*2*	*3*
1	Name	Komericjalna Banka AD Skopje
2	Head office	St. “Vasil Iljoski” No. 3, 1000 Skopje
3	Tax number	4065573
4	Single Identification Number	4030989254937
5	Organizational chart	Organizational chart
6	Number of employees	978
7	Financial activities the bank may perform	• Accepting deposits and other repayable sources of funds; • Lending activities in the country, including factoring and financing commercial transactions; • Lending abroad, including factoring and financing commercial transactions; • Issuance and administration of means of payment (payment cards, cheques, traveler’s cheques, bills of exchange); • Issuance of electronic money, if regulated by separate law; • Financial leasing; • Currency exchange operations; • Domestic and international payment operations, including purchase/sale of foreign currency; • Fast money transfer; • Issuance of payment guarantees, backing guarantees and other forms of collateral; • Lease of safe boxes, depositories and depots; • Trade in instruments on the money market;

		• Trade in foreign assets, including trade in precious metals; • Trade in securities; • Trade in financial derivatives; • Assets and securities portfolio management of clients and/or investment consulting for clients; • Providing services of a custodian bank to investment and pension funds; • Purchasing/selling, underwriting or placements of securities issue; • Custody of securities for clients; • Advising legal entities regarding the capital structure, business strategy or other related matters, or providing services related to mergers or acquisitions of legal entities; • Sale of insurance policies; • Intermediation in concluding credit and loan agreements; • Processing and analyzing information on creditworthiness of legal entities; • Economic and financial consulting; • Sale of stakes in investment funds; • Representation in insurance; and • Other financial services specified by law that may be carried out by a bank. **Decisions No. 2064, No. 5791, No. 15815 and No. 15-150/8 of the Governor of NBRNM**
8	Financial activities the bank currently performs	• Accepting deposits and other repayable sources of funds; • Lending activities in the country, including factoring and financing commercial transactions; • Lending activities abroad, including factoring and financing commercial transactions; • Issuance and administration of means of payment (payment cards, cheques, bills of exchange); • Exchange operations; • Domestic and international payment operations, including purchase/sale of foreign currency; • Issuance of payment guarantees, backing guarantees and other forms of collateral; • Lease of safe boxes, depositories and depots; • Trade in instruments on the money market; • Trade in foreign currencies; • Trade in securities; • Trade in financial derivatives; • Providing services of a custodian bank to investment and pension funds; • Safekeeping clients' securities;Sale of insurance policies;Processing and analyzing information on creditworthiness of legal entities;

		• Economic and financial consulting; • Sale of stakes in investment funds; • Representation in insurance; and • Other financial services specified by law that may be carried out by a bank.
9	Tariff for the interest and fees that the bank charges	**Tariff for the interest and fees that the bank charges**

Template OP2: Report on the general information about the bank which is a member of a banking group

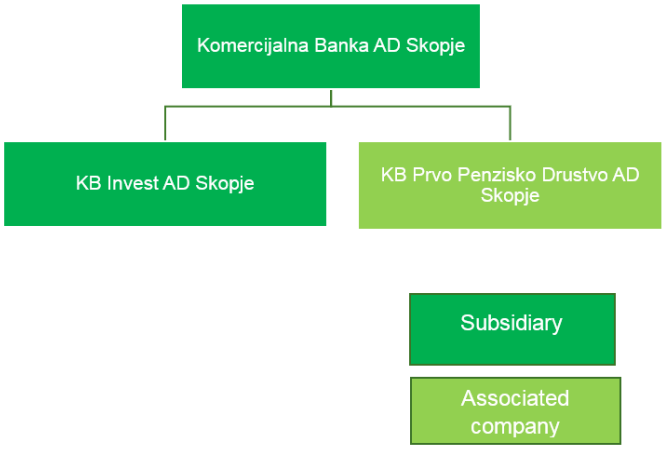
Ref. no.	Data	Description
1	*2*	*3*
1	**Name of the parent entity**	Komercijalna Banka AD Skopje
2	**Head office of the parent entity**	Vasil Iljoski No.3, 1000 Skopje
3	**Main activity of the parent entity**	64.19 Other monetary intermediation
4	**Member of the banking group**	
4.1	Name	KB Prvo Penzisko Drustvo
	Head office	Mitropolit Teodosij Gologanov St. No.6, 1000 Skopje
	Main activity	66.30 Pension funds management
4.2	Name	KB Invest AD Skopje
	Head office	Str. Ss. Kiril i Metodij No.50, 1000 Skopje
	Main activity	66.30 Investment funds management
5	**Organizational structure of the banking group**	**Organizational chart**
6	**Bank's share in the total number of shares**	
	Bank's share in the total number of shares	
	KB Prvo Penzisko Drustvo	49%
	KB Invest AD Skopje	78,43%
7	**Share of the parent entity in the total number of shares**	
	KB Prvo Penzisko Drustvo	49%
	KB Invest AD Skopje	78,43%

In accordance with Article 2, paragraph 1, item 5 of the Banking Law, Komercijalna Banka AD Skopje is the parent company of the Group.
Pursuant to the Decision of NBRNM on consolidated supervision, if the total assets of a subsidiary are less than 1% of the assets of the parent company, the subsidiary shall not

be included in the consolidated financial statements for purposes of consolidated supervision.

Below is a graphical representation of the organizational structure of the Group

Diagram No. 1: Organizational Structure of the Group



Template OP3: Report on the general information about the bank which is a subject to consolidated supervision

Ref. no.	Data	Description
1	*2*	*3*
1	Name of the parent entity	Komercijalna Banka AD Skopje
2	Head office of the parent entity	St. “Vasil Iljoski” No.3, 1000 Skopje
3	Main activity of the parent entity	64.19 Other monetary intermediation
4	Member of the banking group	
4.1	Name	KB Prvo Penzisko Drustvo
	Head office	Mitropolit Teodosij Gologanov St. No. 6, 1000 Skopje
	Main activity	66.30 Pension funds management
4.2	Name	KB Invest AD Skopje
	Head office	Str. Ss. Kiril i Metodij No.50, 1000 Skopje
	Main activity	66.30 Investment funds management
5	Organizational structure of the banking group	Shown in template OP2.
6	Share of the bank in the total number of shares	
	KB Prvo Penzisko Drustvo	49%
	KB Invest AD Skopje	78,43%

7	Share of the parent entity in the total number of shares	
	KB Prvo Penzisko Drustvo	49%
	KB Invest AD Skopje	78,43%
8	Description of the differences in financial statements	
8.1	Legal entities which are excluded from the consolidation	KB Invest AD Skopje The Bank does not prepare consolidated financial statements for purposes of consolidated supervision, since the share of assets of the subsidiary and the associate is below 1% of the Bank's assets. The Bank prepares consolidated financial statements solely for accounting purposes, in accordance with the Methodology for recording and valuation of accounting items and preparation of financial statements.
8.2	Differences in the methods of consolidation	
8.2.1.	Legal entities which are fully consolidated	For accounting purposes, the Bank prepares consolidated financial statements that include its subsidiary KB Invest AD Skopje ("KB Invest") (in the consolidated financial statements referred to as "the Group"). The subsidiary is a legal entity controlled by another legal entity – the Bank, known as the parent company – parent bank. The financial statements of the subsidiary KB Invest are included in the consolidated financial statements from the date when the control begins, until the moment the control ceases. KB Invest holds a license for the establishment and management of open-end and closed-end investment funds. The company manages six open-end investment funds: KB Invest – Balanced, KB Invest – Bonds, KB Invest – Money Market, KB Invest – MBI 10, KB Invest – Equities, and KB Invest – Gold Fund. These funds do not have the status of a legal entity and do not perform specific activities.
8.2.2.	Legal entities which are proportionally consolidated	/
9	Practical or legal obstacles to the timely transfer of own funds or to the repayment of liabilities	Within the Group, there are no significant practical or legal obstacles to the timely transfer of capital or repayment of obligations between the parent company (the Bank) and the subsidiary (KB Invest). In case of capital transfer provided by the Bank, the provisions for meeting the minimum capital requirements of NBRNM will be followed, whereby considering the total amount of the investment in the subsidiary as of the reporting date, it does not exceed the

		quantitative threshold for inclusion as a deductible item from the Bank's own funds. In addition, the subsidiary's assets account for less than 1% of the Bank's total assets, meaning the condition for consolidated supervision is not met. Regarding liabilities to the subsidiary arising from received deposits, there are no significant legal, regulatory, or practical restrictions on their timely repayment. The Bank regularly fulfills its contractual obligations in accordance with the agreed terms and applicable regulations. Other receivables from the subsidiary recorded as at the reporting date are minimal, i.e., not materially significant. There are no significant legal, regulatory, or practical restrictions on the payment of dividends from the subsidiary to the Bank, since the subsidiary continuously meets statutory requirements (in accordance with the Law on Investment Funds and the Law on Trade Companies) regarding minimum capital, own funds, and profit distribution. The investment fund management company KB Invest meets capital requirements in accordance with the Law on Investment Funds.
10	Amount of lower own funds	
10.1*	Subsidiary name	
	KB Invest AD Skopje	48.542 thousand denars
	...	

Template AS: Report on the Bank's shareholder structure

Table 1 - Shareholders with qualified participation in the bank

Ref. no.	Name and surname of the shareholder with qualified participation	Head office	Legal form	Main activity	Share in the total number of shares	Share in the total number of issued voting shares in the bank
1	*2*	*3*	*4*	*5*	*6*	*7*
I	**Legal entities**					
1.1	ADORA INGINERING DOOEL export import Skopje	Skopje	Limited Liability Company (Sole Proprietorship)	41.000 (construction of residential and non-residential buildings)	14.9930%	14.9979%
1	Legal entities				14.9930%	14.9979%
II	**Natural persons**					
2	Natural persons				/	/
3	**TOTAL NUMBER OF SHAREHOLDERS WITH QUALIFIED PARTICIPATION (1+2)**				**14.9930%**	**14.9979%**

* Shadowed fields shall not be filled in.

Table 2 - Shareholders without qualified participation in the bank

Ref. no.	Shareholders without qualified participation	Number of shareholders without qualified participation	Share in the total number of shares	Share in the total number of issued voting shares
1	*2*	*3*	*4*	*5*
1	Legal entities	**380**	**34.749%**	**34.760%**
2	Natural persons	**6,709**	**50.258%**	**50.275%**
3	**TOTAL NUMBER OF SHAREHOLDERS WITHOUT QUALIFIED PARTICIPATION (1+2)**	**7,089**	**85.007%**	**85.035%**

Template NP: Report with the most important indicators

Ref. no.	The most important indicators	Amount in 000 denars / Percentage	Note
1	*2*	*3*	*4*
1	**Structure of own funds**		
1.1	Common Equity Tier 1 capital (CET1)	**19,574,212**	Increase in accordance with the Resolution of the Shareholders' Assembly on the distribution of profit earned up to 31 December 2025
1.2	Additional Tier 1 capital (AT1)	**0**	/
1.3	Tier 1 capital	**19,574,212**	Increase in accordance with the Resolution of the Shareholders' Assembly on the distribution of profit earned up to 31 December 2025
1.4	Tier 2 capital (T2)	**0**	/
1.5	**Own funds**	**19,574,212**	Increase in accordance with the Resolution of the Shareholders' Assembly on the distribution of profit earned up to 31 December 2025
2	**Capital requirement for covering risks**		
2.1	Credit risk	6,804,072	/
2.2	Currency risk	34,437	/
2.3	Operational risk	0	/
2.4	Commodity risk	0	/
2.5	Market risks	0	/
2.6	Settlement / delivery risk	0	/
2.7	Counterparty risk	401	/
2.8	**Total capital requirement for covering risks**	**6,838,910**	/
3	**Total amount of risk-weighted assets**	99,261,351	/
4	**Capital adequacy ratio**	19.72%	/
5	**Ratios prescribed by the National Bank**	/	**The Bank is obliged to disclose the data as of 1 January 2026.**
5.1	Common Equity Tier 1 capital	/	The Bank is obliged to disclose the data as of 1 January 2026.
5.2	Tier 1 capital	/	The Bank is obliged to disclose the data as of 1 January 2026.
5.3	Capital adequacy ratio	/	The Bank is obliged to disclose the data as of 1 January 2026.
6	**Non-performing loans rate**	**2.51%**	**It is calculated as the ratio between the total gross amount of non-performing loans (principal) and the total gross amount of loans (principal) of the Bank**
7	**Rate of return on assets**	**2.75%**	**It is calculated as the ratio between net profit and average assets, determined as the arithmetic mean of the amount of assets for the quarter ending on the reporting date and the amounts of assets for each of the preceding three quarters.**
8	**Rate of return on equity and reserves**	**23.15%**	**It is calculated as the ratio between net profit and average equity, determined as the arithmetic mean of the amount of equity for the quarter ending on the reporting date and the amounts of equity for each of the preceding three quarters.**
9	**Total capital buffer rate**	/	**The Bank is obliged to disclose the data as of 1 January 2026.**
10	**Leverage ratio**	**9.44%**	/
10.1	Amount of exposure	198,662,553	/
11	**Liquidity**		
11.1	Liquidity coverage ratio	578.79	/
11.2	Average value of the liquidity coverage ratio	620.45	/
11.3	Average value of VKLA	52,334,044	/
11.4	Average value of VPO	28,885,916	/
11.5	Average value of VPP	32,084,948	/
11.6	Average value of NPO	9,153,474	/

*Explanation of abbreviations:

- VKLA – High-Quality Liquid Assets,
- VPO – Cash Outflows,
- VPP – Cash Inflows, and
- NPO – Net cash outflow.

Template UR1: Report on the general risk management framework

Ref. no.	Elements of the risk management system	Description
1	*2*	*3*
1	Risk management strategy and policy	The description follows below the table, via link in column 2.
2	Organizational setup of the function	
3	Instruments to protect against and reduce risks	
4	Risk appetite statement	
5	Transactions within the group / with connected persons	

1. Risk management strategy and policy

The Supervisory Board of the Bank has adopted the **Strategy for Undertaking Risks and Risk Management of Komercijalna Banka AD Skopje**, which applies to all types of risks that, in accordance with the nature, size, and complexity of financial activities, form part of the Bank's risk management system. The system includes:

- An effective risk management process in line with the adopted Risk Management Strategy and the established risk culture;
- An appropriate organizational structure for risk management; and
- The process of determining the Bank's Internal Capital (ICAAP) and Internal Liquidity (ILAAP).

The Strategy[1] is aligned with the Bank's Business Policy and Development Plan and serves to achieve the main strategic objectives as well as the Bank's priority goals and tasks.
The risk management system and its scope will be subject to regular improvement, taking into account changes in the external environment, the Bank's risk profile, market expansion, and similar factors.

Depending on the nature, size, and complexity of financial activities, **the Bank's risk management system covers at least the following types of risk**:

- Credit risk, including country risk and counterparty risk;
- Liquidity risk;
- Foreign exchange risk;
- Market risk;
- Risk of interest rate changes in the banking portfolio;
- Concentration risk;
- Operational risk;

[1] The text consists of excerpts from the adopted Strategy for Risk Taking and Risk Management of Komercijalna Banka AD Skopje.

- Reputational risk; and
- Strategic risk.

In addition to the above, the Bank's risk management system also includes other risks to which the Bank is exposed in its operations, if it is determined that they have a significant impact on the Bank's performance.

An **effective risk management process** involves the adoption, establishment, and implementation of:

- Policies and other internal acts for identifying, measuring or assessing, controlling or mitigating, and monitoring individual risks;
- Rules for stress testing;
- Rules for introducing new products, activities, or systems in the Bank;
- Rules for using services from external parties; and
- An information system, among others.

Within the established corporate culture and values, the Bank establishes and implements an appropriate risk culture based on principles and expectations of responsible and ethical behavior in risk-taking across all activities. It also ensures clear communication and sharing (through training and similar activities) of corporate values and objectives of the risk management system, in a scope and detail that do not compromise the confidentiality of sensitive information, but enable awareness among the Bank's bodies and employees in the Risk Management Organizational Unit, regarding their authorizations and responsibilities in risk-taking and risk management.

The risk culture also implies open communication between the Supervisory Board, the Board of Directors, and the persons authorized for functions of control, prior to making decisions related to risk management, to ensure that control functions are effective.

The Bank establishes a clear organizational structure and an effective internal control system in accordance with the NBRNM regulation on good corporate governance practices.

The organizational structure ensures separation of duties and responsibilities among persons and organizational units engaged in risk-taking activities and those engaged in risk management activities.

In line with the nature, type, and scope of financial activities, the risk management system, and the risk profile, the Bank establishes the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP), which ensure:

- Identification, measurement, or assessment of material risks;
- An adequate level of capital and liquidity relative to the acceptable risk level and the Bank's risk profile, through determining total internal capital for risk coverage and internal liquidity; and
- Continuous improvement of the risk management system.

ICAAP and ILAAP encompass the impact of the business cycle, environmental factors that may adversely affect capital and liquidity adequacy, the Bank's Business Policy and Development Plan and their dependence on macroeconomic factors, as well as the results of stress testing.
The Bank uses the results of ICAAP and ILAAP at least for:

- Defining and monitoring the implementation of the Bank's Business Policy and Development Plan, and the Bank's business policy and risk culture;
- Defining this Strategy, particularly in determining quantitative and qualitative indicators and their thresholds and internal limits; and
- Making significant business decisions.

2. Organizational setup of the function

The Bank has established an organizational structure with clearly and precisely defined competences and lines of responsibility, cooperation, and information exchange in managing each individual risk, as well as clearly defined responsibilities of the persons and organizational units responsible for risk management and those responsible for undertaking specific types of risk.

The organization of the risk management system is structured at the following hierarchical levels:

- Strategic level – the management function is performed by the members of the Supervisory Board and the Board of Directors, the Risk Management Committee, and the Audit Committee, in accordance with their legally defined competences;

- Macro level – the management function is performed at a level of an organizational unit and executed by other persons with special rights and responsibilities who perform managerial functions in the organizational units responsible for undertaking the relevant risk, and/or by the dedicated organizational unit responsible for monitoring and managing the specific risk.

The competences at the level of individual organizational units are regulated by the relevant policies and other acts adopted by the Bank's governing bodies.
The Risk Management and Planning Division is established as an independent organizational unit responsible for monitoring and managing risks.

- Micro level – activities related to risk undertaking and risk management are also carried out by employees who, in their daily operations, assume and manage the relevant risk in accordance with the work procedures and internal control systems.

The Bank adheres to the fundamental principles of risk management, ensuring a clear operational and organizational separation between front office activities and back-office operations, including a clear division of responsibilities and authorities among persons with special rights and responsibilities performing managerial functions.

Additionally, for liquidity risk, the Supervisory Board of the Bank has established a Committee for Monitoring Liquidity and Managing Liquidity Risk. The Risk Management and Planning Division is responsible for implementing and/or coordinating activities and processes related to identifying, measuring or assessing, controlling or mitigating, and monitoring the liquidity risk, while the Liquidity and Financial Market Division is responsible for the Bank's operational liquidity.

3. Instruments to protect against and reduce risks

3.1. Credit Risk

The Bank applies a broad range of instruments for credit risk protection, such as pledges of immovable and movable property, pledges of cash deposits, guarantees, and other types of collateral.

For credit products for individuals where a pledge of immovable property is required (residential and non-purpose mortgage loans), the Bank has defined types of immovable property acceptable as collateral instruments, in accordance with the Decision on methodology for the type and content of macroprudential instruments for quality of credit claims from individuals. In addition, the Bank has stipulated detailed provisions in its internal acts to ensure proper documentation for the pledge of immovable property. For credit products for individuals where a pledge of cash deposit is required, the Bank has established acceptable levels of the deposit relative to the loan, acceptable deposit currencies, as well as currency alignment between the loan and the pledged deposit. The Bank has also defined several acceptable types of collateral for credit exposures to legal entities, such as pledges of immovable and movable property, pledges of cash deposits, guarantees, and other acceptable instruments. The internal acts prescribe in detail the eligibility conditions and required documentation for each type of collateral. For credit exposures secured by cash deposits, the Bank has determined acceptable coverage levels of the exposure by the deposit amount, as well as acceptable currencies and currency alignment between the exposure and the deposit.

Furthermore, to mitigate risks, the Bank's internal acts prescribe limits on exposures to credit concentration and other risks: regulatory limits established under the Banking Law, portfolio concentration limits, maturity structure, accepted collateral instruments, macroprudential indicators, etc.

3.2. Liquidity Risk

For management of liquidity risk, the Bank uses the following instruments as acceptable tools:

- Deposits from and with banks;
- Loans from and to banks;
- Treasury bills;
- Government bills;
- Structural and continuous government bonds;
- Other securities from the portfolio;
- Spot foreign exchange transactions;
- Foreign exchange swap transactions;
- Forward foreign exchange transactions;
- Issuance of securities;
- Liquidity support in exceptional circumstances approved by the National Bank

3.3. Currency Risk

For protection against or mitigation of foreign exchange risk, the Bank uses the following instruments as acceptable tools:

- Foreign currency deposits;
- Denar deposits with a foreign currency clause;
- Foreign currency loans;
- Denar loans with a foreign currency clause;
- Securities denominated in foreign currency;
- Spot foreign exchange transactions;
- Foreign exchange swap transactions;
- Creation of an open risk position during the day up to a defined limit;
- Use of 'stop loss' orders for certain transactions;
- Limiting the total loss on the open risk position for spot and forward transactions to a specified amount on a daily, weekly, and monthly basis;
- Determining the maximum amount of an individual foreign exchange transaction for differential and speculative arbitrage carried out in the name and on behalf of the Bank;
- Maintaining an open risk position overnight in all currencies and by individual currency at a level not exceeding a certain percentage of the Bank's own funds;
- Setting individual trading limits for differential and speculative arbitrage.

3.4. Market Risk

In order to protect against or reduce market risk, the Bank prioritizes investments with a high credit rating that provides maximum protection of invested funds, whereby the Bank adheres to the following principles:

- Investing in securities issued by the country and the National Bank of the Republic of North Macedonia;
- Listed securities issued by domestic financial and non-financial institutions;
- Securities issued by foreign issuers;
- In accordance with the internal acts, determining an appropriate portfolio structure depending on the issuer of the securities, setting limits per issuer, by type of security, etc.;
- Monitoring the portfolio in terms of market and economic changes and changes by individual issuer;
- Tracking market cycles and evaluating and rebalancing the Bank's portfolio.

3.5. Risk of interest rate changes in the banking portfolio

The Bank manages interest rate risk in a manner adapted to the conditions and opportunities of the banking market in the Republic of North Macedonia.
By maintaining adequate maturity alignment between interest-sensitive assets and liabilities, and an appropriate structure in terms of the method of determining interest rates, the Bank protects itself against the interest rate risk.

Considering that one of the Bank's strategic objectives is the alignment of its policies and operating procedures with the best international banking practices, the Bank will strive to develop and use financial derivatives, which are applied for interest rate risk protection in banks in developed countries.

3.6. Operational Risk

To address operational risk, the Bank applies a process of selecting and implementing measures for risk modification. The main element of the risk response is the control or mitigation of risk; however, risk response also includes risk avoidance, acceptance, transfer (sharing of risk among organizational units), risk financing (through insurance), or developing a set of activities to align the risk with the Bank's acceptable risk level

3.7. Reputational Risk

For the protection against and reduction of reputational risk, the Bank acts by applying the established and prescribed fundamental principles for managing this risk, identifying and assessing reputational risk, undertaking measures to eliminate and mitigate reputational risk and its consequences, as well as monitoring the implementation of the measures taken.

To eliminate reputational risk, the Bank pays particular attention to continuously increasing the awareness of reputational risk through implementation of training for performing specific tasks within the Bank, and by adopting an active approach to developing and expanding standards in operations.

3.8. Strategic Risk

The management of strategic risk is based on the adequate preparation of the Development Plan and Business Policy, proper setting of strategic goals and planned measures and activities, monitoring changes in the business environment, etc., with the aim of minimizing possible current or future risk to the Bank's profit or equity. The Development Plan is a document that contains the mission and fundamental objectives of the Bank, analyses of the macroeconomic environment in which the Bank operates, plans and activities through which the Bank will achieve the set objectives, a description of the risk management system and the acceptable level of risk, the mission of all operational units of the Bank, financial plans, projections, etc., for a period of at least three years. The Business Policy is a one-year action plan (business plan) that describes the methods, resources, and activities leading to the successful implementation of the strategic goals, as well as planned quantifications of balance sheet positions (financial plan).

The entire operational framework of the Bank is embodied in the Program of measures and activities of the Business Policy for the year, which is adopted by the Supervisory Board of the Bank. It is essentially based on the Bank's Development Plan, but may deviate in order to adapt to external factors.

Strategic risk arises from the process of achieving the objectives defined in the Business Policy and the Development Plan. In achieving the objectives and implementing the plans, internal and external sources are encountered that may negatively or positively affect the successful implementation of the Bank's Business Policy and Development Plan. The Bank continuously monitors and controls these sources in order to minimize their negative impact, in every segment of its operations.

4. Risk appetite statement

The Bank's approach to risk management is carried out through ensuring an effective system of integrated risk management and maintaining an acceptable level of risks, which enables the Bank's smooth operations in line with the established business strategy. This system ensures an appropriate balance between risk and return, by minimizing the potential negative effects on the Bank's financial performance.

The Bank achieves this through:

- A clear organizational structure for risk management;
- Defined rules of internal control; and
- Clearly established risk management processes, including rules for identifying, measuring and assessing, controlling, and monitoring risks.

In accordance with the nature, type, and scope of its financial activities, the Bank assumes risks based on defined quantitative levels of exposure to specific types of risk (early warning threshold, acceptable risk level – risk appetite, and maximum risk level – risk capacity), as well as qualitative acceptable risk levels for those risks that cannot be expressed quantitatively, but are included in the risk management system.

The main quantitative indicators for risk exposure, which determine the acceptable level of risk, are:

- Capital adequacy ratio;
- Non-performing loan ratio (credit portfolio);
- Average credit risk ratio (credit portfolio);
- Share of non-performing loans in total loans (including write-offs);
- Non-performing credit exposure ratio (NPE);
- Liquidity coverage ratio (LCR); and
- Total weighted value / Own funds.

In addition, the Bank also determines qualitative acceptable levels of risk.

5. Transactions within the group / with connected persons

Related parties include KB First Pension Company AD Skopje as an "associate", KB Invest AD Skopje as a "subsidiary", shareholders with qualified holdings in the Bank and their related parties, as well as responsible persons of those shareholders – legal entities and persons with special rights and responsibilities in the Bank and their related parties.

Transactions with related parties include loans, deposits, investments in securities, and potential liabilities. Income and expenses from the subsidiary mainly consist of interest expenses on received deposits, income and expenses from fees for services rendered, dividend income, and other income. Income from the associate mainly consists of other income – share in profit, while expenses are minimal. Income and expenses for the management staff mainly consist of interest income from loans, interest expenses on deposits, fee income, and other income and expenses (exchange rate differences and other income).

Data on intra-group transactions and transactions with related parties are available in the published audited financial statements of the Bank for 2025: https://www.kb.mk/finansiski-izvestai.nspx

Template KO1: Report on the corporate governance

Ref. no.	Corporate Governance	Description
1	*2*	*3*
1	Composition, competences and functioning of the Supervisory Board	The description follows below the table, via link in column 2.
2	Composition, competences and functioning of the Board of Directors	
3	Membership in other governing and supervisory bodies	
4	Policy on the method of selection, monitoring of operations and dismissal	
5	Manner of ensuring adequacy of the members of the Board of Directors and the Supervisory Board	
6	Risk Management Committee	
7	Reporting system	
8	Report on corporate governance	https://www.kb.mk/content/Poseben-finanskiski-izveshtaj2025.pdf

1. Composition, competences and functioning of the Supervisory Board

The function of the Supervisory Board of the Bank is performed by 7 members with a mandate of 4 years: Aleksandra Maksimovska Stojkova, Independent Member and Chairperson; Vancho Chifliganec, Deputy Chairperson; Goran Antevski, Member; Sasho Naumoski, Member; Petar Tegovski, Independent Member; Ivana Milkovska Simeva, Member; and Fatmir Etemi, Member.

The Supervisory Board deliberates on significant matters within the scope of the Bank's operations, reviews liquidity and the economic-financial condition on a monthly basis, and undertakes appropriate measures for protection of the Bank's capital and for collection of problem loans. The Supervisory Board of the Bank adopts decisions on regulation of receivables and on impairment of assets acquired on the basis of uncollected receivables, the Annual and Semi-Annual Reports on the Bank's operations, the reports on the work of the Risk Management Committee, the reports on audits performed by the Internal Audit, the reports from the Independent Compliance and AML Department, as well as other information and reports within its competences.

2. Composition, competences and functioning of the Board of Directors

The Board of Directors of the Bank consists of 5 members with a mandate of 6 years: Hari Kostov, Chief Executive Officer and Chairperson of the Board of Directors; Ilija Iloski, Chief Operative

Officer and Member of the Board of Directors; Maja Stevkova Shterieva, Chief Financial Officer and Member of the Board of Directors; Biljana Maksimovska Popović, Chief Corporate Banking Officer and Member of the Board of Directors; and Nikola Džambazovski, Chief Sales and Development Officer and Member of the Board of Directors.

The Board of Directors operates in accordance with the Banking Law, the Statute, and other internal acts of the Bank, and it adopts decisions on approving credit support and credit limits, instruments in the domain of guarantee and documentary operations, as well as other products and services for legal entities and individuals in line with the Bank's current offer. It also adopts decisions on procurement of working assets, decisions on sale of immovable property owned by the Bank and determination of the initial price, decisions on leasing immovable property, etc.

3. Membership in other governing and supervisory bodies

Vancho Chifliganec, Deputy Chairperson of the Supervisory Board:
- Manager of Construction Company 'Adora Engineering' LLC Skopje

Goran Antevski, Member of the Supervisory Board:
- Manager at Rade Končar TEP

Sasho Naumoski, Member of the Supervisory Board:
- Chief Executive Officer of PI Vitaminka AD Prilep

Petar Tegovski, Independent Member of the Supervisory Board:
- Member of the Management Board of Galeb AD Ohrid
- Member of the Supervisory Board of Inex Gorica AD Ohrid

Ivana Milkovska Simeva, Member of the Supervisory Board:
- Deputy General Director of GD Granit AD Skopje
- Member of the Supervisory Board of GD Granit AD Skopje

Fatmir Etemi, Member of the Supervisory Board:
- Manager of ZSF KOM LLC Skopje

Maja Stevkova Shterieva, Chief Financial Officer and Member of the Board of Directors:
- Member of the Supervisory Board of KB First Pension Company
- President of the Macedonian Banking Association

4. Policy on the method of selection, monitoring of operations and dismissal

In accordance with the Statute of the Bank and the Policy on the manner and procedure for election, monitoring of operations, and the manner and procedure for dismissal of members of the Supervisory Board, Risk Management Committee, Audit Committee, Board of Directors, Credit Committee, and the IT Oversight Committee of Komercijalna Banka AD Skopje, by Decision of the Supervisory Board, a Nomination and Dismissal Committee has been established, composed of 3 members of the Supervisory Board.

The Nomination and Dismissal Committee:

- Reviews proposals submitted by shareholders and/or the Bank's professional services for candidates for members of the Bank's governing bodies; selects candidates who best meet the criteria for members of the Supervisory Board, Risk Management Committee, Audit Committee, Board of Directors, Credit Committee, and the IT Oversight Committee, and submits them to the competent body of the Bank for adoption;

- Monitors the operations of the Bank's governing bodies through operational reports which, in accordance with regulations and the Bank's internal acts, must be regularly submitted to the higher body. Through these reports, the higher body monitors and controls the operations of the lower bodies of the Bank;

- If it is determined that certain member of the Bank's governing bodies ceases to meet one or more criteria for membership in the respective body, or acts contrary to the law and/or the Statute of the Bank, the Nomination and Dismissal Committee submits a proposal to the competent body that adopted the decision on appointment of that member, for his/her dismissal.

5. Manner of ensuring adequacy of the members of the Board of Directors and the Supervisory Board

The members of the Supervisory Board and the Board of Directors of the Bank possess appropriate knowledge and experience for performing their responsibilities, avoid conflicts of interest, and devote sufficient time to fulfilling the obligations arising from the competences prescribed by law. They operate and make decisions in accordance with the Rules of Procedure, which define the duties and responsibilities of the bodies, thereby ensuring a clear and consistent division of rights and responsibilities.

The Supervisory Board and the Board of Directors of the Bank cooperate on a permanent and documented basis. Together, the members of the Supervisory Board and of the Board of Directors have the knowledge and experience necessary for the successful management of the Bank and for independent supervision of its operations, particularly for understanding the activities carried out by the Bank and the material risks to which it is exposed.

In the Supervisory Board, 28.5% of the members are women, while in the Board of Directors, this percentage amounts to 40%. The age structure of the members of the Supervisory Board ranges from 48 to 71 years, and of the members of the Board of Directors from 46 to 67 years.

6. Risk Management Committee

The Risk Management Committee consists of 6 members and 6 deputy members with a mandate of 6 years: Hari Kostov – Chairperson; Maja Stevkova Shterieva – Deputy Chairperson; Antigona Bukleska Mladenović – Member; Biljana Maksimovska Popović – Member; Teodora Guškova Prodanova – Member; and Nikola Džambazovski – Member.

Deputy members of the Risk Management Committee are: Tatjana Leskaroska Minoska, Emilija Kurtić Jovanovska, Irena Živković Zareva, Nataša Stoimenova, Sonja Ugrinovska Bojadžievska, and Marina Momiroska. All members and deputy members of the Risk Management Committee are selected from among persons with special rights and responsibilities employed in the Bank,

meet the requirements prescribed by the Banking Law, and have at least three years of experience in the field of banking.

The Committee monitors the overall operations of the Bank, ensures the application of policies and procedures for credit assessment and management, monitors the implementation of credit policy and procedures, and adopts individual decisions for approving credit exposures to clients and their related parties, within the limits established by the Decision of the Supervisory Board. In accordance with the Banking Law and the Statute of the Bank, the Risk Management Committee submits quarterly reports to the Supervisory Board on its work. In 2025, the Risk Management Committee held 63 meetings.

7. Reporting system

The governing and supervisory bodies of the Bank cooperate in order to ensure a clear, transparent, and documented decision-making process.

The Board of Directors regularly informs the Supervisory Board of all relevant matters concerning developments in the business area, including assessment of the prevailing risks and management of risks within the Bank and in the companies in which the Bank has holdings.
On a monthly basis, the Board of Directors reports to the Supervisory Board on the Bank's operations. The Audit Committee and the Risk Management Committee report to the Supervisory Board on a quarterly basis regarding their activities.

The Audit Committee, the Risk Management Committee, and the Board of Directors submit annual reports to the Supervisory Board of the Bank on their work, both as collective bodies and from the perspective of individual members.

Template SN: Report on the remuneration system

Table 1 - Remuneration Policy

Ref. no.	Remuneration Policy	Description
1	*2*	*3*
1	Remuneration Policy and Remuneration System	
2	Remuneration Board	
3	Performance in the operations	

4	Fixed - variable part	The description follows below the table, via link in column 2.
5	Remuneration criteria	

1. Remuneration Policy and Remuneration System

The Bank has adopted the internal acts 'Remuneration Policy' and 'Guidelines for Application of the Remuneration Policy.'

The Remuneration Policy contains clear and transparent criteria for determining the amount of total compensation, particularly for the clear definition and distinction between fixed and variable components of the total compensation of members of the Supervisory Board, the Board of Directors, other persons with special rights and responsibilities, and other employees of the Bank. The Guidelines for Application of the Remuneration Policy define the criteria on which decisions for payment of variable compensation to members of the Supervisory Board, the Board of Directors, other persons with special rights and responsibilities, and other employees of the Bank, are based.

Total compensation consists of a fixed and variable component. The fixed component depends on the job description, i.e. the responsibilities of persons with special rights and responsibilities. The variable component depends on long-term performance in the execution of work tasks, taking into account the level of risk undertaken. The payment of the variable component does not restrict the Bank's ability to strengthen its solvency position. The fixed component of the total compensation is higher, and the variable component must not exceed 100% of the fixed component of the total annual compensation paid to each employee or person with special rights and responsibilities. The Remuneration Policy does not provide for compensation in the form of shares.

Members of the Supervisory Board are entitled to compensation for participation and work at meetings, in an amount determined by the decision on their appointment. For the work of the Supervisory Board members, the General Assembly may, by decision, approve participation in the profit.

The monthly compensation – salary of the members of the Board of Directors is determined by the management contract. Performance-based pay for the members of the Board of Directors is a variable amount paid in accordance with the approved Decision of the Committee for Establishing and Implementing the Remuneration Policy, adopted by the Supervisory Board.

The amount of the variable compensation depends on achieved objectives, successful business performance, and expected profit in the Bank's operations, in accordance with the implementation of the Bank's strategy and annual plan. For payment of the annual variable compensation, the Committee for Establishing and Implementing the Remuneration Policy and the Supervisory Board adopt decisions determining the amount of the total annual variable compensation (as a distribution fund) foreseen for payment for the business year and by categories of persons/employees. Individual amounts are paid based on the approved decision of the Committee for Establishing and Implementing the Remuneration Policy, adopted by the competent body.

2. Remuneration Board

Committee for Establishing and Implementing the Remuneration Policy

Composition:

1. Aleksandra Maksimovska Stojkova – Chairperson
2. Goran Antevski – Member
3. Fatmir Etemi – Member

The Committee was established by Decision of the Supervisory Board on 04.06.2024, and the mandate of its members lasts until expiry of the mandate of the Supervisory Board members – 28.05.2028.

Competences:

- Implements the Remuneration Policy of Komercijalna Banka AD Skopje;
- In implementing the Remuneration Policy, the Committee is guided by the following remuneration principles: (i) Effective management of remuneration, (ii) Effective linkage of remuneration with prudent risk-taking, and (iii) Effective supervision by the regulator and involvement of stakeholders;
- The principle of effective management of remuneration is based on assessment of the overall work achievements of the employee, i.e. on evaluations from various sources through continuous monitoring of the employee's work, particularly regarding task execution and achievement of objectives, demonstration of competencies, and commitment to learning and development;
- The principle of effective linkage of remuneration with prudent risk-taking is based on the criterion that remuneration must be aligned with all types of risks;
- The principle of effective supervision by the regulator and stakeholder involvement implies that supervisory assessment of remuneration practices must be rigorous and sustainable, with deficiencies immediately addressed, and that transparent procedures and constructive involvement of all stakeholders are ensured.

In 2025, the Committee held 2 meetings (on 28.07.2025 and 23.12.2025).

- Aleksandra Maksimovska Stojkova attended 2 meetings;
- Goran Antevski attended 2 meetings; and
- Fatmir Etemi attended 2 meetings.

In 2025, the Committee adopted 2 proposals for decisions.

3. Performance in the operations

The Board of Directors monitors the work of other persons with special rights and responsibilities and regularly evaluates their performance in accordance with their scope of competences. The fulfillment of work tasks and obligations of these persons is measured through results achieved in their areas of responsibility, responsible and quality execution of duties and assignments.

Variable remuneration of other persons with special rights and responsibilities is directly correlated with the scope and complexity of their competences, success in performing their functions, their competence and expertise, the size of the organizational unit they manage, professional standards, and corporate values. Remuneration with variable compensation for persons responsible for control functions is linked to monitoring and evaluation of their performance.

The variable component of remuneration for members of the Board of Directors is tied to the annual performance evaluation at both individual and collective level, conducted by the Supervisory Board, as well as to the achievement of relevant and objective conditions and goals related to the Bank's performance during the business year, and/or expected profit.

The variable remuneration of members of the Supervisory Board of the Bank is tied to the annual performance evaluation at both individual and collective level, as well as to the achievement of relevant and objective conditions and goals related to the Bank's performance during the business year, and/or expected profit.

4. Fixed - variable part

The total remuneration consists of a fixed and variable component. Total remuneration refers to all forms of monetary and non-monetary compensation paid to employees and persons with special rights and responsibilities.

The fixed component of remuneration depends on the job description, i.e. on the competences of the persons with special rights and responsibilities. The fixed component includes compensations received by an individual, the conditions for payment and determination of which depend on pre-established criteria and do not depend on performance (e.g. salary). The fixed component also includes all mandatory compensations under the law - those which are part of the standard employee benefit packages, or those paid to cover certain living expenses (e.g. separation allowance, work abroad, per diem, etc.).

The variable component of remuneration depends on long-term performance in the execution of work tasks, taking into account the level of risk undertaken. The variable component includes all compensations not considered part of the fixed component.

The fixed component of the remuneration is higher, i.e. the variable component must not exceed 100% of the fixed component of the total annual remuneration paid to each employee or person with special rights and responsibilities.

In 2025, the fixed component of remuneration accounted for 79% of the total remuneration paid, while the variable component accounted for 21%.

5. Remuneration criteria

The remuneration policy is aligned with the Bank's business policy, financial plan, and long-term objectives. It promotes stable and effective risk management and coverage of risks undertaken by the Bank, and contains mechanisms and measures to avoid conflicts of interest.

The payment of the variable compensation primarily depends on the financial indicators of the Bank's operations, i.e. on the achievement of objectives, successful business performance, and expected profit in the Bank's operations, in accordance with the implementation of the Bank's strategy and annual plan. In the payment of variable compensation, consideration is also given to the qualifications of members of the boards, the qualifications of other persons with special rights and responsibilities and employees, their continuous professional and managerial development, their compliance with regulations and the Bank's internal acts, their contribution to teamwork, as well as other criteria prescribed in the Bank's internal acts.

The remuneration policy does not provide for compensation in the form of shares or other rights that grant the possibility of acquiring shares or determining the variable component of remuneration.

Table 2 - Remuneration for the financial year

Ref. no.	Description		Supervisory Board members	Management Board members	Other persons with special rights and responsibilities	Other employees
1	*2*		*3*	*4*	*5*	*6*
1	Fixed part of the	Number	7	5	52	965
2	compensation	Total amount of the fixed part of the compensation in 000 denars	**5,925**	**78,939**	**132,784**	**998,253**
3	Variable part of the	Number	9	5	52	937
4	compensation	Total amount of the variable compensation in 000 denars	**5,305**	**62,500**	**82,620**	**172,074**
5	**Amount of the total compensation (ref. no. 2 + ref. no. 4)**		**11,230**	**141,439**	**215,404**	**1,170,327**

Table 3 - Total amount of the compensation

Ref. no.	Name and surname	Total amount of the compensation in 000 denars
1	*2*	*3*
I	Supervisory Board members	
1	Sava Dimitrova	315
2	Taki Fiti	300
3	Aleksandra Maksimovska Stojkova	1,712
4	Vancho Chifliganec	1,650
5	Goran Antevski	1,579
6	Sasho Naumoski	1,579
7	Fatmir Etemi	1,579
8	Ivana Milkovska-Simeva	1,259
9	Petar Tegovski	1,259
II	Management Board members	
1	Hari Kostov	41,562
2	Ilija Iloski	31,126
3	Maja Stevkova Shterieva	23,136
4	Biljana Maksimovska Popovik	22,945
5	Nikola Dzambazovski	22,670

Table 4 - Structure of the total compensation according to the amount and the number of the persons

Ref. no.	Amount	Number of the persons
1	*2*	*3*
1	Over 6,000,000 up to 10,000,000	8
2	Over 10,000,000 up to 14,000,000	
3	Over 14,000,000 up to 18,000,000	
4	Over 18,000,000 up to 22,000,000	
5	Over 22,000,000 up to 26,000,000	3
6	Over 26,000,000 up to 30,000,000	
7	Over 30,000,000 up to 34,000,000	1
8	Over 34,000,000 up to 38,000,000	
9	Over 38,000,000 up to 42,000,000	1
10	Over 42,000,000 up to 46,000,000	
11	Over 46,000,000 up to 50,000,000	

Template SSO: Report on own funds as at 31.12.2025

in 000 denars

Ref. No.	Description	Amount	Note
1	2	3	4
I	**Own funds**		
1.	**Own funds**	**19,574,212**	/
2.	**Tier 1 capital**	**19,574,212**	/
3.	**Common Equity Tier 1 capital (CET1)**	**19,574,212**	/
3.1.	Positions in CET1	19,614,262	/
3.1.1.	Capital instruments of CET1	2,279,067	/
3.1.2.	Premium on the capital instruments of CET1	771,527	/
3.1.3.	Mandatory general reserve (general reserve fund)	15,641,948	*Increase in accordance with the Decision of the Shareholders Assembly on distribution of profit earned up to 31 December 2025*

3.1.4.	Retained undistributed profit	920,000	*Increase in accordance with the Decision of the Shareholders Assembly on distribution of profit earned up to 31 December 2025*
3.1.5.	(-) Accumulated loss from previous years	-	/
3.1.6.	Current profit or year-end profit	-	/
3.1.7.	Accumulated other comprehensive income	1,720	/
3.2.	(-) Deductions of CET1	- 40,049	/
3.2.1.	(-) Loss at the year-end or current loss	-	/
3.2.2.	(-) Intangible assets	- 26,663	/
3.2.3.	(-) Deferred tax assets that rely on bank's future profitability	-	/
3.2.4.	(-) Investments in own capital instruments of CET1	- 13,386	/
3.2.4.1.	(-) Direct investments in own capital instruments of CET1	- 13,386	/
3.2.4.2.	(-) Indirect investments in own capital instruments of CET1	-	/
3.2.4.3.	(-) Synthetic investments in own capital instruments of CET1	-	/
3.2.4.4.	(-) Investments in own capital instruments of CET1 that the bank is contractually required to purchase	-	/
3.2.5.	(-) Direct, indirect and synthetic investments in capital instruments of CET1 of the financial sector entities, where such entities have investments in the bank	-	/
3.2.6.	(-) Direct, indirect and synthetic investments in capital instruments of CET1 of the financial sector entities in which the bank has no significant investment	-	/
3.2.7.	(-) Direct, indirect and synthetic investments in capital instruments of CET1 of the financial sector entities in which the bank has a significant investment	-	/
3.2.8.	(-) Amount of deductions from AT1 which exceeds the total amount of AT1	-	/
3.2.9.	(-) Amount of excess of limits on investments in non-financial institutions	-	/
3.2.10.	(-) Tax costs	-	/
3.2.11.	(-) Difference between the amount of required and actual impairment/special reserve	-	/
3.3.	Regulatory adjustments of CET1	-	/
3.3.1.	(-) Increase in CET1 which stems from securitization positions	-	/
3.3.2.	(-) Gains or (+) losses from protection against cash flow risk	-	/
3.3.3.	(-) Gains or (+) losses on bank's liabilities measured at fair value	-	/
3.3.4.	(-) Gains or (+) losses related to liabilities arising from derivatives measured at fair value	-	/
3.4.	Positions as a result of consolidation	-	/
3.4.1.	Minority interest recognized in CET1 on a consolidated basis	-	/
3.4.2.	Other	-	/
3.5.	Other positions of CET1	-	/
		-	
4.	**Additional Tier 1 capital (AT1)**	**-**	/
4.1.	Positions in AT1	-	/
4.1.1.	Capital instruments of AT1	-	/
4.1.2.	Premium on the capital instruments of AT1	-	/
4.2.	(-) Deductions of AT1	-	/
4.2.1.	(-) Investments in own capital instruments of AT1	-	/
4.2.1.1.	(-) Direct investments in own capital instruments of AT1	-	/
4.2.1.2.	(-) Indirect investments in own capital instruments of AT1	-	/

4.2.1.3.	(-) Synthetic investments in own capital instruments of AT1	-	/
4.2.1.4.	(-) Investments in own capital instruments of AT1 that the bank is contractually required to purchase	-	/
4.2.2.	(-) Direct, indirect and synthetic investments in capital instruments of AT1 of the financial sector entities, where such entities have investments in the bank	-	/
4.2.3.	(-) Direct, indirect and synthetic investments in capital instruments of AT1 of the financial sector entities in which the bank has no significant investment	-	/
4.2.4.	(-) Direct, indirect and synthetic investments in capital instruments of AT1 of the financial sector entities in which the bank has a significant investment	-	/
4.2.5.	(-) Amount of deductions from T2 which exceeds the total amount of T2	-	/
4.2.6.	(-) Tax costs	-	/
4.3.	Regulatory adjustments of AT1	-	/
4.3.1.	(-) Increase in AT1 which stems from securitization positions	-	/
4.3.2.	(-) Gains or (+) losses from protection against cash flow risk	-	/
4.3.3.	(-) Gains or (+) losses on bank's liabilities measured at fair value	-	/
4.3.4.	(-) Gains or (+) losses related to liabilities arising from derivatives measured at fair value	-	/
4.4.	Positions as a result of consolidation	-	/
4.4.1.	Qualifying Additional Tier 1 capital recognized in AT1 on a consolidated basis	-	/
4.4.2.	Other	-	/
4.5.	Other positions of AT1	-	/
		-	
5.	**Tier 2 capital (T2)**	**-**	/
5.1.	Positions in T2	-	/
5.1.1.	Capital instruments of T2	-	/
5.1.2.	Subordinated loans	-	/
5.1.3.	Premium on the capital instruments of T2	-	/
5.2.	(-) Deductions of T2	-	/
5.2.1.	(-) Investments in own capital instruments of T2	-	/
5.2.1.1.	(-) Direct investments in own capital instruments of T2	-	/
5.2.1.2.	(-) Indirect investments in own capital instruments of T2	-	/
5.2.1.3.	(-) Synthetic investments in own capital instruments of T2	-	/
5.2.1.4.	(-) Investments in own capital instruments of T2 that the bank is contractually required to purchase	-	/
5.2.2.	(-) direct, indirect and synthetic investments in positions of T2 of the financial sector entities, where such entities have investments in the bank	-	/
5.2.3.	(-) direct, indirect and synthetic investments in positions of T2 of the financial sector entities in which the bank has no significant investment	-	/
5.2.4.	(-) direct, indirect and synthetic investments in positions of T2 of the financial sector entities in which the bank has a significant investment	-	/
5.3.	Regulatory adjustments of T2	-	/
5.3.1.	(-) Increase in T2 which stems from securitization positions	-	/
5.3.2.	(-) Gains or (+) losses from protection against cash flow risk	-	/
5.3.3.	(-) Gains or (+) losses on bank's liabilities measured at fair value	-	/
5.3.4.	(-) Gains or (+) losses related to liabilities arising from derivatives measured at fair value	-	/
5.4.	Positions as a result of consolidation	-	/
5.4.1.	Qualifying Tier 2 capital recognized in T2 on a consolidated basis	-	/
5.4.2.	Other	-	/
5.5.	Other positions of T2	-	/

II. Data on restrictions: a brief explanation of the restrictions applied in determining own funds in accordance with point 16, sub-point 16.4 of the Decision.

Within the regular core capital in 2025, repurchased own shares of the Bank were recorded, acquired on the basis of a final court decision for the settlement of claims from a bankrupt debtor, in the equivalent amount of MKD 13,386 thousand, and these represent a deductible item in accordance with the regulations of NBRNM. The Bank has no indirect or synthetic investments in its own capital instruments from the regular core capital.

Template KI: Report with data on capital instruments

Ref. no.	Data on capital instrument (completed for each instrument)	Description
1	*2*	*3*

1	Issuer	Komercijalna Banka AD Skopje
2	Identification code	ISIN code: MKKMBS101019
3	Public or private offer	Public offer
4	Type of capital instrument	Ordinary shares
5	Nominal value	1.000,00 denars
6	Number	2.279.067
7	Date of issue	https://www.kb.mk/content/Prospect-6-emisija-KB.pdf
8	Maturity date	/
9	Trading platform quotation	Macedonian Stock Exchange AD Skopje
10	Market price movement	26.500,00 – 31.000,00 denars
11	Capital instrument rights	1. Right to vote at the General Assembly of the Bank. Each share that grants voting rights entitles the holder to one vote at the General Assembly of the Bank; 2. Right to receive a portion of the profit (dividend); and 3. Right to receive a portion of the remainder of the Bank's liquidation or bankruptcy estate.
12	Regulatory treatment	Common Equity Tier 1 capital (CET1)
13	Trigger	/
14	Subordination level	They have the highest quality compared to other capital instruments of the Bank, meaning they are used to cover losses during the Bank's operations in accordance with Article 484 of the Law on Trade Companies. In the event of bankruptcy or liquidation of the Bank, these instruments are paid last in relation to all other obligations of the Bank towards other creditors.
15	Link	https://www.kb.mk/podatoci-za-akciite.nspx

Template APRO: Report on risk-weighted assets as at 31.12.2025

in Denar 000

Ref. No.	DESCRIPTION	Amount	Note
1	2	3	4
I	**RISK-WEIGHTED ASSETS**		
1	**CREDIT RISK WEIGHTED ASSETS**		
1.1	Credit risk weighted assets with the standardized approach	85,050,902	/
1.2	Capital requirement for credit risk	**6,804,072**	/
2	**CURRENCY RISK WEIGHTED ASSETS**		
2.1	Aggregate foreign currency position	430,462	/
2.2	Net-position of gold	0	/
2.3	Capital requirement for covering currency risk	**34,437**	/
2.4	Currency risk weighted assets	**430,462**	/
3	**OPERATING RISK WEIGHTED ASSETS**		
3.1	Capital requirement for operational risk under the basic indicator approach	0	/
3.2	Capital requirement for operational risk under the standardized approach	1,101,998	/
3.3	Operating risk weighted assets	**13,774,978**	/
4	**OTHER RISK-WEIGHTED ASSETS**		
4.1	Capital requirement for commodity risk	0	/
4.2	Capital requirement for market risks	0	/
4.3	Capital requirement for settlement / delivery risk	0	/
4.4	Capital requirement for counterparty risk	401	/
4.5	Capital requirement for covering other risks (4.1+4.2+4.3+4.4)	**401**	/
4.6	Other risk-weighted assets	**5,009**	/
5	**RISK-WEIGHTED ASSETS**	**99,261,351**	/
6	Capital requirement for covering risks	**7,940,908**	/
7	**OWN FUNDS**	**19,574,212**	/
8	**CAPITAL ADEQUACY RATIO (7/5)**	**19.72%**	/

Template PIKO: Report on the internal capital adequacy assessment process

Ref. no.	Elements of the risk management system	Description	Note
1	*2*	*3*	*4*
1	Description of the process	The description follows below the table, via link in column 2.	
2	Material risks and measurement or assessment approaches		
2.1	Credit risk, including country risk and counterparty risk		
2.2	Operational risk		
2.3	Foreign exchange risk		
2.4	Concentration risk		
3	Description of the stress testing		
4	Amount of the total internal capital		

1. Description of the process

The Bank has established a Policy for the Internal Capital Adequacy Assessment Process (ICAAP), adopted by the Supervisory Board. The Policy defines the objectives that the Bank should achieve through ICAAP, the principles on which ICAAP is based, its position within the risk management system, the phases of ICAAP, the methodology for calculating the Bank's internal capital, and the reporting and use of ICAAP results. To ensure implementation, the Board of Directors has adopted procedures for implementing ICAAP at Komercijalna Banka AD Skopje.

According to these procedures, the Bank shall implement ICAAP through the following phases:

1. **Identification of material risks**
   - Risks are identified based on the quarterly Risk Profile Report, covering all risks defined in the Bank's Risk Management Strategy. Identification, measurement, and assessment follow the requirements of the NBRNM Decision on risk management methodology and related by-laws under the Banking Law.

2. **Measurement/assessment of individual material risks**
   - For risks included in the capital adequacy methodology, the Bank applies the regulatory approach prescribed by the NBRNM Decision. For risks not covered by that methodology, the Bank applies its internal approach to determine the capital needed.

3. **Determination of total internal capital**
   - The total internal capital is obtained by aggregating the capital amounts required for each individual risk. Diversification or correlation effects between risks are not considered.

4. **Comparison with own funds**
   - The Bank compares the total internal capital required with its current own funds. If own funds are lower, equal, or only slightly higher than the required amount, the Bank takes measures to maintain or reach the necessary level and prepares a capital plan for at least three years.

2. Material risks and measurement or assessment approaches

2.1 Credit risk, including country risk and counterparty risk

Given the dominant share of lending in the Bank's total activities and the significant impact of loan impairment on current profit/annual profit, credit risk always meets the materiality criteria. The Bank determines the internal capital required to cover credit risk based on the regulatory approach, applying the rules of the capital adequacy methodology. Asset exposures are weighted under the standardized approach using risk weights in accordance with credit quality grades determined by the debtor's credit rating. Country risk is embedded in the debtor's credit rating, depending on the debtor's domicile. Internal capital for counterparty risk is determined by the Bank using the regulatory approach, applying the rules prescribed by the NBRNM Decision on capital adequacy methodology.

2.2 Operational risk

In accordance with the regulatory requirements, operational risk always meets the materiality criteria. Operational risk includes legal risk, money laundering and terrorism financing risk, IT system inadequacy risk, and other operational risks. The Bank determines the internal capital required to cover operational risk by using the regulatory approach, applying the rules of the capital adequacy methodology.

2.3 Foreign exchange risk

The Bank determines the internal capital required to cover foreign exchange risk by using the regulatory approach, applying the rules of the capital adequacy methodology, in cases where the amount of the aggregate foreign currency position exceeds 2% of the Bank's own funds (OF).

2.4 Concentration risk

The internal capital required to cover concentration risk of credit exposure is determined by using the internal approach. The approach for measuring capital for concentration risk of exposures to clients is based on the share of large exposures to non-financial legal entities in the Bank's total credit exposure, with a materiality threshold defined in the adopted procedures. The internal capital to cover risk arising from concentration of large exposures is based on a method by using the Herfindahl-Hirschman Index.

3. Description of the stress testing

The Bank conducts stress testing in accordance with the rules defined in the NBRNM Decision on risk management methodology and in specific bylaws adopted under the Banking Law.
The results of the stress testing are included in ICAAP if the examined assumptions for material risks cause the risk level to fall below the Bank's acceptable level. In doing so, the examined assumptions must have a probability of realization based on past experience.

4. Amount of the total internal capital

The total internal capital for covering risks, according to the Internal Capital Adequacy Assessment Process (ICAAP) Report of Komercijalna Banka AD Skopje for the period of 01.01 – 31.12.2025, amounts to 11,749,053 thousand denars.

Template SZSK: Report on the capital buffer rates

In accordance with the Decision on disclosure of reports and data, the first reporting period is 31.12.2026**.**

Template SPZSK: Report on the countercyclical capital buffer

In accordance with the Decision on disclosure of reports and data, the first reporting period is 31.12.2026**.s**

Template KRK: Report with the qualitative information on credit risk

Ref. no.	Elements of credit risk management	Description
1	*2*	*3*
1	Credit Risk Management Policy	The description follows below the table, via link in column 2.
2	Organizational setup	
3	Overdue claims	
4	Non-performing credit exposures	
5	Forborne credit exposures	
6	Calculating impairment and special reserve	

1. Credit Risk Management Policy

The Bank establishes a credit risk management system as part of its corporate governance. The system for managing credit risk and its scope are aligned with the Bank's development plan and business policy, corresponding to the nature, type, and volume of financial activities performed. It is subject to regular improvement, taking into account the Bank's risk profile and changes in the external environment.

The credit risk management system includes:

- an effective process for managing credit risk, and
- an appropriate organizational structure for managing credit risk.

Credit risk management covers: identification, measurement or assessment, monitoring, and control (mitigation) of credit risk.

An effective process of managing credit risk in the Bank implies the adoption, establishment, and application of at least:

- policies and other internal acts for identifying, measuring/assessing, controlling, monitoring, and mitigating of credit risk;
- rules for stress testing; and
- establishment of an adequate information system.

Managing credit exposures is a key segment of overall risk management, aimed at supporting financial stability and protecting the interests of the Bank, its depositors, and clients. In this regard, clear principles and guidelines are applied when approving exposures to legal entities, based on an assessment of their creditworthiness through analysis of their financial condition, business performance, and repayment capacity. The goal of these principles is to adequately manage and limit credit risk.

Credit exposures are approved in line with relevant regulatory requirements and applicable good banking practices. Credit support is provided to existing and new clients for whom an acceptable level of risk has been determined, based on risk profile analysis. A key factor in making decision to undertake credit risk is the source of repayment of the client's obligations.

Before approving new credit, exposures or amending existing ones, a comprehensive analysis of existing and potential clients is conducted, classifying them into risk categories based on risk levels. The assessment of the risk profile is done based on precisely determined criteria, which enables consistent and informed manner of decision-making.

As an additional measure of mitigating risk and ensuring repayment, the Bank requires from credit beneficiaries' collateral as a secondary repayment source of approved credit exposures, ensuring flexibility and security in case of adverse deviations from expected flows and the occurrence of unforeseen circumstances. Collateral for credit exposures, generally consists of appropriate instruments and assets used as collateral, with acceptable liquidity and without significant legal restrictions, as well as other acceptable forms of collateral in accordance with applicable practices.

The Bank also approves credit exposures intended for project financing, whose primary source of repayment is the cash flow generated from the project realization. In this type of financing, the emphasis is placed on economic feasibility, sustainability, expected cash flows, and assets that are generated during the project's realization. For that purpose, a detailed analysis of project documentation is performed, considering key parameters related to the realization of the project, the financial framework and potential risks. Prior to the approval of a credit exposure to a client for the purpose of project financing, efforts are made to ensure that the financial structure of the project is clearly defined, that the use of funds and the borrower's equity contribution are determined in advance. The assessment of the project's quality and the monitoring of any changes are done based on precisely determined criteria, with the goal of appropriate managing of the exposure and the risks.

When approving credit exposures to individuals, the Bank assesses creditworthiness of the applicant based on several relevant criteria, including:

- financial condition and income stability,
- debt level and repayment capacity,
- credit history and servicing discipline,
- quality and recoverability of collateral (if applicable).

Based on the analysis performed, the credit request is submitted for approval to the appropriate decision-making level, in line with established authorities and limits of credit approval powers, defined in the internal acts of the Bank.

Following the approval decision, the disbursement of the approved amount is carried out in accordance with the agreed terms, while ensuring completeness and accuracy of the documentation and records in the Bank's information system.

Furthermore, the Bank has established clearly defined qualitative and quantitative criteria which are applied when establishing a credit exposure for domestic and foreign banks, savings houses, financial companies, exposure based on securities, and they are appropriately regulated in the internal acts of the Bank. All activities are conducted within established limits and with appropriate control mechanisms in order to ensure efficient credit risk management.

When taking on credit risk and approving and establishing on each credit exposure to clients, the Bank complies with the limits for credit exposure as prescribed by the Banking Law and the by-laws adopted by the NBRNM, which are also appropriately regulated in the Bank's internal acts.

In addition to monitoring and complying with these limits, the Bank has established, within its internal acts, additional internal limits on credit risk exposure in order to ensure further protection and diversification of the portfolio, aimed at prudent risk management and in line with the Bank's risk appetite.

To ensure compliance with the regulatory requirements and the appropriate assessment of expected credit losses, the Bank classifies the exposures subject to credit risk at least once a month (as at month-end). The classification is performed on an individual contract / individual exposure basis, into risk categories A, B, C, D, and E, in accordance with the criteria set out in the Decision on the methodology for Credit Risk Management issued by NBRNM.

In the classification of credit exposures, the Bank considers:

- the client's creditworthiness, i.e. the quality of the project,
- the regularity of repayment of liabilities,
- the quality of the recognized collateral for non-performing exposures, as well as
- other relevant information that contributes to the assessment of the client's credit risk.

In order to assess the creditworthiness of the clients and perform an appropriate evaluation of expected credit losses, the Bank has established an information system with analytical techniques that enable the proper measurement of credit risk.

For the assessment of clients' creditworthiness, the Bank uses an internal scoring model for client ranking, which enables assessment of their creditworthiness and the differentiation of credit risk levels. In assessing the creditworthiness of non-residents, the Bank also takes into account external credit ratings issued by international rating agencies.

In assessing the creditworthiness of the client, the Bank takes into account: the character and economic characteristics of the client, the purpose and the effects of the use of the funds, the level of capital and cash inflows, the sources of repayment, the level of liquidity and profitability of the client, the impact of related parties, the level of indebtedness, as well as other reasonable and supporting information that may influence the client's creditworthiness.

The creditworthiness of the client, in the case of a legal entity/project, is monitored at the time of approval, upon any change in contractual terms, and at least every six months through the financial statements and balance sheets of the companies, or more frequently if objective evidence of impairment has arisen or if there has been a significant increase in credit risk.

Additionally, for the purpose of identifying clients for whom an increase of credit risk has occurred, the Bank has established additional criteria appropriate for the nature and characteristics of individual credit exposures. Furthermore, the Bank has defined, within its internal acts, criteria for assessing the potential impact of related parties on the client's creditworthiness, as well as criteria for determining the impact of entities with which the client has joint credit exposure.

In assessing the quality of the project for which financial funds are requested, the Bank also takes into account: the financial capacity and framework of the project; manner of project delivery, the contracts and guarantees for timely project delivery; the experience and capacity of the contractor; the financial stability and experience of the client; the client's equity contribution to the financing; as well as the legal environment and the timeframe required for obtaining the necessary documentation and permits.

The criteria based on which the Bank performs an analysis of the financial condition of the clients, are set out in detail in the Bank's internal acts and are in compliance with the regulations of NBRNM on credit risk management.

In order to calculate the expected credit losses arising from the potential non-collectability of credit exposures, the Bank quantifies the risk and classifies credit risk exposures, by determining impairment, i.e. special reserve, in accordance with the provisions and rules prescribed in the regulations of NBRNM.

The Bank determines impairment and special reserve for credit exposures based on the identified expected credit loss.

The amount of impairment, i.e. the amount of special reserve allocated for each risk category, falls within the following ranges:

- from 0.01% to 5% for risk category "A",
- above 5% up to 20% for risk category "B",
- above 20% up to 45% for risk category "C",
- above 45% up to 70% for risk category "D",
- above 70% up to100% for risk category "E".

For the purpose of assessing the potential impact of one or more internal or external risk factors over the value of own funds, capital adequacy, profitability and liquidity of the Bank, the Bank applies stress testing on a regular basis.

Stress testing is aligned with the nature, type and scale of the Bank's financial activities and encompasses all material risks to which the Bank is or may be exposed, including the potential interdependencies between individual risks.

Credit risk stress testing is conducted through the application of extreme, but plausible scenarios based on internal and/or external factors, in order to assess the potential impact of possible deterioration in part or the entirety of the Bank's credit portfolio, and how such deterioration would affect the Bank's capital position. Within the credit risk stress testing framework, the Bank applies a comprehensive set of scenarios designed to capture a wide range of shocks, that may impact part or the entirety of the credit portfolio. This includes the application of various simulations of macroeconomic shocks from the external environment, as well as specific scenarios for assessing the deterioration in the quality of individual portfolios, segments, industries, or groups of related parties. For the purpose of determining its risk-bearing capacity, the Bank also performs reverse stress testing. The methodology, rules and assumptions based on which the Bank conducts the stress testing, are further defined in detail in the Bank's internal acts and are in compliance with the Decision on Risk Management issued by NBRNM.

The Bank has also established an efficient internal reporting system, through which its governing bodies are regularly informed, including: the Loan Committee, the Board of Directors, the Risk Management Committee, the Audit Committee and the Supervisory Board. This system is established in order to ensure: continuous monitoring of the quality of the Bank's credit risk exposure, timely identification of risky exposures and the determination of appropriate measures for their mitigations, and consistent compliance with applicable regulatory requirements and internal exposure limits.

In order to reduce credit risk and improve the quality of the credit portfolio, the Bank has established procedures for the sale of due, non-performing or written-off claims.

The bank sells due, non-performing or written-off claims arising from a credit agreement, together with all ancillary rights deriving therefrom.
The procedure and rules for the sale of due, non-performing or written-off claims, responsibilities across organizational units and decision-making levels, are governed by the relevant policies and internal acts adopted by the Bank's governing bodies, which include the following elements:

- the types of loans that may be covered in the sale of claims;
- the manner of determining the loans in the portfolio of credit agreements, which would be subject to sale;
- the manner of determining the claim selling price (in the amount of the claim or at a discount);
- the manner of selling that the bank will apply in the sale of claims;
- the criteria for identifying potential buyers of claims;
- prepared draft-documents to conclude the sale (draft-contracts, memorandums for protection of confidentiality of data that are subject to negotiations, written approvals, etc.)
- the manner of obtaining consent from the Bank's clients for the transfer of data for the purposes of the receivable's sale;
- the manner of providing an approval from the bank's clients to transmit data for the purposes of the sale of the claims.

Prior to entering into an agreement for the sale of a due, non-performing or written-off claim, the Bank performs an assessment of the effects of the sale on its financial performance, risk exposure, solvency and liquidity, and evaluates the economic justification of the transaction.

Furthermore, the Bank provides the potential purchaser of due, non-performing or written-off claim arising from a credit agreement with all information necessary for an appropriate assessment of the value of the claim, as well as for the assessment of the potential recovery rate.

Depending on the type of sale of past due, non-performing or written-off claim, the claim sale agreement contains the following elements:

- a clear demarcation of the rights and obligations between the Bank and the buyer;
- provisions for inability to return the risks and the benefits of that claim;
- provisions for regulating the management and the collection of sold claims;
- a clause according to which the buyer of the claim will appropriately apply the consumer protection regulations in accordance with the law, if the subject of purchase and sale are claims on consumers;
- a clause according to which the buyer of the claim will appropriately apply the data protection regulations, in accordance with the relevant regulation on personal data protection;
- a clause with which the change in the interest rate of the claim from the credit agreement will not depend solely on the will of the buyer of the claim from a credit agreement, including a clause with which the changes in the other contractual terms will refer solely to providing more favorable conditions to the debtor whose obligation to the bank is subject of the sales contract; and
- a clause for protection against the risks to the bank that may arise from the potential disputes in relation to the collection of sold claims.

In order to ensure liquidity and support clients in managing their cash flows, the Bank has established procedures for the purchase of claims.
The Bank purchases claims from clients in the form of factoring or forfaiting.

Under factoring arrangements, the Bank purchases short-term claims arising from the supply of goods and services with deferred payment terms. The Bank purchases claims from clients in accordance with the Law on Obligations, whereby an assessment of the risk of non-collection is performed for each individual claim. Factoring arrangements may include a recourse clause, granting the Bank right of recourse against the assignor. Claims are evidenced by submitting the underlying transaction agreement and supporting documents demonstrating the existence of such claims (invoices etc.), and they must not be subject to any pledge or encumbrance.
The Bank purchases claims at a certain discount for the financing period, with the discount rate determined according to the risk assessment, primarily taking into account the historical repayment behavior and regularity of obligations of the potential debtor.

Forfaiting involves the purchase of claims at a certain discount that become due on a future date and arise from the supply of goods and services in export commercial transactions, without recourse to the Bank. The Bank purchases the claims at a certain discount for the financing period and, following the execution of the export transaction, pays the seller of the claims (the exporting client) the net proceeds.

The Bank performs forfaiting of deferred payment letters of credit opened in favor of the exporting client by foreign banks, in accordance with the applicable laws and by-laws governing foreign exchange operations and cross-border payment transactions, as well as the Bank's internal acts.

2. Organizational setup

The Bank has a clearly defined organizational structure for managing credit risk, with competences and lines of responsibility in the process of approving credit exposures. This structure is established through organizational units that carry out credit activities and assume credit risk, on the one hand, and organizational units that perform back-office activities related to lending and credit risk management, on the other.

From the perspective of credit risk management, the Bank's organizational structure provides:

- defined competences and lines of responsibility, especially in the process of approving credit exposures, amending contractual terms, forborne credit exposures, using collateral instruments, and defining and implementing the strategy for managing non-performing credit exposures, which is appropriately defined within the internal acts of the Bank's organizational units where the credit risk is undertaken, as well as in the Independent Problem Loan Management Department, whose function is aimed at preventive action for clients with increased credit risk and finding solutions to reduce credit risk;
- cooperation and information exchange in credit risk management, supported by an adequate information system for reporting to the Bank's governing bodies;
- delimitation of competences and responsibilities between persons and Organizational units of the Bank that carry out credit activities and assume credit risk, on the one hand, and the persons and Organizational Units that perform activities related to credit risk management, on the other hand.

The organizational structure for decision-making on credit risk exposures includes all organizational units (Corporate Lending Division, Retail Banking Division, and other organizational units that establish credit exposures in the Bank), within which credit exposures/placement of funds in financial instruments are approved, as well as the relevant committees and governing bodies of the Bank that have credit authorization for approving credit exposures, which is regulated in detail within the Bank's credit policies and procedures for lending to financial and non-financial entities.

Credit risk management is carried out at all hierarchical levels in the organizational structure of the Bank:

- **Strategic level** – carried out by members of the Supervisory Board, Risk Management Committee, Loan Committee, Board of Directors, and Audit Committee, in line with legally and regulatory defined competences.
- **Macro level** – carried out at the organizational unit level and is performed by other persons with special rights and responsibilities who perform a management function in the Organizational Units responsible for taking on credit risk and/or by the separate Organizational Unit responsible for assessing and monitoring risks.

  The function of credit risk management in the separate Organizational Units responsible for assuming credit risk is performed in each Organizational Unit of the Bank where the credit risk is assumed and by the persons with special rights and responsibilities who perform a management function in that organizational unit.

  The competencies at the level of the aforementioned organizational units are regulated in the relevant policies and other acts adopted by the Bank's bodies.

  As an independent Organizational Unit responsible for credit risk management in the domain of measurement-assessment and monitoring of credit risk in the Bank is the Risk Management and Planning Division within which the Credit Risk Management Department is established.

  For material credit exposures, the Risk Management and Planning Division, as an independent organizational unit, is involved in the process of assuming credit risk by providing its opinion, which contributes to increasing objectivity in identifying risks when approving credit exposures.

- **Micro level** – activities related to the assumption and management of credit risk are also performed by the persons who assume and manage credit risk in their daily operations, in accordance with operating procedures and internal control system.

Additionally, the Bank has established an effective system of internal control and audit of credit risk exposures. Internal control and audit of credit risk exposure, as part of the Bank's internal control system, is a continuous process carried out at all levels through clearly defined tasks and responsibilities, detailed in the Bank's internal acts.

3. Overdue claims

Overdue claims (due for payment but unpaid claims) shall imply the amount of the bank's claims based on principal, interest and other claims payable by the client on the due date, as well as bank's

claims for payments based on a guarantee, letter of credit or other off-balance sheet item that represents a credit exposure for the Bank.

Maturity date shall denote the day on which the client is required to pay a certain amount of money, according to the contract signed with the Bank.

The Bank has established a system for determining and monitoring the amount of overdue claims for each credit exposure/client, in accordance with NBRNM regulations, based on which the status (performing or non-performing) is determined for each credit exposure.

4. Non-performing credit exposures

The Bank considers all credit exposures non-performing if they meet any of the conditions or criteria set out in the NBRNM Decision on the methodology for credit risk management, as follows:

- the exposure is a **defaulted credit exposure**;
- exposure impartially proven to be impaired under the NBRNM regulations for recording and valuation of accounting items and preparation of financial statements;
- the exposure is classified in risk categories “D” or “E”;
- the exposure is a forborne non-performing credit exposure; and
- an off-balance sheet item based on an assumed credit commitment (guarantee, letter of credit, approved revolving card limit, etc.) that meets the conditions for non-performing credit exposure, in line with the NBRNM Decision on methodology for credit risk management.

“Defaulted credit exposure” means an exposure to a client that meets any of the following:

- the amount of due claims to the client on any basis (principal, interest, other noninterest-bearing claims) has not been collected for more than 90 consecutive days from the date when the due amount exceeded the materiality threshold (hereinafter: exceeding the materiality threshold);
- it has been determined that the client will not be able to settle their obligations to the bank in full, without recourse by the bank to actions such as realizing collateral (unlikeness to pay).

“Materiality threshold” shall denote fulfillment of the absolute and relative components:

“Absolute component” shall denote the total amount of all due claims. The absolute component shall equal to:

- Denar 6,000 or an equivalent amount in another currency, for clients - natural persons,
- Denars 30,000 or an equivalent amount in another currency, for clients - legal entities (including small companies).

“Relative component” shall imply percentage ratio between the total amount of all due claims and the gross amount of all bank’s balance sheet exposures to a client, i.e. without impairment and accumulated depreciation. The relative component shall equal 1%.

As an exception, only for credit exposures from individuals, the Bank determines the prescribed conditions for defaulted credit exposure at the level of individual credit exposure, which is in

accordance with the exception provided for in point 2, subsection 2.23, paragraph 2 of the Decision on the Methodology for Credit Risk Management by the NBRNM. Unlike legal entities, for which the Bank determines the fulfillment of the materiality threshold at the client level, for individuals the materiality threshold is determined at the level of individual credit exposure, where it is supplemented by the additional conditions provided for in the Decision on the Methodology for Credit Risk Management by the NBRNM.

The Bank has an information system for monitoring non-performing credit exposures to ensure timely identification, monitoring, and management.

Successful management of non-performing credit exposures largely depends on the existence of a stable macroeconomic environment, a predictable business environment for banks and economic entities, a functional and efficient legal system, an appropriate degree of development and functionality of the markets, including the market for non-performing claims, as well as on the level of development of the economy and the quality of corporate governance, but also on the manner in which the Bank assesses the creditworthiness of the clients.

In order to more successfully manage non-performing credit exposures, a special organizational unit has been established in the Bank - Independent Problem Loan Management Department, set up in a way that enables activities for the collection of problematic receivables throughout their entire cycle (from early delays, through the application of relief measures, to forced collection) and a specifically designed approach for each subject within the framework of the general policy.

The Bank continuously undertakes activities to manage non-performing credit exposures, whereby the activities in managing non-performing credit exposures to legal entities are most often individually determined for each client with such exposure.

When managing non-performing credit exposures, the Bank decides to apply one or more instruments to reduce non-performing credit exposures, such as:

- forbearance of non-performing credit exposures and their retention on the Bank's balance sheet;

- sale, securitization or write-off of non-performing credit exposures;

- change of the type of collateral, taking over of assets based on unpaid claims, conversion of credit exposure or its part into capital investment with the client, etc.;

- instigating bankruptcy procedure or other procedure for forced collection of the credit exposure.

The Bank also regularly monitors exposures to individuals and undertakes activities to timely prevent deterioration of the rate of non-performing exposures. The Bank has established processes for managing non-performing exposures to individuals in its regular operations, which include:

- regular portfolio monitoring and analysis of the portfolio;
- undertaking collection activities;
- forborne of exposures when economically justified;
- collateral management.

Additionally, all Organizational Units that approve credit exposures are focused on early detection of potential non-performing credit exposures, which should contribute to taking appropriate

measures at an early stage of delay, at a time when the client is not yet in a significantly difficult financial situation. The Bank notifies individual clients of overdue obligations in accordance with the methods provided for in individual agreements.

For some of the clients for whom all possibilities for regular collection have been exhausted, procedures for forced collection of the Bank's claims are initiated, in order to collect such exposures with the available collateral instruments.

The Bank, in its internal acts, as part of the management of non-performing credit exposures, has regulated the activities and responsibilities in the event of an increased amount of non-performing credit exposures, defined in accordance with the Decision on the Methodology for Credit Risk Management of the NBRNM, when the Bank is obliged to develop a Strategy for Managing Non-Performing Credit Exposures, which will contain instruments for reducing non-performing credit exposures, quantitative thresholds for the amount of non-performing credit exposures in the short, medium or long term, as well as an operational plan stating the activities that the Bank will undertake to reduce non-performing credit exposures, which is developed for a period of at least one to three years.

5. Forborne credit exposures

The Bank, in its internal acts, is aligned with NBRNM regulations and accordingly acts in the process of forborne credit exposures.

“Credit exposure forbearance” or “forbearance” shall imply modifying of contractual terms of an existing credit exposure or approving a new credit exposure for settling an existing credit exposure to a client who has financial difficulties in meeting his obligations, whereby there would not be any change or approval of a new credit exposure if the client can or could comply with the contractual terms of the existing credit exposure.

“Forborne credit exposure” shall imply a credit exposure subject to forbearance.

“Restructuring of the credit exposure with a significant modification in the contractual terms” (distressed restructuring) shall denote a change in contractual terms of an existing credit exposure to a client who is or is about to suffer serious financial difficulties which significantly reduce his financial obligation to the Bank (diminished financial obligation), taking into account the provisions of NBRNM Decision on the methodology for credit risk management.

“Forborne non-performing credit exposure” shall include:

- The credit exposure which on the date of forbearance was treated as nonperforming credit exposure or would become non-performing credit exposure if it has not been forborne;
- The forborne credit exposure where during the probation period[2]:

[2] Probation period shall denote a period of two years from the date of forbearance or the date when the credit exposure became eligible to be excluded from the category of forborne non-performing credit exposure in line with NBRNM Decision on the methodology for credit risk management.

- the Bank restructures the credit exposure with significant modification in the contractual terms,
- any of the indicators of unlikeness to pay has been met, or
- the client is past-due for more than 60 days based on forborne credit exposure;

    - The credit exposure subject to restructuring with significant modification in the contractual terms, including restructuring that meets some of the other indicators of unlikeness to pay referred to NBRNM Decision on the methodology for credit risk management.

The Bank has an information system for determining and monitoring the status of forborne credit exposures (performing or non-performing).

Within its internal acts, the Bank defines in detail:

- criteria for determining deteriorated financial standing of clients when changing contractual terms of approved credit exposures;
- the criteria for determining a restructured credit exposure with a significant modification of the contractual terms, if the change in contractual terms significantly reduces the client's obligations based on principal, interest or fees, which is one of the indicators indicating the existence of an inability to collect from the client;
- criteria for excluding exposures from the category of forborne credit exposures or forborne non-performing credit exposure;
- the level of decision-making by the relevant bodies of the Bank for approving forborne credit exposure.

When making a decision to forborne the credit exposure, the Bank also takes into account the assessment of the sustainability of the credit exposure restructuring, made in accordance with the Bank's established criteria, taking into account: the reasons for which the client's deteriorated financial condition or inability to settle obligations under existing contractual terms has been determined, and if applicable to persons related to the client, the client's ability to comply with the new contractual terms, including the level of indebtedness of the client/project, i.e. the Bank's ability to fully collect the credit exposure, then data on previous restructurings of credit exposures to the client, a projection of cash flows for the period that would be covered by the restructuring, as well as data on the client's reorganization plan, if the client is subject to such a plan.

The Bank evaluate the effectiveness of the performed forbearance on a regular basis, and at least every three months, in accordance with defined indicators for individual portfolios.

Based on the assessment of effectiveness of the performed forbearance, if necessary, the Bank regularly reviews the procedures and internal acts for forbearance of credit exposures.

6. Calculating impairment and special reserve

When determining impairment and special reserves, the Bank follows the principle of covering current and expected credit losses. In doing so, it assesses and manages credit risk through internally established models and formulas for calculating impairment, in accordance with the provisions of the Decision on Credit Risk Management Methodology of the NBRNM.

The Bank classify credit exposures at least on a monthly basis for all credit exposures and determine impairment and a special reserve on an individual basis, based on the determined expected credit loss.

The amount of the impairment loss is equal to the difference between the carrying amount of the loan (in the balance sheet) and its recoverable amount. If the carrying amount of the loan is greater than its recoverable amount, an impairment loss is recorded.

For balance sheet positions, impairment is the difference between the accounting value and the present value of expected future cash flows, calculated with the effective interest rate in accordance with NBRNM methodology. For off-balance sheet positions, present value is calculated by discounting expected cash flows from contingent liabilities and client payments, using current yields of low-risk securities in the relevant currency and maturity. This applies only in cases of expected cash outflows.

For exposures arising from the same contractual relationship that include both balance sheet and off-balance sheet positions, the Bank applies the same impairment percentage and special reserve to all parts of the exposure.

The Bank perform full impairment for the accrued interest of non-performing credit exposure.

For credit exposure that consists of interest only and/or only of fees and commissions, the Bank does not calculate the present value of expected cash flows. The impairment for these exposures is determined according to the impairment percentages by risk categories, in accordance with the criteria established by Decision on Credit Risk Management Methodology of the NBRNM.

Determining the risk category and impairment/special reserve is a complex process that includes basic - general rules that apply to all credit exposures and additional rules that depend on the type and category of exposure. The Bank does not determine lower percentages of impairment/special reserve than those determined for each risk category, in accordance with the Decision on Credit Risk Management Methodology of the NBRNM, given below:

Risk category group	Risk categories and impairment/special reserve percentages:
“A”	from 0,01%- to 5%
“B”	over 5%- to 20%
“C”	over 20%- to 45%
“D”	over 45%- to 70%
“E”	over 70%- to 100%

The Bank, in line with the Decision on Credit Risk Management Methodology of the NBRNM, may not determine impairment or special reserves for:

- claims on the European Central Bank and the central governments and central banks of countries with 0% risk weight pursuant to the National Bank's regulation on the methodology for determining the capital adequacy;
- part of credit exposure that is secured by first-class collateral instruments (as defined by NBRNM methodology).

For non-performing credit exposures classified in C risk category, the Bank determine impairment, i.e. allocate special reserve of at least 30% of the amount of credit exposure.

Relating the non-performing credit exposures that the Bank expects to foreclose, when determining the present value of the expected cash flows of those credit exposures, the Bank may take into account the value of the eligible collateral instrument.

The value of the recognized collateral instrument is included in the calculation of the present value of the expected cash flows in such a way that the amount of collateral is first weighted in accordance with the weights specified in the Decision on the Methodology for Credit Risk Management.

In addition, collateral is taken into account when determining the impairment only if the Bank has appropriate documentation and there is a market for its rapid and efficient realization, while the Bank provides full documentation on the manner of including the value of the collateral in the process of determining the impairment, in accordance with the provisions of the NBRNM regulation.

Комерцијална банка

Template KAO: Report on the amount and the quality of the performing and non-performing credit exposures as at 31.12.2025

in Denar 000

Ref. No.	Description	Loans			Interest		Other claims	Off-balance sheet items	Total credit risk exposure	Accumulated depreciation	Impairment/special reserve - expected credit loss	% of impairment/special reserve
		Performing		Non-performing	Performing	Non-performing						
		Undue	Due									
1	2	3	4	5	6	7	8	9	10=3+4+5+6+8+9	11	12	13=12/(10-11)*100
Part 1. Credit risk exposure on an individual basis												
1	For which no impairment/special reserve has been calculated	16.577.880	14.613		681.793		65.619.881	1.197.095	84.091.262	3.292		
2	A risk category	75.857.377	65.351		225.623		1.828.837	15.225.218	93.202.406	166.847	633.027	0,68%
3	B risk category	12.296.265	23.916		50.259		3.350	582.956	12.956.746	36.578	1.180.278	9,14%
4	C risk category	1.307.404	10.369	510.329	7.619	5.876	10.248	203.935	2.049.904	1.334	508.373	24,82%
5	D risk category	-	-	769.171		11.791	3.802	3.650	776.623	-	381.426	49,11%
6	E risk category	-	-	831.937		44.193	27.560	758	860.255	-	860.108	99,98%
I	**Total credit risk exposure on an individual basis (1+2+3+4+5+6)**	**106.038.926**	**114.249**	**2.111.437**	**965.294**	**61.860**	**67.493.678**	**17.213.612**	**193.937.196**	**208.051**	**3.563.212**	**1,84%**
Part 2. Credit risk exposure on a group basis												
	Loan portfolio (description of similarity)											
8	A risk category											
9	B risk category											
10	C risk category											
11	D risk category											
12	E risk category											
13	**Total loan portfolio**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
	Loan portfolio (description of similarity)											
14	A risk category											
15	B risk category											
16	C risk category											
17	D risk category											
18	E risk category											
19	**Total loan portfolio**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
	...											
II	**Total credit risk exposure on a group basis**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
III	**Total (I+II)**	**106.038.926**	**114.249**	**2.111.437**	**965.294**	**61.860**	**67.493.678**	**17.213.612**	**193.937.196**	**208.051**	**3.563.212**	**1,84%**

Part 3. Notes: /

* Shadowed fields shall not be filled in.

Template KRRKI: Report on the amount and the quality of the forborne credit exposures

Table 1 - Amount of the forborne credit exposures

in Denar 000

Ref. no.	Description	Gross carrying amount of the forborne credit exposures		Impairment and / or special reserve for the forborne credit exposures		Amount of the collateral for the forborne credit exposures	
		Performing	Non-performing	Performing	Non-performing	Performing	Non-performing
		1	2	3	4	5	6
1	**Loans and other on-balance sheet claims**	**1,264,696**	**971,279**	**245,506**	**584,166**	**1,621,268**	**2,199,488**
1.1	Banks	-	-	-	-	-	-
1.2	Other financial institutions	-	-	-	-	-	-
1.3	Non-financial institutions	1,257,820	955,664	245,028	569,295	1,605,860	2,183,683
1.4	Households	6,876	15,616	477	14,871	15,409	15,805
1.5	Other clients	-	-	-	-	-	-
2	**Off-balance sheet claims**	295	1,000	5	303	-	-
3	**Total**	**1,264,991**	**972,280**	**245,511**	**584,469**	**1,621,268**	**2,199,488**

Table 2 - Quality of the forborne credit exposures

in Denar 000

Ref. no.	Description	Gross carrying amount
		1
1	Forborne more than twice	497,488
2	Forborne non-performing credit exposures	972,280

Template KRDD: Report on the structure of credit exposures by past due days

in Denar 000

Ref. no.	Description	Gross carrying amount												
		Performing exposures					Non-performing exposures							
		Undue claims	Overdue claims up to 31 day	Overdue claims over 31 day up to 90 days	Overdue claims over 90 days	Total	Unlikeness to pay	Overdue claims over 90 days up to 180 days	Overdue claims over 180 days up to 1 year	Overdue claims over 1 year up to 2 years	Overdue claims over 2 years up to 5 years	Overdue claims over 5 years	Other bases for non-performance	Total
		1	2	3	4	5=1+2+3+4	6	7	8	9	10	11	12	13=6+7+8+9+10+11+12
1	**Cash balances with central banks and other demand deposits**	**13,179,121**	-	-	-	13,179,121	-	-	-	-	-	-	182	**182**
2	**Loans and claims**	**94,321,788**	**140,857**	**14,297**	**2,484**	**94,479,426**	**342,469**	**36,623**	**172,000**	**225,199**	**-**	**-**	**1,370,841**	**2,147,132**
2.1	Central banks	1	-	-	-	1								**-**
2.2	Central governments*	809,553	11,200	12	6	820,771	7,346	-	-	-	-	-	129	**7,475**
2.3	Banks	10,794,827	108	1	-	10,794,936	-	-	-	-	-	-	-	**-**
2.4	Other financial institutions	38,137	4,664	-	-	42,800	0	-	-	-	-	-	2	**3**
2.5	Non-financial institutions	50,790,646	108,140	7,376	132	50,906,294	290,022	18,229	121,857	144,757	-	-	926,942	**1,501,807**
2.6	Households**	31,888,624	16,745	6,909	2,346	31,914,624	45,102	18,395	50,142	80,442	-	-	443,767	**637,847**
3	**Debt securities**	**66,912,724**	-	-	-	66,912,724	5,000	-	-	-	-	-	-	**5,000**
4	**Off-balance sheet items**	**17,060,681**	-	-	-	17,060,681	1,588	-	-	-	-	-	151,343	**152,932**
5	**Total**	**191,474,313**	**140,857**	**14,297**	**2,484**	**191,631,951**	**349,058**	**36,623**	**172,000**	**225,199**	**-**	**-**	**1,522,366**	**2,305,246**

*In this position, besides claims from central governments, claims from local self-government, social security funds, and claims from non-resident states are also included.

**In this position, claims from non-profit institutions serving households and from retail traders – independent performers of activity are also included.

Комерцијална банка

Template KRZD: Report on the structure of the performing and non-performing credit exposures by country and by activity

in Denar 000

Ref. no.	Description	Gross carrying amount		Total impairment / special reserve	Collateral	Write-off performed*
		Performing exposures	Non-performing exposures			
		1	2	3	4	5
Part 1. Structure of exposure by country						
1	**On-balance sheet exposures**	**174,571,274**	**2,152,311**	**3,356,355**	**129,052,704**	**509,709**
1.1	*Republic of North Macedonia*	160,058,238	2,151,997	3,347,493	129,010,145	509,369
1.2	*Austria*	77,548	-	10	-	-
1.3	*Bosnia and Herzegovina*	2	109	56	-	-
1.4	*Belgium*	181,334	-	18	-	13
1.5	*Bulgaria*	43,067	-	646	42,560	-
1.6	*Canada*	56,160	-	6	-	-
1.7	*Switzerland*	2,171,567	-	217	-	-
1.8	*Germany*	4,499,426	-	450	-	-
1.9	*Spain*	3,159	-	0	-	-
1.10	*France*	1,195,606	-	6,265	-	-
1.11	*Great Britain*	209,626	8	29	-	-
1.12	*Greece*	-	1	1	-	-
1.13	*Croatia*	10,325	-	236	-	320
1.14	*Italy*	939,393	-	94	-	-
1.15	*Montenegro*	-	4	4	-	-
1.16	*Netherlands*	1,584,868	-	158	-	-
1.17	*Norway*	1,227,703	-	123	-	-
1.18	*Serbia*	8,131	11	296	-	2
1.19	*Russia*	-	182	182	-	-
1.20	*Sinagpur*	82,545	-	8	-	-
1.21	*Slovenia*	23,415	-	3	-	4
1.22	*United States of America*	2,199,160	-	62	-	-
2	**Off-balance sheet claims**	**17,060,681**	**152,932**	**206,858**	**17,194,393**	**2,790**
2.1	*Republic of North Macedonia*	16,414,306	152,932	206,858	16,515,545	2,790
2.2	*China*	491,980	-	-	513,483	-
2.3	*Czech Republic*	5,996	-	-	5,996	-
2.4	*France*	11,798	-	-	11,798	-
2.5	*Greece*	123,000	-	-	133,969	-
2.6	*United States of America*	13,601	-	-	13,601	-
3	**Total (1+2)**	**191,631,955**	**2,305,242**	**3,563,213**	**146,247,097**	**512,499**
Part 2. Structure of exposure by the activity of the client - non-financial legal entity						
1	Agriculture, forestry, fishing	1,077,175	51,718	56,941	1,983,523	2,694
2	Mining and quarrying	910,702	8,210	16,860	5,142,981	43
3	Manufacturing industry	15,591,327	810,572	842,984	34,485,626	213,453
4	Supply of electricity, gas, steam and air conditioning	5,564,798	21	190,761	6,148,550	13
5	Water supply, waste water disposal, waste management and environment sanitation	254,358	5,699	10,311	258,392	306
6	Construction	9,530,689	438,672	646,154	14,423,381	54,745
7	Wholesale and retail trade	13,072,187	61,557	318,771	14,718,501	32,392
8	Transport and storage	1,683,551	6,270	23,614	2,069,197	1,773
9	Accommodation and food service	2,153,659	1,206	117,083	4,305,222	307
10	Publishing, radio broadcasting and content production and distribution activities	164,768	341	4,190	235,808	1,370
11	Telecommunications, computer programming, consulting activities, computer infrastructure and other information activities	199,747	830	2,733	174,794	45
12	Financial activities and insurance	53,393,488	5,201	7,537	956,578	12
13	Real estate services	7,287,473	52	127,448	15,999,099	6,652
14	Professional, scientific and technical activities	1,985,292	8,766	148,029	6,374,059	5,272
15	Administrative and ancillary services	454,477	751	15,870	657,930	807
16	Public administration and defense, compulsory social insurance	39,261,087	2	13,910	11,192	5
17	Education	344,954	44	4,136	797,902	43
18	Health and social work	1,632,316	256,894	370,109	2,917,387	8
19	Arts, sport and recreation	1,304,676	55	27,949	1,917,966	8,167
20	Other services	285,965	775	9,305	291,639	101
21	Households employing staff; activities of households producing various goods and performing different services for their own needs	-	0	0	-	-
22	Extraterritorial organizations and bodies	43,083	1	648	42,560	-
23	**Total**	**156,195,772**	**1,657,637**	**2,955,342**	**113,912,285**	**328,207**

*In the column for "write-off performed" the total amount of write-off performed during 2025 is included.

Template KRNF: Report on the changes in the amount of the non-performing credit exposures

in Denar 000

Ref. no.	Description	Gross carrying amount	Net collections
		1	2
1	**Initial stock of non-performing credit exposures**	2,007,554	
2	**Increase in non-performing credit exposures**	1,465,633	
3	**Decrease in non-performing credit exposures**	**1,167,942**	
3.1	Exclusion from non-performing exposures	130,502	
3.2	Partial or complete collection	505,072	
3.3	Decrease due to collateral	54,085	71,502
3.4	Sale	-	-
3.5	Write-off	433,329	
3.6	Other reasons	44,954	
4	**Final stock of non-performing credit exposures**	**2,305,246**	

* Shadowed fields shall not be filled in.

Template KRPR: Report on the residual maturity of credit exposures

in Denar 000

Ref. no.	Description	GROSS EXPOSURE					
		Due	Up to 1 year	Over 1 year up to 5 years	Over 5 years	There is no maturity stated	Total
		1	2	3	4	5	6=1+2+3+4+5
1	Loans and claims	964,208	28,427,484	35,268,943	25,467,919	-	**90,128,554**
2	Debt securities	-	43,974,622	22,548,031	838,035	-	**67,360,688**
3	**Total**	**964,208**	**72,402,105**	**57,816,974**	**26,305,955**	**-**	**157,489,242**

Template KRPS: Report on foreclosed assets

in Denar 000

Ref. no.	Description	Foreclosed assets							
		Foreclosed assets up to 2 years		Foreclosed assets over 2 years up to 5 years		Foreclosed assets over 5 years		Total	
		Initial value	Total impairment	Initial value	Total impairment	Initial value	Total impairment	Initial value	Total impairment
		1	2	3	4	5	6	7=1+3+5	8=2+4+6
1	Land	15,673	15,673	30,553	29,887	3,364	3,364	**49,590**	**48,924**
2	Construction properties	54,253	54,253	207,276	203,745	292,624	292,624	**554,153**	**550,622**
3	Equipment	1,093	1,093	1,546	1,546	35,948	35,948	**38,587**	**38,587**
4	Residential properties	1,406	1,406	35,211	35,211	31,793	31,793	**68,410**	**68,410**
5	Other collateral	0	0	0	0	0	0	**0**	**0**
6	**Total**	**72,425**	**72,425**	**274,586**	**270,389**	**363,729**	**363,729**	**710,740**	**706,543**

Template KRSPPR: Report on the categories of credit exposures according to the applied risk weight

Table 1 - Exposure categories included in the credit risk weighted assets in Denar 000

Ref. no.	Exposure category	Credit risk weighted assets										Total
		0%	10%	20%	35%	50%	70%	75%	100%	150%	250%	
		1	2	3	4	5	6	7	8	9	10	11
1	Claims on central governments and central banks	0	0	122,903	0	0	0	0	1	0	0	**122,904**
2	Claims on local and regional government	0	0	0	0	0	0	0	526,284	0	0	**526,284**
3	Claims on public sector entities	0	0	0	0	0	0	0	1,032,880	0	0	**1,032,880**
4	Claims on multilateral development banks and international organizations	0	0	0	0	0	0	0	0	0	0	**0**
5	Claims on banks	0	0	2,210,891	0	809,286	0	0	7,848	0	0	**3,028,025**
6	Claims on other trade companies	0	0	1,271	0	99,686	0	0	19,515,695	0	0	**19,616,652**
7	Retail portfolio	0	0	0	0	9,571	0	14,588,771	3,997,841	6,298,102	0	**24,894,285**
8	Claims secured by residential property	0	0	0	1,586,965	0	0	0	13,495	0	0	**1,600,460**
9	Claims secured by commercial real estate	0	0	0	0	0	0	1,290,878	27,442,092	0	0	**28,732,970**
10	Stakes in investment funds	0	0	0	0	0	0	0	386,428	0	0	**386,428**
11	Other positions	0	0	0	0	0	0	751,586	3,140,665	0	1,217,762	**5,110,013**
12	**Total**	**0**	**0**	**2,335,065**	**1,586,965**	**918,544**	**0**	**16,631,235**	**56,063,230**	**6,298,102**	**1,217,762**	**85,050,902**

Table 2 - Mapping of the credit ratings of the selected ECAI / ECA
*The Bank is not obliged to complete Table No. 2 in accordance with point 45 of the Instruction on prescribing the report templates and data prescribed by the Decision on the disclosure of reports and data by banks.

Template KRIKZ: Report on the qualitative information related to the credit risk mitigation instruments

Ref. no.	Qualitative information on the credit risk mitigation instruments	Description
1	*2*	*3*
1	On-balance sheet netting policies	The description follows below the table, via link in column 2.
2	Acceptable collateral policies	
3	Types of collateral	
4	Guarantee issuers	
5	Concentration level of the risk related to the collateral	

1. Balance sheet netting policies

Balance sheet netting of the Bank's mutual receivables and liabilities with the debtor is recognized as a funded credit protection instrument if the following conditions are met:

- the netting agreement covers loans and deposits with the Bank;
- the netting agreement can be enforced in all cases without restrictions, including insolvency, bankruptcy, or liquidation of the debtor;

- the Bank can determine at any time the monetary receivables and liabilities subject to the netting agreement;
- the Bank regularly monitors and controls risks that may arise from termination of the netting agreement;
- for netting agreements subject to foreign legislation, the Bank obtains a legal opinion from a lawyer in the relevant jurisdiction; and
- the Bank regularly monitors and controls the exposure subject to the netting agreement on a net basis.

As at 31.12.2025, the Bank does not apply balance sheet netting.

2. Acceptable collateral policies

The Bank has adopted a Policy for Managing Risks arising from the use of Credit Protection Instruments (CPI) of Komercijalna Banka AD Skopje, prepared in accordance with the Decision on methodology for determining capital adequacy (Capital Adequacy Decision – CAD).

The credit protection instruments used by the Bank, the procedures and activities describing the method of acquisition and acceptable amounts of CPI are defined in details in the internal acts of the organizational units that assume credit risk, as well as within the policy for undertaking and managing credit risk of Komercijalna Banka AD Skopje.

Elements of the CPI Policy include:

- The main objective is to ensure effective use of CPI by minimizing risks arising from them;
- A credit protection instrument may be funded or unfunded;
- Conditions that instruments must meet to be used in determining risk-weighted assets;
- Management of risks that may arise from the use of CPI;
- Reporting on risks that may arise from the use of CPI.

The risk management framework for CPI covers compliance with the conditions set out in CAD. The adopted policy ensures fulfillment of CAD requirements, and as a result, CPI are included in the calculation of risk-weighted assets in accordance with the Bank's Capital Adequacy Ratio Guidelines.

To ensure implementation of the policy, the Board of Directors has adopted procedures for managing risks arising from the use of CPI.

On a semi-annual basis, the Bank prepares an Information Report on the impact of CPI in calculating the capital adequacy ratio and managing risks from their use, which is reviewed by the Risk Management Committee.

All credit protection instruments accepted by the Bank as collateral are maturity-matched with the exposure, as defined in the Bank's credit policies. The Bank accepts CPI whose maturity is always longer than the maturity of the exposure.

For CPI where the collateral currency differs from the exposure currency, in calculating risk-weighted assets the collateral value is adjusted to 92% of the instrument's value.

3. Types of collateral

3.1 Funded Credit Protection Instruments

3.1.1 The following funded instruments are considered financial collateral:

- Cash deposits or cash equivalents and gold with the Bank;
- Debt instruments issued by the central government of the Republic of North Macedonia and NBRNM, and by central governments or central banks with a credit rating from a recognized ECAI[3] or CRA[4] belonging to credit quality step 4 or better (as per the Capital Adequacy Decision), including instruments issued by public institutions treated as central government, multilateral development banks, and international organizations with 0% risk weight;
- Debt instruments issued by banks and other companies, local governments and regional authorities, other multilateral development banks, and public institutions with a long-term credit rating from a recognized ECAI belonging to credit quality step 3 or better;
- Debt instruments issued by banks and other companies with a short-term credit rating from a recognized ECAI belonging to credit quality step 3 or better;
- Debt instruments issued by banks headquartered outside North Macedonia without a recognized ECAI rating, provided that:
    - the instruments are listed on a recognized exchange;
    - all other financial instruments issued by that bank with the same seniority have a rating of at least credit quality step 3;
    - the Bank has information indicating the instrument should be rated more favorably than step 3;
    - the Bank is confident that the instrument can easily be sold on the market;
- Debt instruments issued by banks headquartered in North Macedonia, listed on the Macedonian Stock Exchange AD Skopje;
- Units in investment funds if:
    - unit prices are published daily; and
    - the fund invests only in instruments recognized as financial collateral under this policy;
- Shares or convertible bonds included in the main stock exchange index (MBI10).

3.1.2 Other funded instruments include cash deposits or cash equivalents with a third party not being one of the contracting parties, or life insurance policies.

3.2 Unfunded Credit Protection Instruments

The Bank uses guarantees and counter-guarantees. To be recognized as credit protection instruments in determining risk-weighted assets, they must meet the conditions prescribed by the Capital Adequacy Decision.

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[3] Recognized external credit rating institution in accordance with the Capital Adequacy Decision.

[4] Recognized export credit agency in accordance with the Capital Adequacy Decision.

4. Guarantee issuers

As at 31.12.2025, the Bank holds the following unfunded credit protection instruments by type of issuer:

- Guarantees or counter-guarantees issued by foreign banks;
- Guarantees or counter-guarantees issued by domestic banks;
- Guarantees or counter-guarantees issued by other non-resident companies; and
- Guarantees or counter-guarantees issued by the central government of the Republic of North Macedonia or NBRNM.

The risk weight of unfunded credit protection instruments depends on the maturity of the exposure and the credit rating of the issuer of the instruments.

The categories of exposures secured with guarantees or counter-guarantees are:

- Receivables from public institutions;
- Receivables from banks;
- Receivables from other companies; and
- Receivables based on a portfolio of small loans.

5. Concentration level of the risk related to the collateral

As at 31.12.2025, the Bank's total exposure covered by credit protection instruments (funded and unfunded CPI) amounts to 12,466,821 thousand denars, representing 6.39% of the total credit exposure.

The structure of the Bank's CPI portfolio shows a higher share of funded instruments (50.8%) compared to unfunded instruments (49.2%).

Breakdown by instrument type:

- Pledged shares: 17.1% of total CPI;
- Restricted deposits on Bank accounts and cash deposits in custody: 25.8%;
- Pledge on deposits covering off-balance sheet items: 7.8%;
- Guarantees/counter-guarantees issued by foreign banks: 5.4%;
- Guarantees/counter-guarantees issued by domestic banks: 2.0%;
- Guarantees/counter-guarantees issued by other non-resident companies: 23.3%;
- Guarantees/counter-guarantees issued by the central government of RNM or NBRNM: 18.6%.

The exposures covered by banking and corporate guarantees account for about 3.95% of the total credit risk exposure, and therefore the Bank does not face high concentration risk in accepted CPI from a credit risk perspective.

For exposures covered by pledged shares, the covered exposure represents less than 1% of the total Bank exposure, and therefore the Bank does not face high concentration risk in accepted CPI from a market risk perspective.

Template KRSPI: Report on the total amount of the secured and unsecured exposure with credit risk mitigation instruments

in Denar 000

Ref. no.	Description	Unsecured credit exposure	Secured credit exposure		
			Funded credit risk mitigation instruments	Unfunded credit risk mitigation instruments	Total
		1	2	3	4=2+3
1	Loans and claims	141.902.288	3.398.652	3.994.719	**7.393.370**
2	Debt securities	66.917.724	0	0	**0**
3	**Total**	**208.820.012**	**3.398.652**	**3.994.719**	**7.393.370**
4	Non-performing credit exposures	2.303.561	1.685	0	**1.685**

Template RDDSK: Report with the qualitative information on the counterparty risk

Ref. no.	Elements of the counterparty risk management system	Description
1	*2*	*3*
1	Counterparty Risk Management Policy	The description follows below the table via a link in column 2.
2	Reporting system	
3	Methodology for determining the capital	
4	Internal limits on exposure	
5	Other data	/

1. Counterparty Risk Management Policy

The Bank has adopted a special internal act - Policy for Managing Counterparty Risk, which contains general rules for the system of managing counterparty risk. The main objectives of the policy are to establish an efficient process for managing counterparty risk, to comply with all legal and regulatory requirements governing the Bank's obligations related to counterparty risk, and to create a sustainable system for managing this risk.

The general framework for counterparty risk management includes effective and independent risk management through:

- Defining and identifying exposures – financial instruments subject to counterparty risk;
- Measuring and determining identified exposure to counterparty risk, through an established system of assessment and determination of capital required to cover this risk;
- Monitoring exposure through a system for regular monthly monitoring of the level of identified exposure;
- Regular compliance with established exposure limits;
- Informing the Bank's governing bodies, through defined reporting lines, scope, and timeframe.

The Bank establishes a counterparty risk management system as part of its corporate governance. The system and its scope are aligned with the Bank's Development Plan and business policy, corresponding to the nature, type, and volume of financial activities performed, and are subject to regular improvement, taking into account the Bank's risk profile and changes in the external environment.

Initial identification of exposures subject to counterparty risk is performed when the exposure is established by the Bank's organizational units that generate exposure through financial instruments.

The Bank's organizational units that establish exposure based on financial instruments, perform initial identification and recording of the risk of the clients with whom they conclude transactions/contracts, and establish procedures that regulate the approval and limit of exposure to clients, including transactions and instruments that are subject to counterparty risk.

2. Reporting system

The Bank has established a system for monitoring and reporting exposures subject to counterparty risk, whereby the Bank's governing bodies are regularly informed with data on:

- the Bank's total exposure to counterparty risk;
- the types of active financial instruments subject to counterparty risk; and
- the amount of capital required to cover counterparty risk.

This process is appropriately regulated in the Bank's internal acts.

Based on this information, the Bank's governing bodies and persons involved in the process of assuming and managing counterparty risk can make adequate and timely decisions related to the implementation of this process.

3. Methodology for determining the capital

The Bank is required to calculate capital needed to cover counterparty risk for the following financial instruments:

- Financial derivatives;
- Repo agreements for sale/purchase of securities and commodities, and agreements for lending/borrowing securities and commodities;
- Margin lending transactions (financing the purchase of securities with partial payment);
- Long-term settlement transactions.

The Bank does not engage in margin lending transactions or long-term settlement transactions.

The treatment of derivative instruments in forward and swap transactions executed by the Bank is regulated by the procedures for accounting records of derivative financial instruments – forward and swap transactions.

For transactions treated as financial derivatives and for repo agreements for sale/purchase of securities, the Bank calculates capital to cover counterparty risk by using the **original exposure method**.

Under the original exposure method, the counterparty risk exposure from an individual position (contract) is calculated as the product of the notional value of the position and the corresponding percentage, as follows:

Contractual maturity	Interest rate contracts	Foreign exchange & gold contracts
Up to 1 year	0,5%	2%
1–2 years	1,0%	5%
For each additional year	+1,0%	+3%

4. Internal limits on exposure

Within the organizational units that conclude contracts for financial instruments subject to counterparty risk, internal limits are established for total exposure to clients, banks, and savings institutions. These limits integrate exposures subject to counterparty risk and are appropriately regulated in the Bank's internal acts.

The Bank provides for the possibility of exceptions to the defined internal exposure limits to clients, as well as procedures in case of their breach. These are detailed in the internal acts of the organizational units that establish exposures to clients, where the decision-making bodies in such situations are also appropriately regulated.

Template RDDSO: Report on the capital requirements for counterparty risk

in Denar 000

Ref. no.	DESCRIPTION	Amount
1	2	3
1	Total amount of the capital requirement for counterparty risk	401.11
2	Total amount of counterparty risk exposure, applying the method of original exposure	8,356.40
3	Total amount of counterparty risk exposure, applying the method of market value	-

Template PRK: Report with the qualitative information on market risks

Ref. no.	Elements of the market risk management system	Description
1	*2*	*3*
1	Market Risk Management Policy	The description follows below the table, via link in column 2.
2	Reporting system	
3	Methodology for determining the capital	
4	Other data	

1. Market Risk Management Policy

The Bank has established a Market Risk Management Policy, adopted by the Supervisory Board of the Bank, which is regularly reviewed. The policy defines the general guidelines for undertaking and managing market risk.

The subject of the policy are the general rules of the market risk management system, namely:

- An effective process for managing market risk, based on the document on acceptable risk level and the established risk culture; and
- An appropriate organizational structure for managing market risk.

The effective market risk management process entails the adoption, establishment, and application of at least:

- Policies and other internal acts for identifying, measuring or assessing, controlling or mitigating, and monitoring market risk;
- Rules for stress testing; and
- An information system.

The Bank's market risk management includes the determination and implementation of a prudent market risk management policy, the development and application of adequate techniques for measuring exposure to market risk, as well as the establishment and application of control procedures.

The Bank has established an organizational structure with clearly and precisely defined competences and lines of responsibility, cooperation, and information exchange in managing market risk, and with clearly defined responsibilities of persons and organizational units responsible for managing market risk, distinct from those responsible for undertaking market risk. Market risk management is performed by the Risk Management and Planning Division, as an independent organizational unit, and by the Liquidity and Financial Market Division, as the organizational unit where market risk is undertaken.

2. Reporting system

The Bank has established an information system (reporting system) which enables appropriate measurement and assessment of market risk, as well as adequate and timely reporting to employees involved in risk undertaking and risk management, and to the Bank's governing bodies, regarding the Bank's risk profile, as a basis for making appropriate business decisions.

Market risk reports meet at least the following requirements:

- Transparency;
- Clear, understandable, and precise data regarding market risk;
- Completeness, providing sufficient data for comprehensive analysis and assessment of the Bank's exposure to market risk;
- Usefulness, containing the most important data regarding market risk;
- Comparability with previous reports, characterized by the highest possible consistency depending on the data contained;

- Ability to monitor the implementation of the document on acceptable risk level, including monitoring of qualitative and quantitative indicators, thresholds, internal limits, breaches of thresholds and limits, and monitoring of approved exceptions;
- Timeliness, ensuring prompt decision-making regarding risk undertaking and risk management.

For purposes of market risk management, the Bank has established an information system that provides preparation of at least the following data and reports:

- Report on the currency structure of trading positions;
- Report on trading transactions executed during a given period;
- Reports by type of transaction, organizational unit, and type of financial instrument;
- Report on significant (large) transactions deviating from market conditions;
- Report on compliance with defined thresholds and internal limits;
- Report on exceptions from the Bank's policies and procedures, with special emphasis on whether exceptions occurred within the Bank's procedures foreseen for such cases;
- Overview of current and cumulative trading results, at least on a monthly and annual basis.

The information system for market risk management entails regular reporting to the Bank's governing bodies on the level of undertaken market risk and compliance with exposure limits. A mechanism is also provided for regular review of the Market Risk Management Policy by the Risk Management Committee and the Supervisory Board of the Bank.

3. Methodology for determining the capital

The Bank does not allocate capital for market risk, in accordance with point 30 of the Methodology for determining capital adequacy (Official Gazette of the Republic of Macedonia No. 47/2012)

4. Other data

In undertaking market risk, the Bank observes statutory exposure limits as well as limits established in its internal acts. Accordingly, the Bank assesses its risk profile and reports to the Supervisory Board and the Risk Management Committee about it.

To protect against or mitigate market risk, priority is given to investments with high credit ratings, providing maximum protection of invested funds.

On a daily basis, the Bank monitors compliance with restrictions in accordance with the Decision on methodology for determining capital adequacy, for purposes of establishing the obligation for capital coverage of market risk, namely:

- the 'Amount of the trading portfolio (TP)', which generally does not exceed MKD 915 million and never exceeds MKD 1,220 million; and
- '% share of the trading portfolio (TP) in total assets', which generally does not exceed 5% of the Bank's total assets and never exceeds 6%.

The Bank continuously enhances its market risk management system in line with changes in the legal regulations and bylaws, developments in the external environment, the Bank's risk profile,

expansion of the markets in which the Bank operates, and innovations in international theory and practice.

Template PRIK: Report on the amount of the capital requirements for market risks

in Denar 000

Ref. no.	DESCRIPTION	Amount
1	*2*	*3*
1	Capital requirements for position risk (1.1+1.2+1.3+1.4)	-
1.1	Capital requirements for specific risk from investments in debt instruments	-
1.2	Capital requirements for general risk from investments in debt instruments	-
1.3	Capital requirements for specific risk from investments in equity instruments	-
1.4	Capital requirements for general risk from investments in equity instruments	-
2	Capital requirements for exceeding the exposure limits	-
3	Capital requirements for market risks from option positions	-
4	**Total amount of the capital requirements for market risks (1+2+3)**	-

Template ORK: Report with the qualitative information on operational risk

Ref. no.	Elements of the operational risk management system	Description
1	*2*	*3*
1	Operational Risk Management Policy	The description follows below the table, via link in column 2.
2	Reporting system	
3	Methodology for determining the capital	
4	Other data	

1. Operational Risk Management Policy

The Bank's operational risk management system consists of a framework and a process for managing operational risk.

The operational risk management framework is based on a strategy, policy, and methodology, as well as an appropriate organizational structure. The established framework enables the implementation of a process for managing this risk. Within the Bank's various processes, the operational risk management system allows for the identification of risks arising from these processes, their measurement, and the undertaking of corrective actions to avoid potential negative effects on the Bank's financial result and capital position. The adequacy of the established operational risk management framework is regularly reviewed.

The Bank establishes a policy containing the following elements:

- Definition of all types of operational risks (legal risk, money laundering and terrorism financing risk, risk of inadequate information systems, etc.);

- Methods for identifying, assessing, controlling or mitigating, and monitoring operational risk;
- Definition of internal limits and possible exceptions to those limits, and responsibility for deciding on the application of such exceptions;
- Scope of data and information included in the information system for operational risk management purposes;
- Description of the method for assessing operational risk;
- Clearly defined responsibilities for managing operational risk;
- Definition of significant operational risk losses and significant adverse events.

For management of other risks that are part of or related to operational risk, the Bank establishes separate policies or other appropriate internal acts.

For effective operational risk management, and to provide more detailed definitions of operational risk, the Board of Directors of the Bank adopts appropriate internal acts based on this policy.

The Bank has also established a policy for determining the capital required to cover operational risk, and for allocating financial activities by business lines for that purpose.

2. Reporting system

The Bank has established an information system that provides data and reports on risk events, enabling appropriate assessment of the operational risk, as well as reporting on the size and structure of the Bank's exposure to operational risk.

The information system enables the preparation of high-quality reports (transparent, complete, useful, comparable, and timely) on the Bank's exposure to operational risk. The reports contain data classified by type of risk events, business lines, organizational units, and similar categories.

The Bank has established a system for regular reporting to the Board of Directors, the Risk Management Committee, and the Supervisory Board, as well as to other persons with special rights and responsibilities, on significant losses arising from exposure to operational risk. These reports include: description of the type of operational risk loss incurred, the main causes leading to the loss, the amount of the loss, and a list of measures taken.

Reports fully cover all identified issues and serve as the basis for decision-making by the Supervisory Board and the Board of Directors of the Bank, for timely and effective additional measures to cover or reduce operational risk.

The Bank is obliged to notify the National Bank of any significant adverse event and/or significant operational risk loss, with a description of the event/loss, within fifteen days from the date of detection. The Bank is obliged to notify the National Bank of any significant operational or security incident immediately and without undue delay, and no later than three days after the incident has been classified as significant. The classification of the significance of the incident must be made by the Bank no later than 24 hours after detection. The method of reporting and the reports to be completed and submitted to the National Bank are further defined in the Bank's internal acts.

3. Methodology for determining the capital

The Bank applies the standardized approach for determining the capital required to cover operational risk.

The Bank has adopted a policy for determining the capital required to cover operational risk. This policy also governs the allocation of the Bank's financial activities by business lines according to defined principles, which is a necessary prerequisite for determining the capital required to cover operational risk under the standardized approach.

In accordance with the defined approach, the Bank prepares and adopts appropriate internal acts, in order to enable and document the calculation of the required capital through an application solution.

4. Other data

The Bank periodically reassesses and adjusts the established policies, processes, and procedures for controlling and/or mitigating material operational risks, in accordance with its risk profile. Likewise, the Bank periodically reassesses and adjusts other elements of the operational risk management system, i.e., the entire operational risk management system

Template ORIK: Report on the amount of the capital requirements for operational risk

in Denar 000

	DESCRIPTION	Amount of the basic indicator			Arithmetical mean of the three-year values of the basic indicator	Value of the risk-weighted basic indicator for each business line			Capital requirements for operational risk
		T1 (current year)	T2 (T1-1)	T3 (T1-2)		T1 (current year)	T2 (T1-1)	T3 (T1-2)	
1	2	3	4	5	6	7	8	9	10
Part 1. Capital requirement for operational risk under the basic indicator approach									
I	Total value of the basic indicator for each of the last three years								
II	**Capital requirement for operational risk under the basic indicator approach**								
Part 2. Capital requirement for operational risk under the standardized approach									
III	Total value of the risk-weighted basic indicator for each of the last three years					1,133,966	1,161,811	1,010,219	
IV	**Capital requirement for operational risk under the standardized approach**								**1,101,998**

Template KSK: Report with the qualitative information on the interest rate risk in the banking book

Ref. no.	Elements of the system for managing the interest rate risk in the banking book	Description
1	*2*	*3*
1	Policy on managing the interest rate risk in the banking book	The description follows below the table, via link in column 2.
2	Reporting system	
3	Approach that is used to determine the change of the economic value	
4	Other data	

1. Policy on managing the interest rate risk in the banking book

The Bank has established a policy for managing the interest rate risk in the banking portfolio, adopted by the Supervisory Board of the Bank and regularly reviewed. The policy defines the general guidelines for undertaking and managing interest rate risk in the banking portfolio.

The subject of the policy are the general rules of the system for managing interest rate risk in the banking portfolio, namely:

- An effective process for managing interest rate risk in the banking portfolio, based on the document on acceptable risk level and the established risk culture; and
- An appropriate organizational structure for managing interest rate risk in the banking portfolio.

The effective process for managing interest rate risk entails the adoption, establishment, and application of at least:

- Policies and other internal acts for identifying, measuring or assessing, controlling or mitigating, and monitoring interest rate risk;
- Rules for stress testing; and
- An information system.

The Bank's management of interest rate risk includes the determination and implementation of a prudent interest rate risk management policy, the development and application of adequate techniques for measuring exposure, as well as the establishment and application of control procedures.

The Bank has established an organizational structure that ensures separation of competences and responsibilities among persons and organizational units engaged in activities related to risk undertaking, on the one hand, and those engaged in activities related to risk management, on the other, as well as their cooperation and exchange of information in managing interest rate risk.

2. Reporting system

The Bank has established an information system that enables appropriate measurement and assessment of the interest rate risk, as well as adequate and timely reporting to employees involved in risk undertaking and risk management, and to the Bank's governing bodies regarding the Bank's risk profile, as a basis for making appropriate business decisions.

Through regular reviews and information on interest rate risk, the Risk Management Committee and other governing bodies of the Bank are informed of the Bank's exposure to interest rate risk and compliance with limits.

Interest rate risk reports meet at least the following requirements:

- Transparency;
- Clear, understandable, and precise data regarding interest rate risk;
- Completeness, providing sufficient data for comprehensive analysis and assessment of exposure;
- Usefulness, containing the most important data regarding interest rate risk;
- Comparability with previous reports, characterized by the highest possible consistency depending on the data contained;
- Ability to monitor the implementation of the document on acceptable risk level, including monitoring of qualitative and quantitative indicators, thresholds, internal limits, breaches of thresholds and limits, and monitoring of approved exceptions;
- Timeliness, ensuring prompt decision-making regarding risk undertaking and risk management.

The information system provides preparation of at least the following reports and data:

- Reports on the amount and structure of interest-sensitive assets and liabilities in certain time intervals or periods;
- Reports on the Bank's exposure to interest rate risk by maturity;
- Degree of exposure to interest rate risk under different simulations, i.e. reports on the results of stress testing;
- Reports on compliance with internal policies and limits;
- Characteristics of assumptions used for assessing exposure to interest rate risk;
- Reports on findings of internal and external audit regarding the adequacy of the interest rate risk management system;
- Other reports for purposes of interest rate risk management.

3. Approach that is used to determine the change of the economic value

The Bank determines the change in economic value in accordance with the Decision on management of interest rate risk in the banking portfolio adopted by the National Bank of the Republic of North Macedonia. In line with this Decision, the Bank allocates interest rate sensitive assets and liabilities that are part of the banking portfolio into 13 time periods. The Bank's net position (difference between assets and liabilities) in each individual time period is multiplied by the corresponding weight.

When applying this model, positions in relation to interest rates are determined as follows:

- Fixed interest rate positions – positions where the interest rate does not change throughout the period until maturity;
- Variable interest rate positions – positions where the interest rate depends on a reference rate (e.g. NRS, SKIBOR, SOFR, SONIA, TONAR, SARON, EURIBOR, etc.) until maturity;
- Adjustable-interest rate positions – positions where the interest rate changes based on a decision of the Bank's competent body.

Fixed interest rate positions (Form FKS) are allocated to the appropriate time period according to the residual maturity, with annuity repayment positions distributed by the residual maturity of each annuity.

Variable interest rate positions (Form VKS) are allocated to the appropriate time period as per the time, up to the next repricing of the interest rate, as of the reporting date. For periods prior to the next repricing date, annuity repayment positions are distributed by the residual maturity of each annuity.

Adjustable-interest rate positions (Form PKS) are allocated to the appropriate time period based on the probability and frequency of interest rate changes. Adjustable-interest rate positions with annuity repayment are allocated in accordance with the provisions of the Guidelines for implementing the Decision on management of interest rate risk in the banking portfolio, adopted by the National Bank of the Republic of North Macedonia, based on the probability and frequency of interest rate changes.

4. Other data

The Bank manages interest rate risk in a manner adapted to the conditions and options of the banking market in the Republic of North Macedonia. By maintaining adequate maturity alignment of interest-sensitive assets and liabilities, and an appropriate structure in terms of interest rate determination, the Bank protects itself against interest rate risk.

On a regular basis, the Bank measures and monitors interest rate risk, including: realized interest income and expenses, average weighted interest rates, interest margin (spread), structure of interest-bearing assets and liabilities, impact of asset quality on profitability, ratio of interest-bearing assets and liabilities, interest gap, change in economic value of the banking portfolio, alignment of interest rates on financial assets and liabilities and maturity mismatches of interest sensitive positions, risk of differences in reference rates for instruments with similar characteristics, yield curve risk, risks arising from embedded options in interest-sensitive positions, as well as simulation models (including assessment of short-term effects of interest rate changes on net interest income up to one year, stress testing, etc.).

In undertaking interest rate risk in the banking portfolio, the Bank observes statutory exposure limits as well as limits established in its internal acts. Accordingly, the Bank assesses its risk profile and reports to the Risk Management Committee and the Supervisory Board.

The Bank continuously enhances its interest rate risk management system in line with changes in the legal regulations and bylaws, developments in the external environment, the Bank's risk profile, expansion of the markets in which the Bank operates, and innovations in international theory and practice.

Template VPVO: Report on the change of the economic value of the banking book

in Denar 000

	Position	Currency	Amount
	1	2	3
1.1	NET WEIGHTED POSITION FOR CURRENCY MKD (FIR + VIR + AIR)	**MKD**	**616,695**
1.2	NET WEIGHTED POSITION FOR CURRENCY EUR (FIR + VIR + AIR)	**EUR**	**-93,264**
1.3	NET WEIGHTED POSITION FOR CURRENCY MKDcl.EUR (FIR + VIR + AIR)	**MKDcl.EUR**	**1,178,003**
1.4	NET WEIGHTED POSITION FOR CURRENCY OTHER (FIR + VIR + AIR)	**Other**	**62,281**
2	**TOTAL WEIGHTED VALUE - CHANGE OF THE ECONOMIC VALUE OF THE BANKING BOOK (1.1+1.2+...)**		**1,763,715**
3	OWN FUNDS	MKD	19,574,212
4	**TOTAL WEIGHTED VALUE/OWN FUNDS (2/3*100)**		**9.01**

Template KPESG: Report with the qualitative information on climate-related risks, ESG risks and green loans

In accordance with the Decision on disclosure of reports and data, the first reporting period is 31.12.2026**.**

Template KPTR: Report on the exposure to climate-related transition risks

In accordance with the Decision on disclosure of reports and data, the first reporting period is 31.12.2026**.**

Template KPFR: Report on the exposure to climate-related physical risks

In accordance with the Decision on disclosure of reports and data, the first reporting period is 31.12.2026**.**

Template LRK: Report with the qualitative information on liquidity risk

Ref. no.	Elements of liquidity risk management	Description
1	*2*	*3*
1	Liquidity Risk Management Policy	The description follows below the table, via link in column 2.
2	Strategies and processes	
3	Structure and organization	
4	Reporting system	
5	Contingency Plan	
6	Other data	

1. Liquidity Risk Management Policy

The Bank has established a Liquidity Risk Management Policy, adopted by the Supervisory Board of the Bank and regularly reviewed, which defines the manner of managing liquidity. The

policy contains general rules for the liquidity risk management system and for maintaining an adequate level of liquidity, namely:

- An effective process for managing liquidity risk, based on the document on acceptable risk level and the established risk culture;
- An appropriate organizational structure for managing liquidity risk;
- A process for determining internal liquidity (ILA) and the basic elements of maintaining adequate liquidity.

The effective liquidity risk management process entails the adoption, establishment, and application of at least:

- Policies and other internal acts for identifying, measuring or assessing, controlling or mitigating, and monitoring liquidity risk, and the Contingency Liquidity Risk Management Plan of Komercijalna Banka AD Skopje;
- Rules for stress testing;
- An information system.

The Bank establishes an ILA that should cover the impact of the business cycle, environmental factors that may adversely affect liquidity, the Bank's development plan and business policy and their dependence on macroeconomic factors, as well as the results of stress testing.

In addition to the Liquidity Risk Management Policy, the Bank has adopted other internal acts for identifying, measuring, controlling or mitigating, and monitoring liquidity risk, namely:

- Procedures for identifying, measuring or assessing, controlling or mitigating, and monitoring liquidity risk, and Guidelines for preparing liquidity reports, which serve as a manual for daily use. Experience in performing these tasks, amendments to the legal regulations and bylaws, and further business improvements contribute to their continuous updating and refinement, and they are used in the daily operations. These acts also cover the process of maintaining adequate liquidity, including: planning and monitoring cash inflows and outflows; establishing and maintaining an appropriate maturity structure; monitoring funding sources and their concentration; determining the liquidity coverage ratio; and defining and monitoring internal liquidity indicators;
- A Contingency Liquidity Risk Management Plan, addressing the management of unusual conditions that may arise unexpectedly and independently of the Bank, which would increase liquidity risk;
- Policy on the process of determining internal liquidity, defining the objectives to be achieved through the application of ILA, the positioning of ILA within the risk management system, phases of ILA, and the reporting and use of ILA results, along with other internal acts.

2. Strategies and processes

The Bank establishes a liquidity risk management system as part of its corporate governance. The liquidity risk management system and its scope are aligned with the Bank's Development Plan and Business Policy, correspond to the nature, type, and volume of the Bank's financial activities, and are subject to regular enhancement, taking into account changes in the external environment, the Bank's risk profile, expansion of the markets in which the Bank operates, and similar factors.

Liquidity risk management entails managing assets and liabilities in a manner that ensures timely and regular settlement of obligations, under both normal and extraordinary operating conditions.

Liquidity risk management includes identification, measurement or assessment, control or mitigation, and monitoring of liquidity risk, and is based on the acceptable risk level (risk appetite statement) and the established risk culture.

In undertaking and managing liquidity risk, the Bank adheres to restrictions and limits set forth in legal acts and bylaws, as well as limits defined in the Strategy for Risk Undertaking and Risk Management and other internal acts of the Bank, observing the fundamental principles of banking operations: safety, liquidity, and profitability. The Bank measures, monitors, controls, and assesses its risk profile, reporting to the Risk Management Committee and the Supervisory Board.

The effective liquidity risk management process entails adoption, establishment, and application of at least:

- Policies and other internal acts for identifying, measuring or assessing, controlling or mitigating, and monitoring liquidity risk, and the Contingency Liquidity Risk Management Plan of Komercijalna Banka AD Skopje;
- Rules for stress testing;
- An information system.

3. Structure and organization

The Bank has established an organizational structure with clearly and precisely defined competences and lines of responsibility, cooperation, and information exchange in managing liquidity risk, with clearly defined responsibilities of persons and organizational units responsible for managing liquidity risk and those responsible for undertaking liquidity risk.

At a strategic level, liquidity risk management is performed by the members of the Supervisory Board, the Risk Management Committee, and the Board of Directors, in accordance with the legally defined competences.

At a macro level, liquidity risk management at the level of an organizational unit or a business line is performed by other persons with special rights and responsibilities who hold managerial functions, and/or by a dedicated organizational unit responsible for monitoring the management of all or specific risks.

At a micro level, activities related to undertaking and managing liquidity risk are performed by persons who, in their daily operations, assume liquidity risk, in accordance with the work procedures and internal control systems.

For monitoring liquidity and managing liquidity risk, the Supervisory Board of the Bank establishes a Committee for Monitoring Liquidity and Managing Liquidity Risk.

The Risk Management and Planning Division is responsible for implementing and/or coordinating activities and processes related to: identifying, measuring or assessing, controlling or mitigating, and monitoring of liquidity risk; implementing the Bank’s policy and internal acts for identifying, measuring or assessing, controlling or mitigating, and monitoring of liquidity risk; regularly monitoring exposure limits and liquidity indicators; determining and regularly reviewing the Bank’s risk profile in terms of liquidity risk in line with risk undertaking capacity and acceptable risk level; determining the level of total internal capital for covering risks and internal liquidity; reviewing stress-testing results; regularly reporting to the Supervisory Board, the Risk Management

Committee, the Audit Committee, and other governing bodies on liquidity risk exposure and stress-testing results; monitoring compliance of decisions taken by organizational units responsible for undertaking liquidity risk with the acceptable risk level and reporting to the Supervisory Board, the Management Board, and the Risk Management Committee; monitoring established qualitative and quantitative indicators and thresholds; monitoring early warning thresholds; proposing measures for improving the liquidity risk management system; independently assessing reasons for non-compliance with the policy, procedures, or defined internal limits; proposing measures to eliminate causes of non-compliance and appropriately reporting to responsible persons in organizational units undertaking liquidity risk, as well as to the Supervisory Board, the Board of Directors, and the Risk Management Committee.

The Liquidity and Financial Market Division is responsible for the Bank's operational liquidity. As per the guidelines set by the Committee for Monitoring Liquidity and Managing Liquidity Risk, it manages the Bank's operational liquidity and ensures compliance with obligations prescribed by the National Bank. In case of deviations from planned levels, it proposes specific measures to ensure obligations are met. The Liquidity and Financial Market Division manages operational liquidity based on information received from all organizational units of the Bank regarding planned cash flow movements, by using forecasting and projection models, while adhering to restrictions and limits defined in the policy and internal acts for liquidity risk management.

All organizational units of the Bank execute payments and place funds within the limits defined in the Bank's internal acts.

4. Reporting system

The Bank has established an adequate information system that enables timely and continuous measurement, monitoring, control, and reporting in the process of liquidity risk management, providing appropriate information and data on the Bank's liquidity position, on the basis of which governing bodies and persons involved in the process of undertaking and managing liquidity risk can make appropriate and timely decisions related to the implementation of this process.

Through the information system, at a minimum, the following is ensured:

- Measurement and monitoring of the Bank's liquidity and liquidity risk on a daily basis and in precisely defined time periods;
- Measurement and monitoring of the Bank's liquidity and liquidity risk for individual foreign currencies that have a significant impact on the Bank's overall liquidity, both individually and in aggregate;
- Monitoring compliance with established exposure limits and liquidity indicators;
- Provision of data for determining liquidity indicators and preparation of reporting forms for the needs of the Bank's governing bodies and all other persons involved in the liquidity risk management process;
- Analysis of movements in the deposit base and determination and monitoring of deposit stability;
- Conducting stress testing.

Liquidity risk reports meet at least the following requirements:

- Transparency – containing clear, understandable, and precise data regarding liquidity risk;

- Completeness – providing sufficient data for comprehensive analysis and assessment of the Bank's exposure to liquidity risk;
- Usefulness – containing the most important data regarding liquidity risk;
- Comparability with previous reports – characterized by the highest possible consistency depending on the data contained;
- Ability to monitor the implementation of the document on acceptable risk level, including monitoring of qualitative and quantitative indicators, thresholds, internal limits, breaches of thresholds and limits, and monitoring of approved exceptions;
- Timeliness – ensuring prompt decision-making regarding liquidity risk undertaking and management.

The Risk Management and Planning Division, the Non-credit Risk Management Department, and the Liquidity and Financial Market Division, in accordance with their competences, regularly report to the Risk Management Committee and the Supervisory Board of the Bank. The Liquidity Monitoring and Risk Management Committee is also regularly informed.

5. Contingency Plan

The Contingency Liquidity Risk Management Plan is adopted for purposes of managing liquidity risk under unusual conditions that may arise unexpectedly and independently of the Bank, and which would increase liquidity risk.

The Contingency Liquidity Risk Management Plan includes:

- Allocation of tasks, competences, responsibilities, and decision-making related to the application of the plan;
- Early warning indicators of extraordinary conditions and persons responsible for monitoring and reporting on these indicators;
- Definition of extraordinary conditions under which the plan will be applied;
- Definition of activities to be undertaken and identification of possible funding sources, as well as determination of the time frame for undertaking such activities;
- Determination of communication methods with depositors, business partners, other clients, and the public under extraordinary conditions;
- Contact details of persons responsible for implementing the plan; and
- Other elements defined in the legal acts and bylaws, as well as in the Bank's internal acts.

The Bank reviews the plan in accordance with changes in the internal and external operating conditions, and the plan is aligned with the Bank's Recovery Plan.

6. Other data

The Bank measures and monitors liquidity risk and the Bank's liquidity based on an assessment of liquidity sources and obligations to the Bank's clients, through: daily liquidity planning; maturity structure of assets and liabilities at aggregate level and by significant currency; concentration of funding sources by largest depositors; concentration of funding sources by instruments or products; cost of funding sources and their maturity; possibility of renewal of funding sources; determination of available unencumbered assets; liquidity coverage ratio at aggregate level and by significant currency; internal liquidity indicators; mandatory reserve requirements in domestic and foreign currency; data on denar and foreign currency operational liquidity; own funds and capital adequacy ratio.

The Bank continuously enhances its liquidity and liquidity risk management system in line with changes in the legal regulations and bylaws, developments in the external environment, the Bank's risk profile, expansion of the markets in which the Bank operates, and innovations in international theory and practice.

Template SPLKV: Report with the qualitative information on the liquidity coverage ratio

Ref. no.	Elements included in the calculation of the liquidity coverage ratio	Description
1	*2*	*3*
1	LCR main positions	The description follows below the table, via link in column 2.
2	LCR changes	
3	Concentration of the funding sources	
4	High-quality liquid assets	
5	Currency structure	
6	Other positions	

1. LCR main positions

In the last 12 months, the main positions of the Liquidity Coverage Ratio (LCR) consisted of:

- **High-quality Liquid Assets,** primarily positions in unadjusted Level 1 liquid assets and, to a lesser extent, positions in unadjusted Level 2B liquid assets;
- **Cash outflows**, consisting of positions in outflows from unsecured transactions/deposits, namely: retail deposits, non-operational deposits, undertaken off-balance sheet commitments, additional cash outflows, other products and services, and other liabilities;
- **Cash inflows**, consisting of positions in inflows from unsecured transactions, namely: inflows from central banks, inflows from financial institutions, inflows from non-financial institutions, inflows from securities, inflows from shares included in MBI10 or in a stock market index of another country, promotional loans or similar funds from a multilateral development bank or public institution, derivative contracts, and other inflows maturing within the next 30 days not included in HQLA.

2. LCR changes

In the past 12 months, the most significant change was of a methodological nature, caused by the implementation of the new operational framework of monetary policy, under which the available deposit up to 7 days was cancelled. According to the methodological rules of the Liquidity Coverage Ratio (LCR), this deposit could be included in the total cash inflows (TCI), thereby contributing to a higher LCR. With the regulatory changes, treasury bills up to 7 days as an instrument for placing free cash funds, are now part of High-Quality Liquid Assets (HQLA), which results in a lower calculated LCR, but the ratio remains highly aligned with the regulatory limit.

3. Concentration of the funding sources

The Bank monitors the concentration of funding sources by its largest depositors through the preparation of the Report on Monitoring the Concentration of Funding Sources (Form ND), as well as the concentration of funding sources by instruments or products through preparation of the Report on Monitoring the Concentration of Funding Sources by Instruments or Products (Form IP).

To monitor the diversification and concentration of funding sources, monthly analyses are prepared, and weekly analyses are conducted when necessary. The Bank also determines deposit movements under normal and extraordinary circumstances.

The Bank strives to maintain a dispersed structure of funding sources, which is continuously monitored, including from the perspective of cash outflows in the calculation of the Liquidity Coverage Ratio (LCR).

4. High-quality Liquid Assets

High-quality Liquid Assets (HQLA) consist mainly of positions in unadjusted Level 1 liquid assets, namely: cash, the Bank's funds with the National Bank, exposures to or guaranteed by the National Bank, exposures to or guaranteed by the central government of the Republic of North Macedonia, and exposures to or guaranteed by the central government of another country with a credit quality level 1.

Within unadjusted Level 2B liquid assets, equities are included in accordance with point 23.4 of the Decision on methodology for managing liquidity risk (Official Gazette of the Republic of North Macedonia No. 146/20).

5. Currency structure

In the past 12 months, the currency structure of the High-quality Liquid Assets (HQLA) fully corresponded to the currency structure of net cash outflows. The dominant significant currencies were MKD and EUR, and in certain months USD.

During this period, the Bank had no positions excluded from HQLA due to currency mismatch, i.e. no positions denominated in a currency that did not correspond to the currency structure of the net cash outflows.

6. Other positions

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Template SPLO: Report on the liquidity coverage ratio

in Denar 000

Ref. no.	DESCRIPTION	Amount				Average value
		T	T-1	T-2	T-3	
1	2	3	4	5	6	7=(3+4+5+6)/4
PART 1. HIGH-QUALITY LIQUID ASSETS (HQLA)						
1	Level 1 liquid assets	**58,320,992**	**57,336,913**	**46,399,990**	**47,053,938**	**52,277,958**
1.1	*Cash*	3,127,807	3,124,873	2,960,660	2,692,190	**2,976,382**
1.2	*Bank assets with and exposure to the National Bank*	19,737,956	20,766,014	11,154,755	11,468,004	**15,781,682**
1.3	*Exposure to or exposure guaranteed by the central government of the RNM*	33,764,559	31,736,591	30,566,857	30,874,863	**31,735,718**
1.4	*Other positions from level 1 liquid assets*	1,690,671	1,709,435	1,717,718	2,018,881	**1,784,176**
2	Level 2 liquid assets	**12,292**	**42,731**	**65,903**	**103,419**	**56,086**
2.1	*Level 2A*	-	-	-	-	**-**
2.2	*Level 2B*	12,292	42,731	65,903	103,419	**56,086**
3	**High-quality liquid assets (HQLA)**	**58,333,285**	**57,379,643**	**46,465,893**	**47,157,357**	**52,334,044**
PART 2. LIQUIDITY OUTFLOWS						
4	Retail deposits	8,907,757	8,706,231	8,531,822	8,403,630	**8,637,360**
4.1	*Stable deposits*	3,795,952	3,654,020	3,648,605	3,566,915	**3,666,373**
4.2	*Other retail deposits*	5,111,805	5,052,210	4,883,217	4,836,715	**4,970,987**
5	Operational deposits	-	-	-	-	**-**
6	Excess operational deposits	-	-	-	-	**-**
7	Non-operational deposits	18,704,383	18,247,260	18,257,331	18,133,246	**18,335,555**
8	Assumed off-balance sheet liabilities	1,183,106	1,090,543	1,021,294	1,029,555	**1,081,124**
9	Other outflows	604,784	556,087	1,656,133	510,503	**831,877**
10	**Total liquidity outflows (TLO)**	30,583,136	29,690,663	30,487,874	29,106,487	29,967,040
PART 3. LIQUIDITY INFLOWS						
11	Inflows due to unsecured transactions	28,411,542	28,158,394	37,230,736	34,539,119	**32,084,948**
12	Inflows from secured lending and capital market-driven transactions	-	-	-	-	**-**
13	Total inflow from collateral swaps	-	-	-	-	**-**
14	Inflow reductions	-	-	-	-	**-**
15	**Total liquidity inflows (TLI)**	**28,411,542**	**28,158,394**	**37,230,736**	**34,539,119**	**32,084,948**
PART 4. TOTAL ADJUSTED VALUE						
16	**HIGH-QUALITY LIQUID ASSETS**	58,333,285	57,379,643	46,465,893	47,157,357	**52,334,044**
17	**NET LIQUIDITY OUTFLOW**	11,474,257	10,833,637	7,323,012	6,982,988	**9,153,474**
18	**LIQUIDITY COVERAGE RATIO (%)**	578.79	592.05	635.68	675.31	**620.45**

Template RNOSK: Report on the total amount of the available unencumbered and encumbered assets

Table 1 - Unencumbered assets in Denar 000

Row	Sector	Type of product	Market / nominal value	Value of the collateral acceptable to CB
	1	2	3	4
1	Central banks	BZ	36,188,499	
2	Central governments	DHV	37,601,300	
3	Banks			
4	Other financial institutions			
5	Non-financial institutions	A	29,791	
6	Natural persons and small companies			
7	Other positions		**3,367,649**	

Table 2 - Encumbered assets in Denar 000

Row	Sector	Type of product	Market / nominal value
	1	2	3
1	Central banks		
2	Central governments	DHV	543,914
3	Banks		
4	Other financial institutions		
5	Non-financial institutions		
6	Natural persons and small companies		
7	Other positions		

To complete column 2 of tables 1 and 2 the following symbols shall be used:
P - cash;
BZ - CB bills;
DHV - government securities;
PO - covered bonds;
KDHV - corporate debt securities;
HVPA - securities covered by certain assets;
A - shares;
UIF - stakes in investment funds;

LP - unused off-balance sheet claims for liquidity support and for lending approved to the bank;

O - other.
* Shadowed fields of tables 1 and 2 shall not be filled in.

Template SZK: Report with the qualitative information on the leverage ratio

Ref. no.	Elements of the leverage ratio management system	Description
1	*2*	*3*
1	Leverage risk management process	The description follows below the table, via link in column 2.
2	Reporting system	
3	Factors that affect the calculation of the leverage ratio	
4	Other data	

1. Leverage risk management process

The process of managing leverage risk is established through the Policy on Capital Adequacy Management of Komercijalna Banka AD Skopje, adopted by the Supervisory Board, which includes a dedicated section on leverage risk. In line with the policy and the Decision on methodology for managing leverage risk, leverage risk is monitored through the **leverage ratio**, which supplements the capital adequacy ratio indicator.

The leverage ratio is calculated as the ratio between the value of capital (considering only instruments and positions of the Bank's core capital) and the value of exposure (balance sheet and off-balance sheet assets), including derivative instruments. The Bank determines and regularly monitors this indicator.

According to Basel standards, the leverage ratio must be at least **3%**, but it increases by additional percentage points depending on the systemic importance of the bank. Maintaining this ratio provides an additional signal for ensuring an adequate level of capital relative to the size of the Bank's total assets.

The Bank is required to calculate the leverage ratio on a **semi-annual basis**, as the average of monthly leverage ratios determined at the end of each month in the half-year, and to publish it on its website.

There is no regulatory threshold for maintaining a specific level of leverage ratio. For purposes of regularly updating the Recovery Plan and reassessing the appropriateness of selected indicators and their limits, the Bank conducts an annual empirical analysis of leverage ratio trends. The aim of the analysis is to signal significant changes/increases in exposure relative to capital, i.e. situations of over-indebtedness, given that the capital adequacy ratio only tracks risk-weighted exposure but not total exposure. Thresholds for changes in the leverage ratio are set at 1.0 pp, 1.5 pp, and 2.0 pp.

2. Reporting system

The Bank has established an information system (reporting system) that enables calculation of the leverage ratio and timely reporting to the Bank's governing bodies.

The leverage ratio is calculated by completing the prescribed Leverage Ratio Report (Form LR), in accordance with the NBRNM Guidelines for implementing the Decision on methodology for managing leverage risk.

Reporting to the Bank's governing bodies on the determined leverage ratio is carried out on a semi-annual basis, as follows:

- The Board of Directors, Risk Management Committee, Credit Committee, and Supervisory Board are informed within the Semi-Annual Business Report of the Bank regarding the obligation to publish the ratio, as well as within the Annual Report and data published by the Bank in line with the Decision on disclosure of reports and data;
- The Board of Directors and Risk Management Committee are informed annually about the results of the empirical analysis of leverage ratio trends, for the purpose of assessing indicator thresholds in the Recovery Plan. The Supervisory Board is informed through the Recovery Plan adopted by the Board of Directors.

3. Factors that affect the calculation of the leverage ratio

The calculation of the leverage ratio is influenced by the following factors:

1. Capital value – equal to the amount of core capital determined in accordance with the capital adequacy methodology;
2. Exposure value – determined as the sum of:
    - the value of balance sheet positions included in the calculation of risk-weighted assets under the capital adequacy methodology, but without applying risk weights;
    - exposure from financial derivatives, calculated by using the original exposure method, for exposures where capital is required for counterparty risk under the capital adequacy methodology;
    - off-balance sheet positions, including off-balance sheet claims that are part of risk-weighted assets, applying conversion factors set in the capital adequacy methodology, except for low-risk off-balance sheet positions where a 10% conversion factor applies.

Rules for determining exposure value:

- Claims that are deductible items from the Bank's core capital are not included;
- Claims are presented in net amounts, i.e. accounting value minus impairment, special reserve, premium/discount, and fair value adjustments (excluding accumulated depreciation);
- Claims are not reduced by the value of collateral, regardless of its form;
- Netting of loans with deposits is not permitted.

4. Other data

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Комерцијална банка

Template SZO: Report on the leverage ratio for the second half of 2025

in Denar 000

Ref. No.	Description	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
1	2	3	4	5	6	7	8
1.	On-balance sheet items	181,717,584	182,855,344	186,556,724	187,897,334	188,781,673	192,233,041
1.1.	Claims on central governments and central banks	75,041,874	78,257,612	77,444,708	77,388,949	80,004,652	80,673,627
1.2.	Claims on local and regional government	558,018	567,652	569,234	563,696	526,199	526,284
1.3.	Claims on public sector entities	3,115,518	3,097,594	3,092,868	5,375,811	3,025,236	6,258,240
1.4.	Claims on multilateral development banks and international organizations	0	0	0	0	0	0
1.5.	Claims on banks	13,520,442	13,827,979	14,883,226	14,173,208	12,798,189	12,514,574
1.6.	Claims on other trade companies	17,354,178	17,015,354	17,143,462	16,812,518	17,622,243	18,210,463
1.7.	Retail portfolio	25,826,064	26,064,675	26,416,234	26,596,854	26,903,999	27,467,302
1.8.	Claims secured by residential property	4,088,366	4,210,830	4,163,899	4,209,252	4,449,750	4,541,885
1.9.	Claims secured by commercial real estate	26,566,571	26,343,480	27,101,324	27,115,744	27,341,083	27,453,760
1.10.	Stakes in investment funds	381,641	382,093	383,624	385,028	386,178	386,428
1.11.	Other positions	15,294,831	13,117,371	15,386,820	15,304,330	15,751,504	14,227,142
1.12.	(-) Deductions from Tier 1 capital	-29,918	-29,297	-28,676	-28,055	-27,359	-26,663
2.	Financial derivatives	410	407	0	1,254	0	8,356
2.1.	Exposure based on financial derivatives, applying the method of market value	0	0	0	0	0	0
2.2.	Exposure based on financial derivatives, applying the method of original exposure	410	407	0	1,254	0	8,356
3.	Transactions in securities	0	0	0	0	0	0
4.	Off-balance sheet items	5,612,385	6,028,501	6,448,550	6,141,355	6,178,834	5,934,050
4.1.	Off-balance sheet items with conversion factor of 10%	343,220	350,394	332,069	359,789	432,696	289,661
4.2.	Off-balance sheet items with conversion factor of 20%	1,725,721	1,744,642	1,871,548	1,984,855	2,070,259	2,052,834
4.3.	Off-balance sheet items with conversion factor of 50%	3,160,155	3,399,930	3,626,507	3,322,651	3,218,445	3,151,029
4.4.	Off-balance sheet items with conversion factor of 100%	383,289	533,534	618,426	474,060	457,434	440,527
5.	Exposure value	187,692,701	189,246,575	193,367,598	194,402,266	195,322,831	198,662,553
6.	Capital value	17,986,744	17,986,744	17,969,905	17,969,905	17,969,905	19,574,212
7.	Leverage ratio	9.58%	9.50%	9.29%	9.24%	9.20%	9.85%
8.	Average leverage ratio						9.44%

Комерцијална банка

Template FINTEK: Report on financial innovations

Ref. no.	Financial innovations	Description
1	*2*	*3*
1	Description of fintech activities	The Bank continuously monitors the trend of increasing digitalization of banking products and financial services through the use of new information technologies. - ApplePay has been introduced – a digital wallet using NFC technology; - New application solutions for Internet Banking and Mobile Banking for legal entities and individuals have been implemented; - A digital solution has been introduced for applying for new banking products by using ONE-ID electronic client identification. All innovations are guided by the most advanced solutions and practices in the field of digital banking, aimed at meeting client needs and adapting to changes in the consumer habits.
2	Innovative products	No additional changes or elements were identified during the reporting period.
3	Innovative services	No additional changes or elements were identified during the reporting period.
4	Other data	/

Skopje, May 2026