HALKBANK

2024 REPORT

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Corporate profile

HALKBANK AD SKOPJE IN 2024

HALKBANK is one of the biggest and strongest brands on the Macedonian financial market.

With 30 years of history as a financial institution in Macedonia, here is where Halkbank AD Skopje stands today:

We serve the country's nation with a broad range of financial services, including personal banking, credit cards, housing loans, consumer loans, savings and investments, business loans, domestic and foreign payment processing.

In terms of the assets, we are the fourth largest bank on the market,amounting EUR **1.852** million.

We are present all over the country, offering services to our clients through our wide branch network that includes **47** branches.

We have **832** employees and Our ATMs network includes **153** ATMs

We have widely distributed POS terminals used by our trade partners, counting **8.657** active

We serve thousands of retail clients, small, medium-sized and corporate businesses and public institutions.

We are a leader in offering tailored banking services; introducing new technologies on the financial market; providing fast service through the highly devel-oped and modern

HALKBANK TURKEY IN BRIEF

1918-1933: The young Turkish Republic was established.

The young Turkish Republic was established during a time of war, economic depression, and poverty.

World War I, the Turkish War of Independence, and the Great Depression had pulled Türkiye into a situation of dire economic conditions resulting from the shortage of goods, the high cost of living, and the pressure of high interest rates. Aware of the importance of a balanced social structure, the young Turkish Republic sought to support small traders and artisans to develop public banking. The economic difficulties in the first years of the Republic – the consequences of insufficient capital accumulation, limited fields of production and the inadequacy of the private sector - hindered the formation of loan associations that could nurture tradesmen, artisans and small business owners.

Halkbank was incorporated in 1933 under the Statute 2284 concerning Halkbank and People's Funds, with the intention of transferring resources under favorable conditions to tradesmen, artisans and small business owners and triggering capital accumulation; for both a long-lasting economic development and for preserving social equilibrium. The bank began offering services in 1938.

The following quotes of the great leader, Mustafa Kemal Atatürk, had a guiding role in establishing Halkbank and, as always, directed us in our efforts: "It is necessary to establish an association that will provide small traders and large industrialists with the loans that they're in need of, easily and at discount; and it's also necessary to try and attempt to depreciate loans under normal conditions," and "You, artisans, when the day comes that I witness great factories being built in place of your small shops, I'll be elated to the highest degree."

1938-1950: In line with global developments, public banking services commenced in Türkiye

Evolving along with the cooperative movements that were also developing in different countries throughout the world, public banking started in Türkiye with the establishment of Halkbank. The bank provided loan services via the People’s Funds; financed between 1938 and 1950.

1950-1992: In the banking industry, Halkbank became the premier bank for tradesmen, artisans, and small businesses.

After 1950, Halkbank was authorized to directly open branches and grant loans to customers. By the beginning of 1964, Halkbank had embarked upon an ambitious program where it increased capital and became more active by establishing a nationwide network of branches. The result was a progressive rise in the bank's deposit and lending volumes. In the banking industry, Halkbank became the first bank for the middle class and its representatives in the economy, i.e., tradesmen, artisans, and small businesses. Halkbank’s basic loan policy was primarily based on facilitating loans to this demographic and improving the conditions for using them; the Bank added services each year, reaching an important position in the banking industry.

1992-2006: Turkish banking industry revamped

Türkiye Öğretmenler Bankası (Töbank) in 1992; Sümerbank in 1993; and Etibank in 1998 were all transferred to Halkbank. In 2000, public banks began the restructuring process necessary to operate in line with the requirements of modern banking and international competition, and to prepare for privatization.

The Public Banks Joint Board of Directors, established in April 2001, changed the organizational structure of Halkbank and acted with the objective of making Halkbank a profitable and efficient institution operating within the framework of modern banking principles and commercial banking rules, and creating added value for the economy. In accordance with this objective, Halkbank completely changed its organizational structure to comply with the requirements of modern banking and international competition. Customer oriented marketing programs were supplemented with a highly operational banking approach.

In 2001, 96 branches of Mülga Türkiye Emlak Bankası were transferred to Halkbank. In the second half of 2004, Pamukbank was transferred to Halkbank. The Halkbank-Pamukbank integration was completed flawlessly, far ahead of schedule – considered exemplary in the banking industry. The new structure addressed customer segmentation, providing advantageous products and services, particularly to SMEs and middle- and upper-income private customers as the adoption of a customeroriented quality service approach became more prominent. In the meantime, the Turkish banking industry was being reshaped in the 2000s, with acquisitions, mergers, and foreign investors entering the market.

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HALKBANK, TODAY...

Today, Halkbank serves its clients through nationwide branches, offices, special transaction offices and with foreign representatives. As bank with a mission, Halkbank will continue to support the tradesmen, artisans, and SMEs who are the foundation of Türkiye, as well as all entrepreneurs who contribute to investment and employment, with a modern banking approach. Halkbank will continue to be known as one of the industry’s strongest and most reputable institutions.

SHAREHOLDERS STRUCTURE

HALKBANK AD Skopje was founded as a joint stock company in March 1993, with a Decision adopted by the Bank's Assembly. The Bank gained the capacity of a legal entity with its registration in the Register of the District Commercial Court, under No. 5877/93 dated 13.04.1993.

Currently, the total nominal capital of HALKBANK A.D. Skopje is MKD **14.076.910.000** divided into **1.407.691** ordinary shares, whose nominal value per share is 10,000.00 denars. The majority shareholder of HALKBANK A.D. Skopje is
Turkiye Halk Bankası AŞ Istanbul with **1.402.905** ordinary shares i.e. **99,66%** of the total number of shares.

The Bank issues ordinary shares and it may also issue other shares with different rights. The shares providing the same rights make up one type of shares. According to such rights, the shares may be ordinary and preference.

Preference shares may have several classes and they may not be issued with a nominal amount lower than the nominal amount of the ordinary shares. Preference shares of the same class ensure the same rights.

Holders of ordinary shares exercise the following rights:

- voting right, where one ordinary share provides one vote in the Bank's Assembly;
- dividend right in accordance with the decision of the Bank's Assembly;
- right to a payment from the balance of the Bank's liquidation, i.e. bankruptcy estate;

Shares are not divisible, but they are negotiable. The negotiability of the ownership of the Bank's shares is free and it is carried out in accordance with the terms and conditions defined under the Law.

Shareholders Structure	Number of shares	Amount of shares MKD	Shareholding %
Türkiye Halk Bankası A.Ş.	1.402.905	14.029.050.000	%99.66
Other Shareholders	4,786	47,860,000	%0.34
Total	1.407.691	14.076.910.000	%100

KEY FINANCIAL INDICATORS

By the end of 2024, HALKBANK's total assets increased from EUR 1.596 million to EUR 1.852 million.

in 000 EUR	2019	2020	2021	2022	2023	2024
Total Assets	933.740	1.085.929	1.181.698	1.365.292	1.596.046	1.851.830
Liquid Assets	149.649	171.993	162.885	219.955	325.196	345.826
Brut Loans	616.479	717.710	800.984	922.367	1.017.466	1.169.674
Securities	122.577	136.517	147.318	149.229	177.651	253.135
Total Deposits	675.663	830.452	910.460	1.046.470	1.224.112	1.435.560
Shareholders' Equity	131.364	149.012	179.475	217.202	270.840	322.237
Net Interest Income	25.954	26.110	29.835	34.713	57.760	68.282
Net Fee and Commission Income	5.467	5.528	7.659	10.672	12.722	14.204
Net Profit	**11.417**	**9.019**	**10.626**	**12.077**	**20.327**	**30.134**

Key Ratios (%)	2019	2020	2021	2022	2023	2024
Net Interest Margin	3,06	2,58	2,63	2,73	3,90	**3,95**
Cost/Income Ratio	59,18	64,54	65,43	59,49	47,30	**45,64**
Net Fee Income/Operating Expenses	27,44	24,63	28,73	36,24	34,95	**35,31**
NPL Ratio	0,78	1,02	1,74	1,47	2,22	**2,97**
Loans/Assets	66,02	66,09	67,78	67,56	63,75	**63,16**
Loans/Deposits	91,24	86,42	87,98	88,14	83,12	**81,48**
Securities/Assets	13,13	12,57	12,47	10,93	11,13	**13,67**
RoA	1,34	0,9	0,94	0,96	1,39	**1,77**
RoE	10,68	6,93	6,88	6,45	8,92	**11,08**
Capital Adequacy Ratio (CAR)	15,33	15,01	16,49	16,91	17,93	**18,94**

HALKBANK’S POSITION IN THE SECTOR

Three-year summary financial information

in 000 EUR	2022	2023	2024	Growth in 2024 (%)
Total Assets	1.365.292	1.596.046	1.851.830	16.0%
Brut Loans	922.367	1.017.466	1.169.674	15.0%
Total Deposits	1.046.470	1.224.112	1.435.560	17.3%
Shareholders’ Equity	217.202	270.840	322.237	19.0%
Net Profit	12.077	20.327	30.134	48.2%

Halkbank’s market share in the Sector

in%	2019	2020	2021	2022	2023	2024
Assets	10,4	11,4	11,4	12,3	13,1	13,8
Loans	11,2	12,5	13,0	13,6	14,4	15,1
Customer Deposits	8,6	10,0	10,2	10,5	11,6	12,8
Equity	13,3	13,5	15,0	15,8	17,9	19,0
Net Profit	10,0	7,7	7,2	7,2	8,7	10,7

HALKBANK'S MILESTONES

1993 HALKBANK AD Skopje was established as a joint stock company.

1998 Became the first Western Union authorized agent in Macedonia.

2004 Became the first bank which implemented e-banking on the Macedonian market and was awarded Bank of the Year by the Macedonian Chamber of Commerce.

2005 Introduced the EN ISO 9001:2000 International Quality Management System, thus becoming the first bank in Macedonia certified with International Quality Management System.

2006 Introduced the prestigious ISO Standard for Information Security Management, ISO 27001:2005, thus becoming one of the few banks in Southeast Europe having incorporated this certificate.

2007 Was awarded Best Bank in Macedonia for 2007 by the Finance Central Europe magazine from London.

2008 Established its own POS Terminal Network for VISA Payment Cards and it was the first
bank to launch the VISA GOLD Credit Card.

2009 Became the first Bank in Macedonia which offers e-commerce services for VISA CARDS
holders.

2010 Obtained two new certificates: MASTER CARD certificate for POS payments and e-commerce and ISO 9001:2008 certificate for quality.

2011 HALKBANK AD Skopje purchased the majority of the shares in IK Banka amounting up to 91.56%; co mpleted the rebranding process and enlarged its principal with MKD 1,465,450,000.00.

2012 HALKBANK AD Skopje established its own card processing system – first on the Macedonian market to offer contactless payment to clients; acquired Ziraat Bank AD Skopje and opened the first VIP Corporate Branch on the Macedonian market.

2013 Opened the first Macedonian representative banking office in Belgrade, Serbia and was the first Macedonian bank which launched MASTER CARD PayPass contactless payment cards.

2014 Halkbank AD Skopje became a proud, general sponsor of the Macedonian Basketball Federation.

2015 Halkbank AD Skopje introduced new platform for e-banking that combines the best from technology and contemporary banking trends and enables its clients to get all banking services with only few clicks.

2016

- Ranked among the top 100 SEE banks by assets.
- Introduced its mobile applications for e-banking for individuals and legal entities making another step towards improving its customer’s experience.

- Was certified according to the highest-ranking international standard for information security regarding processing payment cards PCI DSS v3.1.
- In December 2016, Halkbank AD Skopje implemented the highest standards for security and safety in the internet payments in the country and abroad, 3D Secure –Verified by Visa – VbV, and MC Secure Code protocol.

2017

- Was awarded as the "Best SME Bank in Macedonia for 2017" by the world's leading magazine Global Banking & Finance Review.
- Halkbank AD Skopje has been selected as Superbrand in Macedonia for 2017/18 by the International Organization “Supebrands”.

2018

- New corporate slogan.
- Official sponsor of National Handball Federation
- Bought an Insurance company – Halk Insurance Skopje

2019

- Award for contribution to the development of entrepreneurship in Central and Southeast Europe "Creators of the Century" for 2018.
- Story Award for socially responsible company.
- Super Brand for 2019.
- Launched HalkEco application in order to raise the ECO awareness of the people, motivating people to maintain a healthy life and as a reward, gives them personal gifts. As part of this ECO project, the bank has planted over 6,500 trees throughout the country.

2020

- Urgent measures in dealing with covid consequences:
    - advance payment of tax profit in the amount of MKD 71.8 million
      abolishment of fees for individuals for payments made through e-bank ing and moby banking,
    - postponement of all credit exposures
    - package of products for legal entities
    - vouchers for numerous SME businesses affected by the crisis
- HalkEco chronometer race
- Halk Velo Green
- Planting over 17.000 trees in one year
- Renovating of all bridges in Central Park Skopje
- Renovating of a brigde in Krusevo that connects the city with the nature.
- Setting the first Eco bus stop in the country
- Mural in the city center sharing a message – “People Matter”
- Awarded as the "Best Retail Bank in Macedonia in "by the world" leading magazine
- "Global Banking & Finance Review"

2021

- Publishing and printing of the first Halkbook
- Second edition of Halk Velo Green
- Eco-inclusive playground in elementary school “Istikbal”, in Tetovo.
- Constructing sensory garden playground in elementary school in Ohrid
- Planting of over 15.000 trees
- Declared as “The best financial brand for 2021, North Macedonia” by the Global Brands Magazine
- Creating a conceptual design for the creation of the "Halki Picture Book" whose funds from the sale were intended for a donation to the "SOS Children's Village"

2022

- In 2022, Halkbank significantly devoted it’s attention to the elderly people, applying activities in several stages, in cooperation with several categories of citizens: pensioner associations, homes for the elderly people, schools and kindergartens throughout the country
- Starting from the idea of making the older generations feel that we need them and showing them that they still have a lot to give, Halkbank sent a strong message – the old age is not an obstacle, but a source of wisdom
- “Let’s hear them and hug them” was aimed at raising awareness of the value of the older generations and the magnitude of their love, due to which we are built today as an empathetic individuals for whom the family is the main priority
- On September 8, under the umbrella of the HalkEco platform, the third edition of the Halk Velo Green bicycle race was held and collected funds from the participation fees were used for afforestation in Kocani
- Award for best socially responsible project in the field of environmental protection – HalkEco, was received from the Ministry of Economy
- Award for best socially responsible project with a significant impact in the field of literatureand literature for young people – Halki’s picture book, from the Macedonian Publishing Agency.

2023

- In 2023 Halkbank received an award for the Conference "Guardians of Wisdom" in the category Best Summit, Congress or Conference at BEAM Festival. The
- conference is part of the campaign for elderly people "Let's hear them and hug them".
- Donation of new school, donated by the Macedonian-Turkish Chamber of Commerce and its members for the students from the Turkish city of Malatya, hit by the devastating earthquake.
- 15.000 plants planted in Berovsko as part of the HalkEco socially responsible practices.
- Corporate branding with contemporary design inspired by Macedonian rich cultural history, for affirmation of lasting cultural values.
- Organization of "Dresses with pockets", the first fashion show dedicated to women's financial freedom where the package for female entrepreneurs was promoted.
- Creation of financial literacy book for children and young people as part of a campaign for supporting young people gaining basic financial knowledge and celebration of the month of saving – October.

2024

- Launched the new eco-initiative: One Milion Seedlings in Five Years – an ambitious project that aims to plant 1.000.000 trees across Macedonia by 2029
- Continued the Dresses with Pockets 2.0 campaign, dedicated to women & financial freedom where the package for female entrepreneurs was promoted
- Celebrated the fifth consecutive Happines for elementary school students initiative, distributing back-to-school kits (including the Halki Primer) to over 2.000 first graders across multiple municipalities
- Won the Best OOH Product Launch Solution award at the prestigious\
OOH Awards 2024
- Won second and third place for the START-UP Package campaign on Golden Drum, in the categories: Creative Effectiveness and Outdoor Advertising (OOH)
- Halkbank has been awarded the prestigious Komerz Bank Award for outstanding
- quality in the delivery of commercial payments and transfers to financial

institutions for 2023

- Organized by the Halkbank Syndicate together with the Red Cross of the Republic of North Macedonia a blood donation was conducted with the participation of our humanitarian employees

HALKBANK SKOPJE VISION, MISSION, TARGETS & CORPORATE VALUES

Our Vision

To be one of the leading banks in the region, able to execute all universal banking requirements while asserting a strong presence in retail services.

Our Mission

To continuously create value for customers, shareholders and employees by providing all banking services efficiently with an awareness and understanding of corp rate social responsibilities and duties; to contribute to the development of the banking sector and capital markets; to establish a well-respected market position in the region and in the global banking industry.

Our Corporate Values

- Customer focus
- Reliability
- Integrity and respect
- Fairness, trust and transparency
- Operational excellence
- Social responsibility awareness
- Innovation
- Value creation
- Integrity and respect
- Productivity
- Openness to change
- Sharing knowledge and experience

OUR MAIN **PRINCIPLES:**

- Offering excellent service to our client by providing them with the best solution to meet their needs.
- Creating and practicing a winning corporate culture, by praising each member of the great team that all of us in the Bank make.

Name of the Bank

HALKBANK

Meaning of the name

People’s Bank

Our slogan

People matter

HALKBANK'S **STRATEGIES**

• Expanding the scope of innovative products and services in order to ensure customer satisfaction;

• Offering superior products and services to the real sector;

• Embracing a high-quality, customer-oriented service approach using direct marketing and continuously taking care of our clients;

• Effecting a high level of productivity in all business processes in order to achieve a rich product line, transaction and system security, rapid and high-quality transactions, and competitive pricing;

• Ensuring continuous development and motivation of employees via carrier route system through investment in education, training and further development;

• Keeping up with the global banking trends and be the first bank to implement global trends in the Macedonian market.

Message from the Chairman of the Supervisory Board

Dear all,

The year behind us once again confirmed that, dedication, vision, and trust are ke drivers for success. In 2024, Halkbank AD Skopje continued to build a stable and sustainable foundation for the future, while remaining true to its core values, focused on the needs of its clients, employees, and the community.

In times of economic challenges and ongoing market fluctuations, we demonstrated that, strategic thinking, prudent risk management, and an innovative approach can drive growth and development. The results speak for themselves - growth in the credit and the deposit portfolios, an expanding customer base, continued investments in digitalization, and an even stronger focus on sustainable banking.

We take particular pride in the fact that people are at the very core of everything we do: the employees moving the system forward every day; the clients who place their trust in us; and, the partners who believe in our stability. Thanks to all of them, Halkbank today is more than just a bank - it is a reliable partner, driver of change, and an active societal contributor.

In 2025, we move forward with even greater ambition. We will invest in technological development; will expand the business services; and provide support to every citizen seeking safety, efficiency, and a personal approach to banking. We will remain committed to digital transformation, but also to the human side of banking – one that recognizes everyday life, responsibilities, and shared values.

Sustainability, eco-awareness, and social responsibility will continue to be our lasting priorities. Through projects focused on environmental protection, support for culture, education and inclusivity, we will continue to build a better society for all.

Halkbank AD Skopje is building its future on the vision of long-term stability and growth, guided by the principles of transparency, ethics, and innovation. We believe that through our shared dedication, we will continue to create real value - for our clients, for the economy, and for the Republic of North Macedonia.

Sincerely,
Osman Arslan
Chairman of the Supervisory Board of Halkbank

Message from the CEO

Dear shareholders, clients, colleagues, and friends,

In 2024, Halkbank AD Skopje continues to play a key role in the development of the banking sector and the economy though its stability, innovation, and dedication to clients. Our strategy has always been (and continues to be) to serve not only as a bank that responds to client needs, but one that anticipates them. We strive to create products and services that deliver real value while actively contributing to society, the environment, and a sustainable future.

This strategy contributed towards yielding significant growth across all areas of our operations. A 48% increase in profits compared to the same period last year; an expansion of the credit portfolio by EUR 152 million; and a EUR 211 million increase in deposits - bringing our total deposit base to nearly EUR 1.5 billion at the end of 2024, have reinforced our position as one of the most stable and trusted banks in the country.

We are particularly proud of the record-high volume of retail loans disbursed, totaling EUR 189 million, mainly in consumer and housing loans. This growth is the result of our flexible, competitive terms, and the high-quality service provided across our branch network. In the corporate segment, we provided significant support in project financing. Among our active credit products, in line with the credit lines with attractive conditions, we've seen growing interest in our "Women's package" loan product, which has already helped 300+ women-clients in this country. This success reflects our continued commitment to supporting women's entrepreneurship, which we've been building on for more than a year now, simultaneously promoting financial independence and gender equality.

The achieved results are no coincidence - it is the result of a long-term strategic focus on innovation, digitalization, internal optimization, and human capital development. Throughout 2024, we continued our transformation as a digital bank focused on user experience, introducing new e-services that increased accessibility and efficiency further strengthening our leadership position in e-banking. In addition to our existing online consumer loan, in 2024 we launched new services including: online overdraft applications, overdraft limit increases, online credit card applications, credit limit increases, and fast consumer loans for salary and pension recipients.

As a socially responsible institution, we remained committed to our mission to contribute to a better society for all. We supported numerous initiatives in sports, education, culture, youth development, and social care - from programs for children, to initiatives that amplify the voices and wisdom of the elder generations. We are particularly proud of our new eco-initiative named “One million seedlings in five years” launched in a partnership with the National Forests public enterprise, supported by the Ministry of Agriculture, forestry, and water economy, and the Ministry of Environment and physical planning. The initiative is part of our long-term sustainability strategy and environmental commitment, realized through our HalkEco green platform – launched five years ago in response to the global and local challenges of climate change and pollution. Through this, and similar projects, we aim to demonstrate that Halkbank is not just a financial institution, but a social leader committed to driving transformation and creating a greener, healthier environment.

As we stand on the threshold of new opportunities and challenges, we look ahead to 2025 with ambition - to be the first choice for our clients, a model of digital efficiency, and a leading partner in financing sustainable development. With total assets of EUR 1.7 billion, we are well-positioned to continue supporting micro, small, and medium-sized enterprises, sustainability efforts, and the green transition through specialized credit lines. Digitalization will become even more deeply embedded in all aspects of our operations. We will invest in innovation, new technologies, and tools that deliver even greater value to our users - while remaining an active and responsible player in society.

Our greatest asset is not found in numbers, but in people - our clients who place their trust in us, and our employees who implement every strategy with dedication and professionalism. Their energy, knowledge, and loyalty are the foundation on which we are building our future.

Thank you for your trust, support, and partnership.

Sincerely,

Bilal Sucubasi,
Chief Executive Officer
Halkbank AD Skopje

Activities in 2024

Product highlights

E-Saving Box!
with every transaction made anywhere, you can save a certain amount in your special savings account

Promo Deposit!
Deposit with promotional interest rate of up to 4% for savings in mkd and 3,10% for savings in eur.

Spring Deposit!
Deposit with promotional interest rate of up to 3,80% for savings in mkd and 3,90% for savings in eur.

Summer Deposit!
Deposit with promotional interest rate of up to 3,80% for savings in mkd and 3,90% for savings in eur.

My Deposit!
Deposit with promotional interest rate of up to 3,40% for savings in mkd and 3,80% for savings in eur.

Bonus Points!
Pay and collect bonus points with your Halkbank credit card.

Automatic Safe Boxes!
In order to satisfy your need and increase your safety Halkbank is offering Automatic safe deposit boxes which are available 24/7.

Mastercard Contactless x Giftcards!
Apply for and activate your new Mastercard Contactless credit card from Halkbank and get a digital voucher of 1.200 mkd from Giftcards.mk

Housing Loan!
My Home – With Halkbank you get not only a loan, but a home in which the most precious memories are built.

Promo Consumer Loan!
Halkbank Promo Consumer Loan for everything you want and desire with promotional conditions – 5% fixed interest rate with a term of up to 95 months. Starting from 5,2% interest rate with a term of up to 120 months.

Start-Up loans
Newly established companies/self-soybean acting or companies established at the latest one year before the date of application for the loan.

Master World Debit card!
Eco-friendly and Premium Debit Payment card.

Online increase the credit limit amount!
You need to be an e-banking user and a salary receiver at Halkbank and in a few steps online you can get additional funds.

Next destination!
Travelling safely with Visa Travel credit card featuring roadside assistance and travel insurance.

Truly free!
Halkbank's promotional package for women entrepreneurs.

Corporate and SMEs Banking

Continuous growth of SME and corporate loan portfolio in 2024

As one of the largest and systemically important banks in North Macedonia, Halkbank AD Skopje continued to place customer-centricity at the heart of its operations throughout the year. Despite facing considerable challenges in an economy that is recovering, the Bank remained firmly committed to understanding and meeting the evolving needs of its clients. It provided consistent support to SME and corporate customers, helping them manage operational disruptions and liquidity pressures effectively.

SMEs remain a cornerstone of Halkbank's operations, recognized as vital drivers of North Macedonia's economic growth. The Bank places strong emphasis on enhancing SME satisfaction by offering innovative products, tailored services, and effective financial solutions. These efforts have been positively received, reinforcing trust and deepening long- term relationships with our SME clients.

As a leading player in the domestic corporate loans market, Halkbank AD Skopje continues to provide comprehensive syndicated financing and project finance solutions to corporate investors. In 2024, the Bank actively supported companies in launching new projects by offering broad financing opportunities and end-to-end advisory throughout the financing lifecycle. Our dedicated team played a crucial role in structuring and executing multiple project financings and acquisitions, often leading syndicated arrangements and spearheading negotiations to ensure optimal outcomes for our clients.

In 2024, the total corporate loans market had a net growth by EUR 477 million compared to 2023. Halkbank AD Skopje's share of this growth amounted to EUR 89.61 million (14.77% of the total market growth), solidifying our position among the leaders in corporate loan expansion for the year. Our corporate loans portfolio reached EUR 696 million, representing 17.8% of the market share, underscoring our commitment to sustained portfolio growth while maintaining stability.

Credit line utilization remained a crucial driver of our growth strategy in 2024.

Throughout the year, Halkbank AD Skopje effectively utilized credit lines from various financial institutions, including:

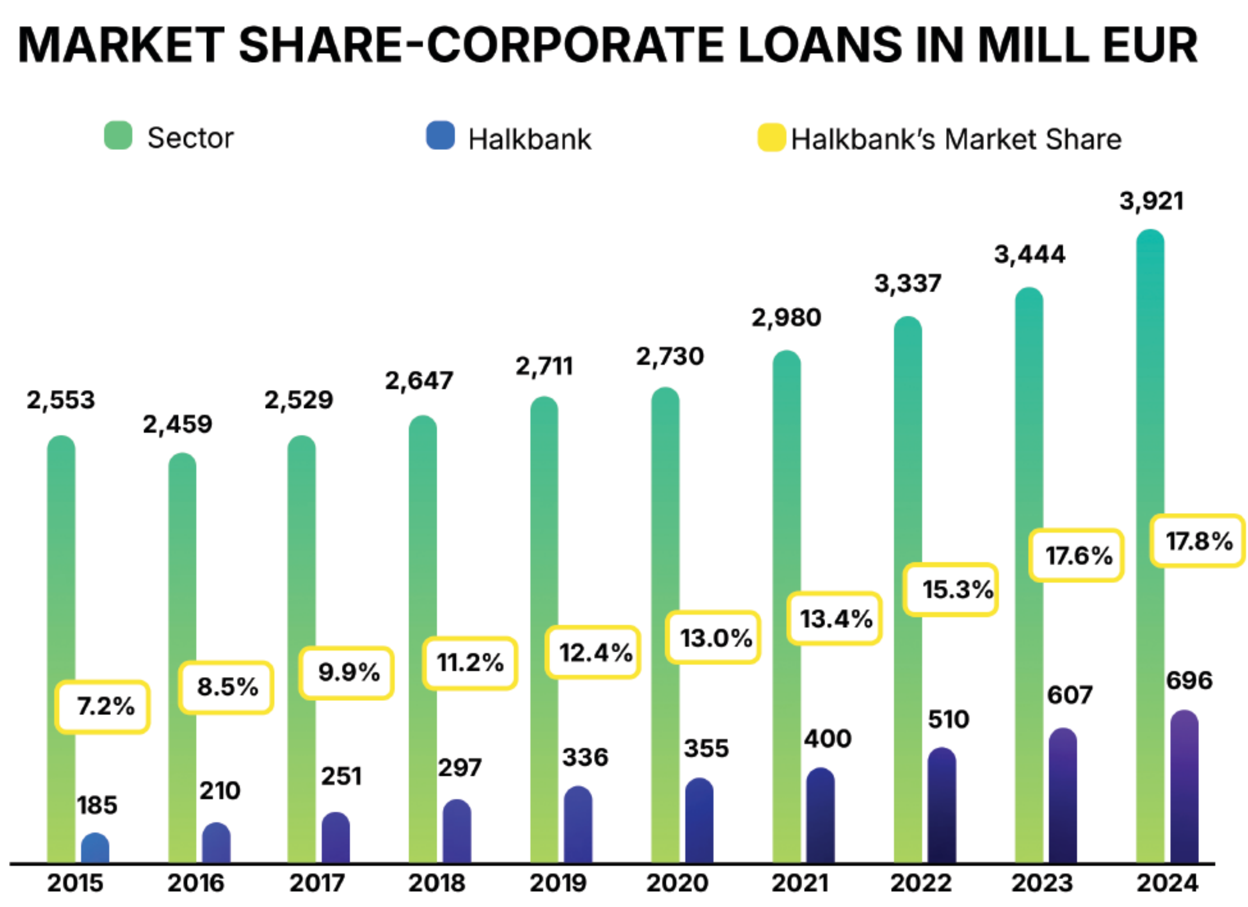
EIB credit line -facilitated through the Development Bank of North Macedonia, supporting micro, small, and medium-sized enterprises (MSMEs) and priority projects within North Macedonia.

KFW credit line - facilitated through the Development Bank of North Macedonia, providing support to companies in manufacturing, agriculture, services, and trade sectors.

ZKDF - facilitated through the Development Bank of North Macedonia, for the purpose of financing projects – for utilization of the Renewable Credit Fund from ACDF (Agricultural Credit Discount Fund)

AFD - facilitated through the Development Bank of North Macedonia with funds provided by the French Development Agency, for financing of micro, small or medium enterprises owned and/or managed/led by women and those investing in digitization from the credit line for supporting green and socially responsible investments.

Credit line for energy efficiency and renewable energy sources - Credit for EE and RES with purpose to reduce the consequences of the global energy and economic crisis, a special credit line for energy efficiency (EE) and renewable energy sources (RES).



Retail Marketing

HALKBANK is among the fastest-growing banks in retail segment. We offer a broad range of retail products and banking services for individuals.
These include products and services for everyday finances such as loans, overdrafts, credit cards, e-banking and ATM network with which HALKBANK AD Skopje continued increasing its presence in the retail banking sector in 2024. HALKBANK has continuous growing branch network with 49 branches all around the country.

By using creative marketing approaches for diversified customer segments, the number of loyal customers increases constantly.
The main focus of retail customer representatives in branches of HALKBANK Skopje are customer care and consistency in support of client's needs. 2024 was successful year in part of retail activities and loans disbursements. We succeeded in fulfilling all client's needs and achieved results above the forecasted targets.

HALKBANK increases its ongoing support to the retail clients with variety of new products and creative solutions promoting to the market customer care and consistency before pricing.

Number of clients during 2024 had a positive, rising trend. The retail portfolio has increased all due to fact that customer's satisfaction was top priority on the list of working activities for all Branches in our network, directly monitored and facilitated by the Retail Marketing Department.

Efficient, direct and connected

In 2024, the Retail Marketing team operating in the Head Office and in our branches
was mainly oriented to direct marketing activities, as well as marketing through social media and through alternative canals of communication with our existing and potential clients.

With excellent coordination and organization between Head Office and our branches, HALKBANK succeed to insure all client's needs and to achieve best results in the retail part.

With retail offers HALKBANK was constantly present between employees in publi companies and institutions, as well as in corporate, small and medium-sized enterprises.

Creating close connections with their employees was one of our goals in order to create higher market awareness, which had successful outcome and resulted into net increase of the retail portfolio.

Retail lending was oriented towards several basic objectives:

- Fulfilling the mission of providing financial services to clients with regular and secure income
- Developing a retail client base for future sale activities
- Strengthening the links with SME and corporate clients by providing financing to their customers and employees
- Strengthening the links with 3 biggest syndicates in the country (Police union, Syndicates for education workers and Syndicate for administrative employees) and spreading retail products customized especially for theirs member.
- Increasing collateralized portfolio with supporting construction companies and individuals with housing loans
- Early warning signals for clients with financial difficulties and their on-time support
- Investing in digital solutions in order to save clients' time for their banking needs

In 2024, our gross retail portfolio reached EUR 503 million which rose HALKBANK's market share in the retail segment to 12,6% of the total retail portfolio in the country .
This was managed by maintaining good discipline of collection and healthy portfolio. The Bank is committed to developing its retail lending responsibly to ensure that clients are not overburdened with debt.

In this direction, in 2024, few changes were made to decisions and a few products in the area of client creditworthiness were modified in order to adjust client incomes with installments on a monthly level.

Products targeting variety of client profile

During 2024, HALKBANK AD Skopje managed to offer wide range of products in several campaigns with different product solutions for consumer, housing and mortgage loans:

- **Housing loans**

The product was designed for supporting increased needs of the customers for purchasing real estate during 2024. Our housing loan portfolio during 2024 was enlarged up to almost EUR 186 million which led to rise in the market share of HALKBANK up to 12,08% of the total housing loan segment in the country.

- **Non-purpose Mortgage Loan**

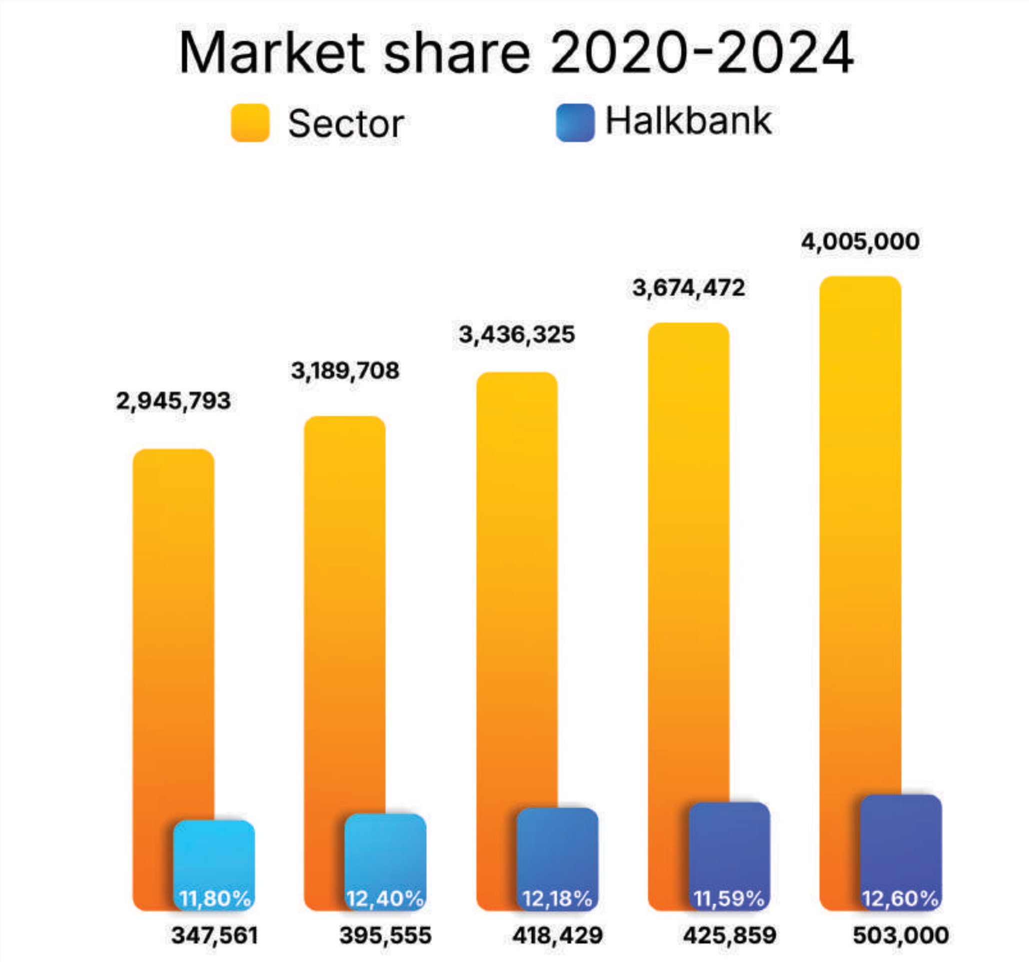
The intention of the Bank was to grow in this market segment, which also enabled increase of the collateralized portfolio. The main objective for the Mortgage Loan product is fulfilling HALKBANK mission of providing access to essential financial services for refinancing all credit exposures of clients in other banks by offering attractive interest rates. In 2024, the Mortgage Portfolio reached almost EUR 67 million that is in line with our long- term politics to maintain and increase our collateralized portfolio and to make long-term connections with our clients.

- **Consumer Loans**

In part of consumer loans, in 2024 we succeed to disburse over 13.315 loans in total amount of 115 million EUR. Targeting different clients, regarding companies and institutions as their employers, we intercepted every need or difficulty of the clients and insured continuous financial support for overcoming them.

- **Significant bank in the banking sector in terms of outstanding and net increase of Total Retail Portfolio**

2024 has been successful for HALKBANK, operating in constantly increasing competitive banking market. During 2024, with its 47 branches, HALKBANK has managed to meet all clients' needs very efficiently and due to its high-quality service, the Bank managed to stay in four biggest banks in the country.
In 2024, the Bank had a collaboration with Halk Insurance Skopje in the loan insurance part. We created retail products that made loans and clients more secure by including policies that cover many types of risks including not being able to repay the loan due to illness, accident, loosing job etc.
Also HALKBANK managed new collaborations and straightened the existing ones with some of the most important syndicates in the country. These collaborations have brought many new clients, who work in some of the biggest state institutions such as ministries, schools, preschools, police etc.



Clients with salaries and overdrafts

The number of clients who receive their incomes in HALKBANK AD Skopje increased in 2024 and reached 90.178. This was surely the result of constant visits and promotional activities to employees in public companies and institutions and acquiring employees from our reputable and stabile corporate and SME clients.

Along with the new clients who receive their incomes in Halkbank AD Skopje, we actively promoted profitable products to our existing clients with their incomes in our Bank. The number of overdrafts at the end of 2024 rached 30.716.

Close relations with clients to achieve steady NPL ratio of Halkbank

In addition to providing excellent customer care and intelligent solution for every retail customer, Halkbank AD Skopje also managed to maintain its NPL ratio during 2024 to 2,93% at the end of the year.

NPL	31.12.2024
HALKBANK Retail	2.93%
Retail Sector	2.54%

Activities in 2024

In 2024 we made few modifications to existing products and services and introduced some new. These are some of the activities worth mentioning:

ON-LINE OVERDRAFT AND ONLINE INCREASE IN LIMIT

1. The contract is signed online with VASCO token (e-signature) functionality with Cronto image

2. RETAIL LOAN WITH CPI POLICY WITH TOTAL UP-FRONT PAYMENT

- Up to 30.09.2024, the CPI policy was paid yearly. From 01.10.2024 the total policy is paid up-front.

3. MORTGAGE LOAN FOR BUYING AN APARTMENT ABROAD

- Added usage to the existing mortgage loan for buying an apartment abroad

4. PROMO HOUSING LOAN

- The campaign with lower interest rate and without notary costs for housing loans was introduced on 13.11.2024 and lasted until 31.12.2024. Total disbursed loans for this period are 190 up to 13.02.2025 with total disbursed amount of 11.302.732 eur.

5. CAR LOAN

- Most competitive conditions for financing new/used cars purchases, with special conditions for electric/hybrid vehicles

6. PRIZE GAMES

- Trip to Madrid supported by Triglav for sold life insurance policies
- Trip to Belgrade and Malta supported by Halkinsurance for free sale of insurance policies

Each product introduction was followed by PR campaigns, TV commercials and presence on other social Medias.

We continued and improved the long term collaboration with syndicates - MPS-Macedonian police syndicate, SONK- Independent syndicate for science, education, culture, and UPOZ/ SADU- Syndicate for judicial authorities and administration.

We also continued our collaboration with Macedonian Post office which started in 2020. We offer many services through Post's branches:

- Clients are able to open their transaction account without coming to the Branches of the Bank.
- Clients are able to submit their documents to apply for credit card, any type of loan, to submit a request for receiving their pension or social aim in HalkBank etc.

Having in mind that Post has its branches in small places around the country it is more convenient for the residents to be able to satisfy their needs without any need to travel to the closest city.

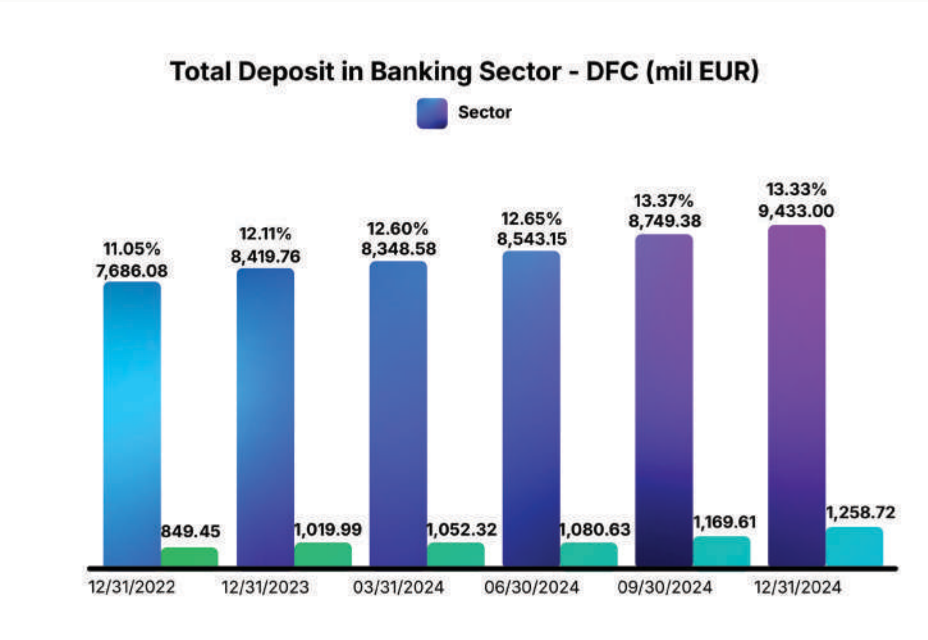
Deposit and Cash Management

Halkbank total deposits in 2024 have increased by EUR 238,7 million and reached EUR 1.258,72 million.

Market share in 2024

In 2024, Halkbank AD Skopje has continued its growth in deposit and increased its market share. By the end of 2024, the market share in total deposits has reached 13.33%. In retail deposits, we have managed to increase the deposit portfolio by EUR 124 million and reached EUR 658,75 million, while in corporate deposits we have managed to reach EUR 599,97 million and we have managed to increase the corporate deposit portfolio by EUR 114,81 million. Deposits from financial institutions reached 66,51 million EUR. The Bank's deposit management strategy, which is critically important to maintaining Halkbank's solid funding structure, is based on the key principles of market share, liquidity and cost. As the Bank expects deposits to remain a very important source of funding in the coming year, Halkbank plans to continue maintaining a client-oriented, stable, and broad based deposit structure.

Halkbank follows a dynamic deposit management strategy based upon optimization of cost and increasing the participation in market share. Average interest rate for total term deposits from customers is 2.75% as of end 2024.



Continued growth of deposit base

Halkbank AD Skopje has continued with a very clear and strong development strategy with the aim of increasing its deposit portfolio with increased market share, especially in retail deposits. The policy of the Bank is focused on client demands by offering various and flexible deposit products, adapted to the market conditions, while maintaining high standards of customer service.

Effective deposit management serves to broaden the funding base and ensure continuity while also allowing Halkbank to roll out innovative products to diversify client transactions.

Halkbank AD Skopje sustained its strong and widespread deposit volume. The focus remains on improving the quality of products, introducing promotional products and campaigns for individuals, developing products for deposits through alternative channels of distribution such as implemented on-line deposit for individuals and in near future on-line deposit for legal entities in order to be closer to the clients and satisfying their needs and requirements. Halkbank's clearly defined deposit strategy helps the Bank achieve and sustain a strong deposit base.

Increased number of customer deposits clients

Halkbank AD Skopje continued to grow on the Macedonian market through the attractive packages of products and services that we offer to our clients, so the number of customer deposits clients reaching 249.475 (retail 231.500 and corporate 17.975 clients) and increased for 13.675 deposits clients on yearly base. In addition, number of newly opened accounts increased for 29.536, reaching 359.757 active transaction accounts in total.

Digital Banking Marketing

Advancing in to the digital age

The digital era that has started in the past years, continued in 2024 as well. The digitalization trends were followed by the clients causing challenging opportunities for the Bank.

The number of E-banking users increased so the growth comparing to 2023 is 21.614 new users or 27%. Mobile transactions for retail and corporate clients as well grew by 34% comparing to 2023. While planning the next steps towards new, the Bank was constantly working on improving the existing products and services in the past year.

Individual E-banking platform was improved by adding additional functionalities for our clients. We implemented online application for credit and debit cards, as well as overdraft and limit increase for even better customer experience. The Digital Banking department – Marketing will keep looking for digital opportunities that will contribute to facilitate clients' everyday life.

Leader in digital trends

In 2024, the total number of debit and credit cards reached 212.738 plastic cards. Considering this, the total transactions with debit cards achieved growth of 21% with total number of over 20 million transactions and realized turnover of 655 million EUR. Over 1,4 million credit card transactions were made, amounting to over 38million EUR. A new debit card – Mastercard World was issued on recycled plastic with premium benefits that brings e-banking without fee, Road assistance package, Lounge Key access, SMS info service free of charge, cash withdrawal without commission in the country and other global benefits. Special focus was given to the Youth segment by creating platform for young people and Halk EZ package with multiple advantages. Prize winning game was organized with main award Exit Festival VIP experience.

The bonus campaign for our clients - credit card users kept being active throughout the year, by awarding an appropriate number of bonus points where Halkbank POS terminals are installed. For each transaction made with credit card on gas stations during the weekend - 3%, everyday transactions made in pharmacies – 3%, as well as all web shops that use Halkbank virtual POS with 3%. In order to grow and stimulate credit card payments, the Bank continued to conclude interest-free installment payment agreements.

The Bank continued with different campaigns intended to increase the spent and usage of debit and credit cards and made a promotion with decreased interest rate of credit card for a limited period. A winning prize game was organized in 2024 and 15 clients were awarded with travel vouchers, cashback for students and other clients, as well as a Giftcard voucher campaign was active for 500 clients which will apply for credit card and make a transaction.

Digital Banking– Marketing department organized staff incentive campaign for Visa cards in duration
of 5 months in 2024 with total number of 6.777 activated cards.

Focus on growth

The number of POS terminal kept growing so by the end of 2024, it reached 8.657. In this segment, the bank gained market share of over 27%.

Over 47 million POS transactions were processed which lead to over 658 million EUR turnover. In these terms, the POS transaction growth was 13% compared to previous year.

In the previous period, the Bank kept changing the existing ATMs with new, modern, contactless ATMs. The total number of ATMs by the end of 2024 is 153 and 45 of those are cash in.

Next phase in digital evolution

In the following year, we will keep investing in modern solutions that will meet our clients' needs. New products with different benefits are planned in the following period.

This year again, the digitalization is one of the key points of banks actions. On-boarding, (online opening payment account and applying for E-banking), SoftPos, Ring Pay, Google and Apple Pay are planned for the upcoming period.

The focus of digital banking department will be growth of digital payments and transactions throughout different digital channels.

KEY DEVELOPMENTS IN 2024

- Mastercard Debit World
new premium debit product

- Bonus campaigns for clients

- ATM withdrawal without commission
every last week of the month

- E-commerce merchant activity

- HalkEZ Promotions

- Branch Cross selling

- Visa Staff Incentive Challenge

- Visa – cashback campaigns

- Online credit card

- Online debit card

- Online overdraft

- Online limit increase

International Banking & Financial Institutions

International Banking & Financial Institutions

Halkbank AD Skopje in 2024 has continued with its successful cooperation with international and domestic financial institution. As one of the leading bank in Macedonian market, we have established wide correspondent banking network offering to our clients high quality service.

International Banking

HALKBANK AD Skopje has continued to expand and diversify its correspondence network to more than 170 banks in 36 countries. Thanks to its strong and extensive network, Halkbank is offering its customers a quality service through wide branch network and client-oriented employees.

The Bank performs its activities with the goal of maintaining its efficient and respected position enjoyed in the international banking arena by offering new banking products and services for its customers through wide-spread correspondent network. Halkbank continued to deliver high-quality banking products and services in international banking business providing long-term funding solutions to meet the growing funding needs of its clients.

Halkbank continuously monitor and assess the risk of all domestic and international banks following the financial indicators and country risks, allocating limits within the Bank’s credit and risk policies.

Taking into account its widespread correspondent network, Halkbank AD Skopje is empowered to perform the needed foreign trade finance and other interbank credit transactions providing the suitable support to its customers via superior finance products and traditional foreign trade instruments.

Bank delivers commercial banking products and services to its clients including domestic and cross-border payments, financing of international trade. Distinguishing itself with its expert staff and innovative approach, HALKBANK AD Skopje acts as a solution partner by developing customized products.

Financial Institutions

In 2024 Halkbank AD Skopje has continued the partnership with the most reputable international financial institutions, such as the European Fund for Southeast Europe S.A., SICAV-SIF (EFSE) and Green for Growth Fund, Southeast Europe S.A., SICAV-SIF (GGF).

The successful ongoing cooperation with the Development Bank of North Macedonia continued in 2024 with support to domestic economy using funds from the European Investment Bank (EIB) and funds from the KfW (Kreditanstalt für Wiederaufbau). Halkbank AD Skopje in 2024 has actively supported and financed numerous projects related to energy efficiency and renewable energy sources, demonstrating its commitment to promoting sustainable development.

In 2024, Halkbank AD Skopje signed a contract with Development Bank of North Macedonia for new Credit Line by AFD (The French Development Agency) for supporting women & entrepreneurship, support of investments in green projects and loans for investments in digitization projects.

Besides supporting the retail segment, Halkbank has continued to stand side by side with its SME clients, providing appropriate solutions, new banking products and services designed to support their competitiveness and support their sustainable growth.

Halkbank with its approach of delivering solution-oriented services will continue to provide extensive support to its clients. The bank is strongly dedicated to continue to be a major solution partner for long term financing of companies, thanks to agreements with international and domestic financial institutions.

Halkbank’s determination to be a preferred business partner to SMEs will continue due to its strong relationship management strategies and excellent business potential in order to deliver the best solutions that meet customer financing needs and expectations by offering import and export services and solutions on a global scale.

Treasury Management

During 2024 scope of treasury activities were adequate performed in correlation with continuous growth of the bank and moderate growth of market share in general, securing optimal treasury management with appropriate level of liquidity coverage within appropriate liquidity risk management frame, optimal support of clients and treasury income performance accordingly.

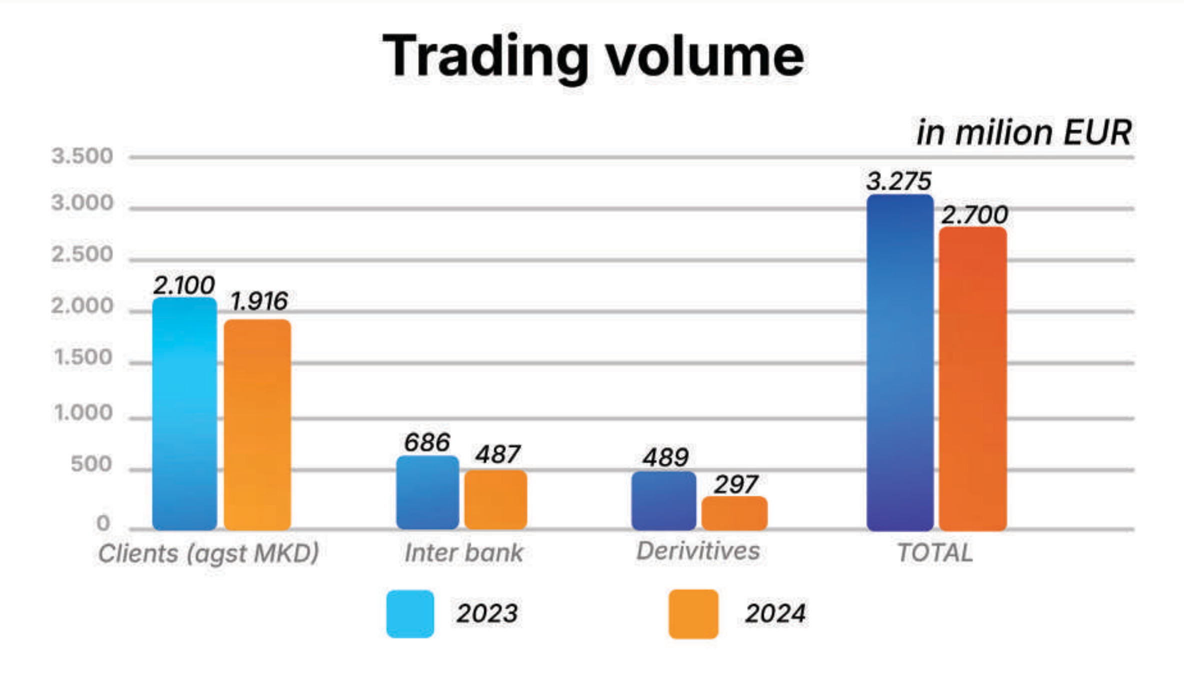
Treasury performance during 2024 integrally is specified via following segments:

- Sales with clients and interbank Fx trading
- Securities trading
- Treasury P&L
- Brokerage and custodian services – new activity

Sales with clients and interbank Fx trading

Sector share of the bank in 2024 on Domestic Fx market (with clients and as Market maker on interbank) was 13%, as moderate decline compared to 2023 at 14% as of decline of turnover overall.

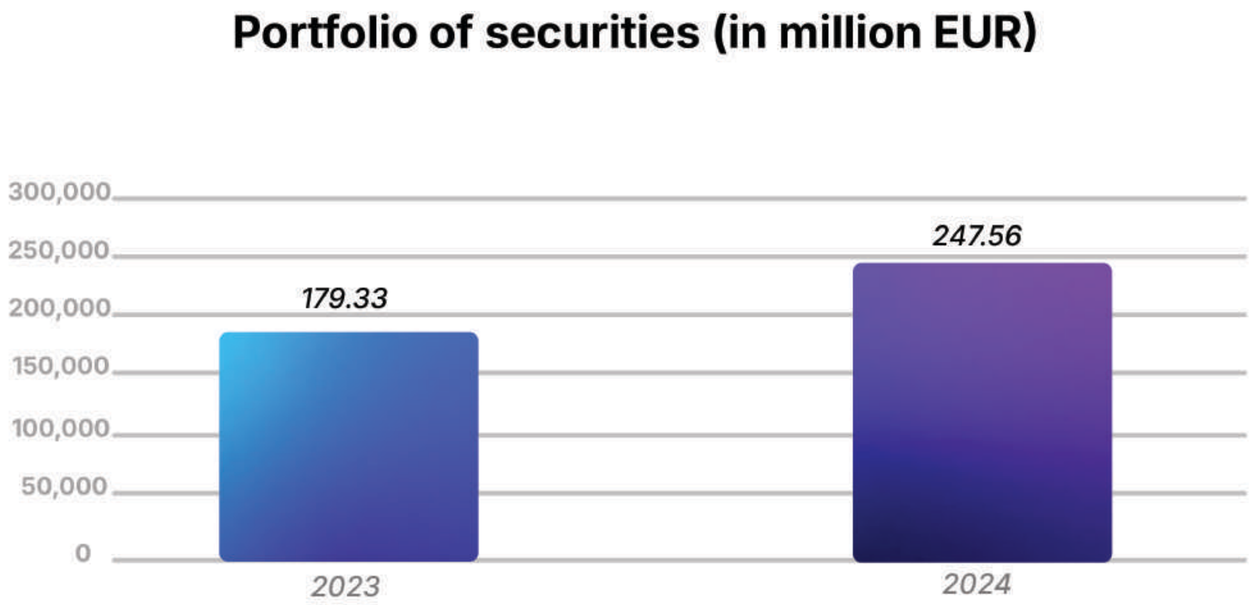
According to the chart below for trading volume, the bank registered fall in trading volume, which is coming from or is integrally result of reduced participation in 2024 compared to 2023 of some relevant clients from top five list (clients related to public project financing).



Securities trading

Total securities portfolio in 2024 compared to 2023 rose by 38.05% or EUR 68.2 million.

Growth of securities portfolio is primary related to rise of deposit base of the bank followed by moderate increase of securities placements in correlation and following of continuous rise of interest rates as investment strategy during 2024.



Description	2023 in million EUR	Structure share	2024 in million EUR	Structure share
T-bills	**20.64**	**11.5%**	**22.23**	**8.98%**
T-notes	**36.59**	**20.4%**	**29.10**	**11.75%**
T-bonds	**82.99**	**46.3%**	**118.58**	**47.90%**
Eurobonds	**39.11**	**46.3%**	**77.65**	**39.11%**
Total	**179.33**		**247.56**	

IR income (in million EUR)

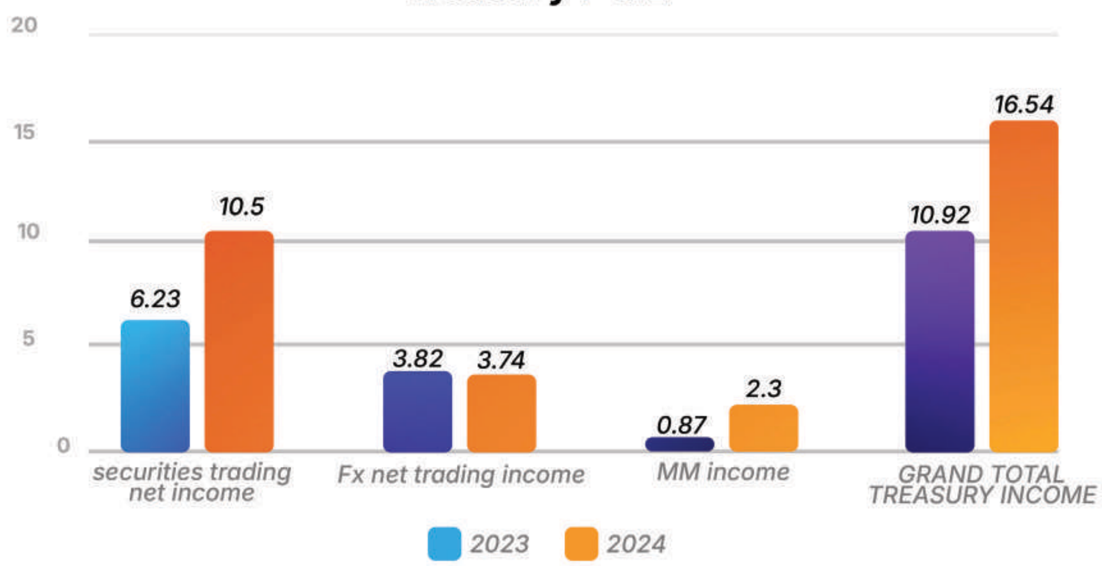
Treasury P & L

Grand total treasury trading income in 2024 registered growth by 51.5% compared to 2023.

in million EUR

Treasury trading income	2023	2024	% change
Securities trading net income	6.23	10.5	+68.70%
Fx net trading income	3.82	3.74	-2.09%
MM income	0.87	2.3	+164.00%
GRAND TOTAL TREASURY INCOME	**10.92**	**16.54**	**+51.50%**

Treasury P & L



Brokerage and custodian services

Following the receipt of the necessary licenses for brokerage and custodian services from the Securities and Exchange Commission and the National Bank of the Republic of North Macedonia, Halkbank AD Skopje officially launched these new activities in November 2024.

The introduction of brokerage and custodian services aims to expand the Bank's product offering and provide comprehensive support to a wide range of clients — including individuals, legal entities, institutional investors, investment and pension funds.

The Bank actually offers execution and settlement of securities transactions on the domestic capital market, as well as safekeeping and administration of client`s financial instruments, with the expectation that this business line will contribute to revenue diversification and market positioning.

In the coming period, the Bank plans to extend its license to include brokerage services on international capital markets, along with enabling order execution via phone and digital channels, ensuring faster and more flexible access to global financial instruments.

Perspectives

- Increase the sector market share with attracting new clients and strengthen of MARKET MAKER role of the bank on domestic interbank Fx market;

- Increase of market share in the sector on domestic securities market and more intensive securities investment on international capital markets;

- Focus on new financial instruments/products (derivatives - hedging & investment) in behalf of the bank and as matrix ap proach for global support of clients.

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Domestic Payment Operations

In the sphere of domestic payment operations, HALKBANK is pleased to announce another successful year, as a reliable partner, in line with modern banking activities offering full package of banking services.

In 2024, the Bank maintained its activities and focused on further improvement of the customer service.

HALKBANK as a payment operations provider has developed a fast, efficient and system of quality for performance of payment operations, as one of the fundamental functions in banking operations, which offers its clients a service according to their needs.

The Bank has wide variety of products and services for opening and administrating clients' accounts in order successful performance of transactions in domestic payment operations.

By opening an account, Halkbank provides clients with opportunity to make payments by the following:

- Internal payment operations for payments between Halkbank clients
- External or inter-banking payment operations (payments between clients from two different banks) executed through systems of settling
- Execution of non-cash and cash transactions
- Payment operations executed through Post Office

The number of payment accounts in HALKBANK AD Skopje at the end of the year 2024 was 363.688 from which, individuals have 334.253 accounts and corporate clients have 29.435 accounts. Compared to the end of the year 2023 (350.124), the number of accounts has reached growth of 3,88 %.

In 2024, 29.119 new current accounts were opened, from which 25.521 accounts for individuals and 3.598 for corporate clients.

Total number of transactions through all channels (branches, e-banking and Post office) increased 5% compared with last year. E-banking transactions in 2024 have increased by 11,72% and reach the number of 3.813.077 transactions, while domestic payments transactions executed through branches have been increased by 8,27% and reach the number of 8.897.146 transactions.

Starting from March 2021, the Bank implemented payment operations in Post Office and provide excellent service to the clients.

Being the only provider for paying bills, obligations and fund transferring for certain groups of citizens, the payment operations in the Post Office are essentially important and offering favorable competitive commissions.

At the Post Office counters, also Halkbank customers can make direct payments from their transaction accounts, as well as performing other banking services.

During 2024, more than 5 million transactions were executed through Post Office.

Cash Center

In 2024, the Bank maintained its activities and focused on further improvement of the customer services.

In the field of physical cache operations, cash center offers a high quality, fast and efficient services, such as:

- Charging and discharging of ATM's ,
- Transport of valuable shipments to Branches.
- Cash services with Central bank,
- Smart safe – 40 pieces (daily turnover for clients)
- Export of foreign currency to foreign banks,
- Cooperation's with Post office,
- Cash collection,
- Cooperation/ Cash services with other commercial banks.

The total cash turnover in Cash Center of the Bank in 2021-2022-2023-2024, is as follows:

Type of service	2021(in eur)	2022(in eur)	% Increase	2023(in eur)	% Increase
Cash services with Central bank	100.126.000	144.324.000	44%	131.015.846	-10%
Export of foreign currency to foreign banks	99.059.000	180.189.000	82%	240.635.683	34%
Cooperation's with Post office	100.939.000	165.144.000	64%	175.928.678	7%
Cash Collection	167.107.101	211.306.052	26%	255.376.152	21%
Cooperation with other commercial banks	407.748.000	439.740.000	8%	478.400.507	9%
	874.979.101	1.140.703.052	30%	1.281.356.866	12%

Foreign Operations

Halkbank, as one of the main players on the local market become a hub for international trade for export and import oriented companies in North Macedonia in the last decade.

Halkbank offers a high quality, fast and efficient operations in the field of International payments.

By using our extensive correspondent network, clients of Halkbank are enabled to perform international payments in the simplest, fastest and most convenient way.

Description	2024
Number of transactions	108.068
Total turnover in EUR	1.253.681.649

Documentary Business

Halkbank has a team of qualified and professional specialists offering its customers high-quality service in compliance with International standards and fast document processing.

Halkbank assists in reducing expenses with the continuous improvement approach on conducting international documentary operations through its product range of L/C's, Guarantees and Documentary Collections.

Description	2024
Total turnover in EUR	110.371.238,28

Western Union

We offer the opportunity of fast money transfer through our branch network together with Western Union.

Any of our 47 branches will serve you timely and efficiently performing your fast money transfers.

WU TRANSACTIONS	2024
Number of WU transactions	12.393
Total number of clients	6.260

IT and Technical Support

The Bank has successfully launched a suite of enhanced digital services for retail clients, enabling them to increase credit card and overdraft limits directly through our web and mobile iBanking platforms. This initiative aligns with our broader strategy to deliver convenient, self-service capabilities that empower our customers and streamline service delivery.

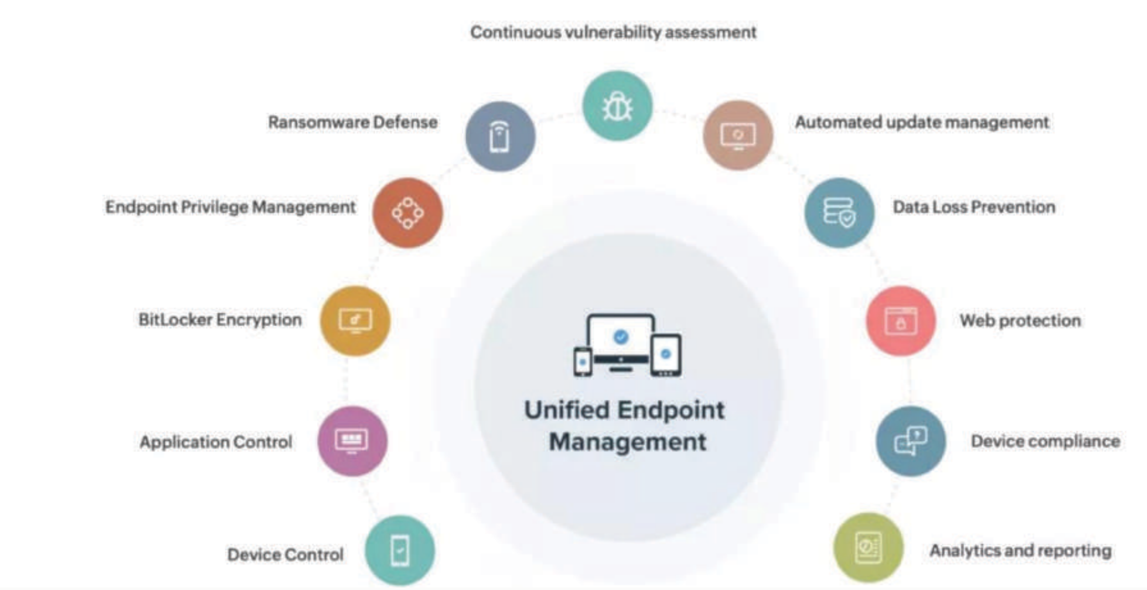
In parallel, we have effectively implemented recent regulatory changes regarding Credit Risk management, ensuring full compliance with the regulations.

Additionally, our teams have actively contributed to various strategic initiatives focused on digital transformation and process optimization. These efforts are aimed at improving operational efficiency, enhancing service quality, and elevating the overall customer experience.

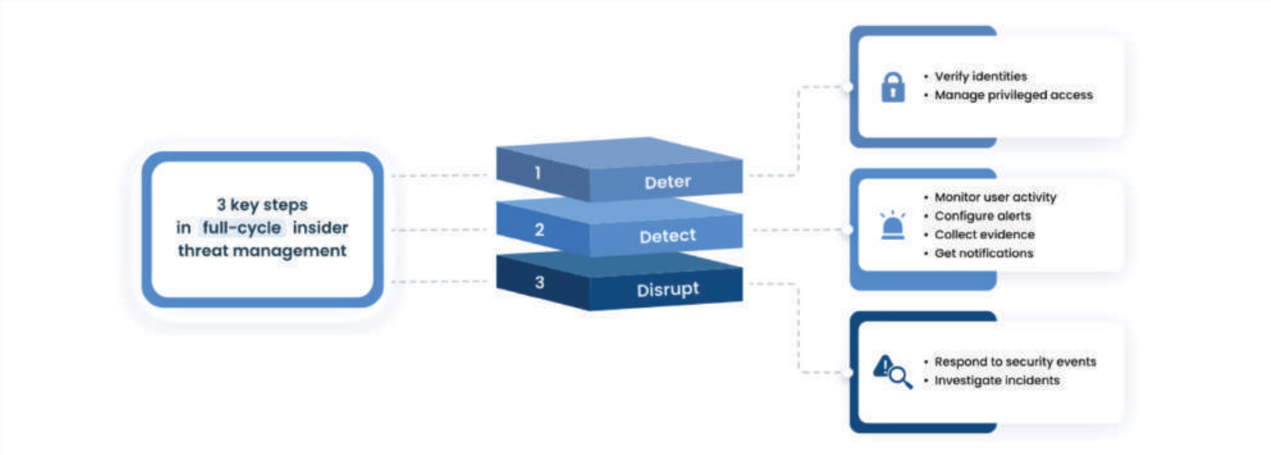
We have implemented new central data storage system “Hitachi VSP 5600” as a replacement of Central CORE Data Storage.

We replaced the old database physical servers with new ones and migrated the entire CORE banking environment to a higher version of the operating system (Windows Server 2022 Standard), the database version (Microsoft SQL Server 2019 Enterprise) in cluster mode and all database and data on the new storage system.

We have implemented ManageEngine Endpoint Central and Service Desk Plus systems for full administration, management and maintenance of all IT assets in the bank.

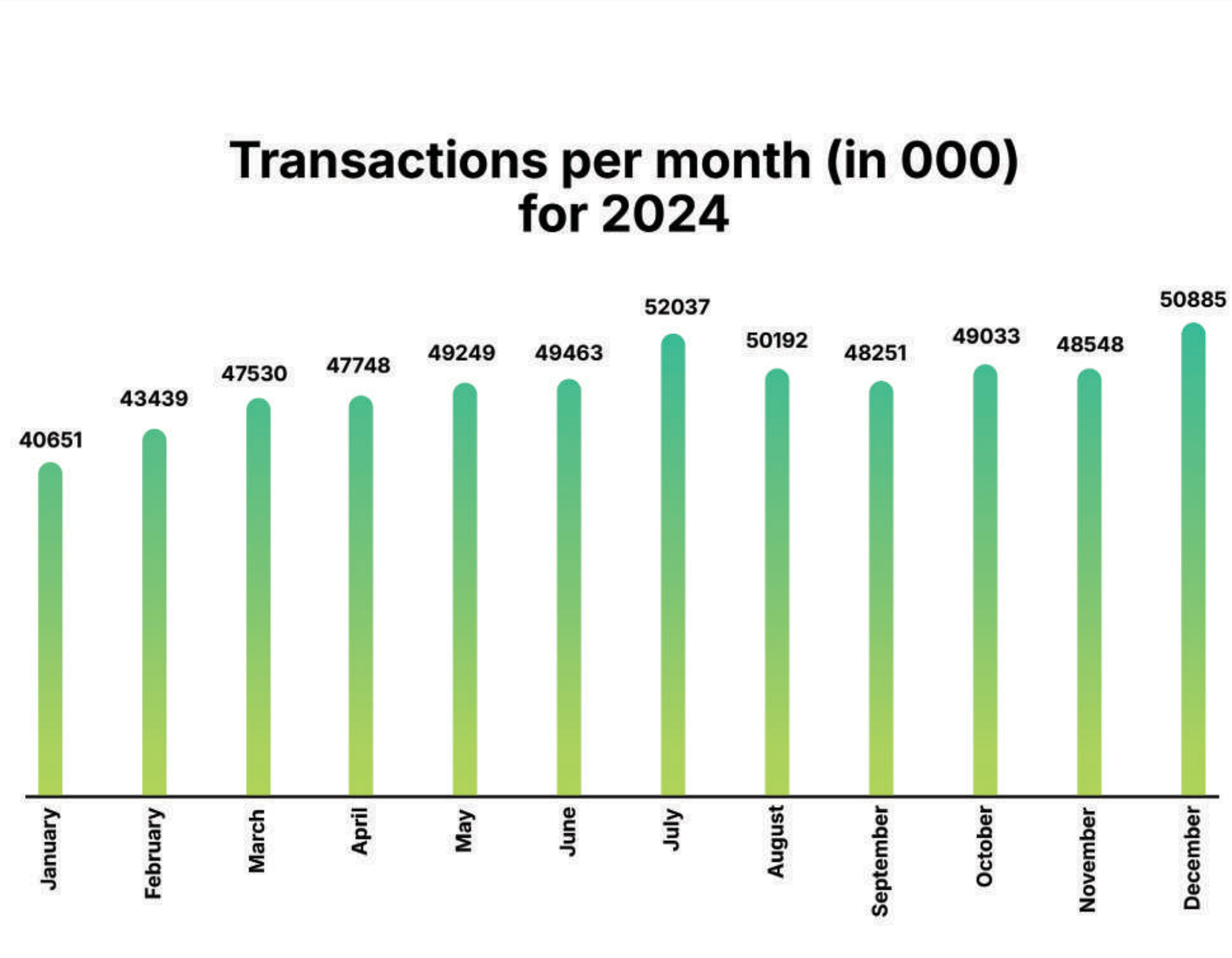


We have implemented Comprehensive User Session Recording System to Ensure compliance with IT regulations (ISO 27001, NIST, PCI DSS, etc), to be aware of user actions on sensitive data and critical system and assess damage from the security incidents.



Continuous Growth Support

The annual growth of 25% of transactions processed per month in the period from January 2024 to December 2024 was supported by the upgrade of the core banking IT infrastructure.



Continuous improvement of controls and systems to decrease operating risk

As a direct result of the continuous improvement, the Bank has been re-certified with the PCI-DSS standard, which helped strengthen the infrastructure, and has made it safer and more resilient to current cyber risks. Risks are further minimized by the Disaster Recovery location upgrade project, which will include all systems of the Bank.

Branch network

Extensive Branch Network

In 2024, HALKBANK AD Skopje continued increasing its branch network and focused on high-quality and fast service and products to meet the needs of its clients.

By the end of 202, HALKBANK's branch network reached 47 branches in Macedonia located in 22 cities. Out of the total number of branches, 26 are located in the capital city of Skopje and 21 in other cities throughout the country.

Opening New Branches and Continuous Reorganization

Reorganization and renovation of some of the branches continued during 2024. With reorganization and renovation of current branches, Halkbank continues implementing its strategy aimed at maximizing customer satisfaction. By opening new and modern branches and improving the ambience in the current branches, Halkbank is getting closer to its clients.

The strategy of continuously changing and investing in the interior and exterior of our branches and equipping them with the newest technology proves one of the main goals of Halkbank – our customer orientation and constant care for their satisfaction.

HR DEPARTMENT

A Year of Transformation and Growth

2024 was a year of continuous change for Halkbank AD Skopje — a year that challenged us, transformed us, and ultimately strengthened us. Despite the changes in the organizational structure and Management at multiple levels, we remained focused, agile, and committed to our core mission: delivering consistent value to our clients, empowering our people, and ensuring sustainable growth.

Organizational Changes and New Leadership

The past year marked one of the most dynamic periods in the Bank's history, with changes in the leadership structure, enabling us to better align with our long-term goals and market demands . These transitions brought fresh perspectives, renewed energy, and a clear focus on innovation, efficiency, and long-term strategic development.

The appointed managers and team leaders across departments embodied the values of inclusiveness, responsibility, and forward-thinking. They guided the organization through a period of change with confidence and clarity, ensuring a smooth transition while maintaining operational continuity. This realignment enabled us to re-energize our teams, set new performance standards, and reinforce a culture of accountability and collaboration that resonates across all levels of the Bank.

Year 2024 also marked our relocation and expansion to a new, modern headquarters – a space that reflects who we are today and where we are going tomorrow. The new locations offers **modern infrastructure** with advanced technology, open working spaces, and improved accessibility, it enhances the daily experience for employees. The new offices include **entertainment, wellness areas** and lounge zones. These features promote work-life balance and foster a vibrant, connected workplace culture. This move marks a significant step in Halkbank's transformation journey - **a symbol of progress, stability, and care for the people who drive our success**. By prioritizing wellbeing, we're creating an environment where employees feel valued, supported, and empowered to thrive.

Stability, Growth, and Positive Outcomes

Despite the internal changes , Halkbank AD Skopje achieved stable performance, continuous growth, and high client satisfaction throughout 2024. This is a testament to the resilience and dedication of our teams, and to the strength of our institutional foundations.

In a time marked by organizational changes, new leadership structures, and relocation to a new headquarters, HR remained a constant force—**supporting people, enabling progress, and safeguarding continuity**. Despite the dynamic environment, we stayed true to our core function: acting as **strategic support to the Bank's operations**. Our focus was on **employee growth, capability building, and engagement**. We delivered a wide range of t**rainings, leadership development programs and team-building activities**, all tailored to empower employees in times of change. Through effective talent management, we ensured that each employee's potential was nurtured and aligned with the Bank's long-term vision.

Our mission throughout the year was clear: to **equip teams with the skills and confidence** needed to navigate transformation, while continuing to foster a culture of inclusion, collaboration, and performance. Through it all, we helped ensure that **Halkbank remained not only stable and client-focused—but also a great place to work and grow.**

Investing in Young Talents

As part of its commitment to social responsibility and talent development, Halkbank continued to support young professionals through its **Internship Program** and active participation in Career events throughout 2024.

Over **40 students** took part in our structured internship program, gaining hands-on experience in various departments under the mentorship of seasoned professionals. The program focuses on undergraduate and postgraduate students up to age 29, with **paid internships** offered to third- and fourth-year students. Interns worked on real tasks, participated in internal projects, and engaged in networking activities, allowing them to immerse in our corporate culture. Many of them have since joined the Bank as full-time employees.

In parallel, we participated in more than **10 Job fairs and Career days** across all country, where we presented our internship opportunities and connected directly with students. These events also promoted **HalkEz**, our tailored youth banking package, strengthening our engagement with young people as both future professionals and clients.

Through these initiatives, we continue to bridge the gap between education and employment, investing in the next generation of talent and reinforcing our position as a responsible and attractive employer.

Our Key Figures for 2024:

Branches in 2024	
Based in Skopje	26
Other cities in Macedonia	21

Number of employees	
31.12.2016	461
31.12.2017	499
31.12.2018	532
31.12.2019	572
31.12.2020	632
31.12.2021	698
31.12.2022	714
31.12.2023	773
31.12.2024	832

Educational Structure	2024	in %
University education	757	91%
Phd. Degree	3	
Master's Degree	133	
Bachelor's Degree	621	
High School	75	9%

Employees per location	2024	in %
Head Office	394	47
Branches	438	53

Training and development Innovations Shaping Banking Workforce

Looking into the future of banking workforce development, during 2024 landscape had been shaped by innovation and adaptability. HR trends evolved, focusing on continuous learning, technology integration, and employee well-being. HR in general as well as training and development being an integrated part of it, had to adapt quickly and experiment with new technologies to drive continuous improvement.

Staying ahead requires a proactive approach to trends and openness to the unknown. This included a strong emphasise on reskilling employees, leveraging technology for learning and prioritizing continuous learning while identifying skills gaps and providing training to equip employees with the necessary knowledge and abilities. Reskilling is crucial for employees to adapt to new technologies, regulations, and customer needs. Continuous learning helps employees adapt to the rapidly changing financial landscape.

In 2024, training and development in the banking sector were heavily influenced by the rapid pace of digital transformation, the rise of AI, and an increasingly complex regulatory landscape. As banking shifted further towards digital channels (mobile apps, online platforms, digital-only banks), training emphasized equipping employees with the skills to navigate and excel in this environment. This included understanding digital customer journeys, using new digital tools, and promoting digital adoption among customers. With the increasing digitalization of banking, cybersecurity threats remained a top concern. Training in 2024 focused on best practices to secure digital banking platforms, protect customer data, prevent cyberattacks, and understand evolving fraud schemes.

During 2024 marketing and cross sales of the banking products, compliance and anti-money laundering and financing terrorism, physical security, personal data protection, domestic and foreign operations, risk management and operational risk, dealing with inconvenient clients, credit and deposit operations, information security, credit process for the branches and micro prudential instruments were on the training agenda for the employees.

PR & Social Responsibility

CSR and Sustainability 2024

In 2024, Halkbank AD Skopje once again demonstrated its strong commitment to social responsibility, sustainability, cultural development, and support for the local community. Through innovative campaigns, green initiatives, educational events, and cultural projects, the Bank set new benchmarks in corporate responsibility, reaffirming its leading role as a socially responsible company with a clear vision for a better society and a greener future.

Throughout 2024, the Bank continued to advance its green initiatives as a tangible contribution to combating climate change and improving air quality. As part of its long-term strategy for sustainable development and environmental protection, recognized and supported by the wider community, Halkbank launched the "One million seedlings in five years" initiative, in partnership with the National Forests public enterprise. This collaboration ensures professional planning and execution of the project. The planting schedule was carefully structured into several phases to secure the achievement of the goal of one million seedlings by 2029. The signed agreement covers afforestation efforts across the entire country, starting with 20,000 trees in the first year and gradually increasing to 250,000 trees annually in the following years.

The HalkEco application, which over time evolved into a platform, remained a key tool for encouraging individual responsibility among citizens. Users collected kilometers by walking or cycling, and Halkbank converted those efforts into newly planted trees. In 2024 alone, thousands of kilometers were recorded through HalkEco, resulting in the planting of new seedlings across multiple locations throughout the country.

Following the above, Halkbank is widely recognized as a strong promoter of healthy lifestyles and environmental protection, and in that spirit, continues to support and organize a variety of sporting events. In 2024, the streets of Skopje once again hosted the seventh edition of the traditional "Halk Eco Skopje Runs 10K" race, with Halkbank AD Skopje as the title sponsor. As in previous years, the race attracted a large number of running enthusiasts, both professionals and recreational participants.

The traditional cycling event HalkVeloGreen, known for its unique format and humane mission, once again brought together hundreds of participants. The entire registration fee was allocated for tree planting, highlighting the principle that every individual effort can contribute to global change.

As a strong supporter of sports, Halkbank extended its backing to handball - a sport that enjoys great popularity in North Macedonia and continues to deliver impressive results and achievements. In 2024, Halkbank became an official supporter of the Handball Federation of Macedonia, reinforcing its commitment to promoting local sports excellence.

As part of the global Mastercard initiative - Priceless Planet, and in celebration of Earth Day, the Bank organized a series of ecological workshops that offered a unique opportunity to connect with nature and learn about horticultural practices. With a focus on the Macedonian sun and the richness of the local soil, and inspired by the idea of nature's renewal, one workshop was dedicated to planting and cultivating plants and exploring their uses. The second workshop focused on crafting and recycling flower pots, aiming to promote reuse while beautifying homes and gardens with creatively designed planters.

Throughout 2024, Halkbank organized and supported a range of inspiring events that fostered economic inclusion, innovation, cultural exchange, and social connection.

Continuing its support for women's entrepreneurship, Halkbank expanded the "Dresses with pockets" initiative in 2024 by organizing events such as HalkMatinee and HalkSoiree, aimed at promoting local brands and sharing video stories of successful women. Additional events included the Halk Pop-Up Party - a vibrant gathering infused with urban music, youthful energy, and eco-messages; and, SintEza @ Public Room, a platform created for young innovators, creatives, and startup enthusiasts. All these activities were part of Halkbank's "Truly Free" platform, which is dedicated to empowering women entrepreneurs and enhancing women's financial independence.

Under the platform "Guardians of Wisdom", which focuses on the older generation, the Bank hosted a conference to encourage inter-generational knowledge and value exchange.

The "Enduring Cultural Values" project continued in 2024 with a unique evening dedicated to traditional Macedonian cuisine and music. The beautiful setting of Chifte Amam was transformed into a temple of the Macedonian cultural heritage. Guests were taken on a sensory journey through a curated blend of flavors from nearly all regions of the country, accompanied by art and music - offering an immersive experience of Macedonia's rich traditions.

As part of its mission to actively support culture in Macedonia, the Bank also launched an initiative to visually document cultural heritage through the project "Halk Portrait of Culture."

As a strong supporter of entrepreneurship, Halkbank served as the general sponsor of “The Founder Games” - the first reality show focused on startups, aimed at youth networking and raising awareness of the opportunities within the startup ecosystem. The Bank also attended and supported a range of events including WOBA – Women on Boards Adria; GEA – The Gender Equality Alliance at the Workplace; E-commerce; Women Economic Forum; Business Leader; and, Social Entrepreneurship.

Among Halkbank’s socially responsible initiatives, special attention is given to activities focused on education and instilling values in the youngest members of society. The beloved children’s mascot Halki remained active throughout 2024, promoting values such as saving, learning, and environmental care. A children’s theatre play titled “Halki performs Zvezdalija” was staged with a meaningful eco-educational message. Additional initiatives included the “Family sports day”, engaging both parents and children in healthy lifestyle activities, and the “Halki sunny day” family bazaar, which celebrated family values, crafts, and local products.

To mark Savings Month, Halkbank organized school visits to promote financial literacy among children. Additionally, to celebrate World Literature Day, Halki visited a kindergarten, encouraging reading, storytelling, and nurturing the love for books.

The year 2024 also brought a series of awards that reaffirmed the quality and impact of Halkbank’s social and communication campaigns.

Halkbank AD Skopje’s platform “Dresses with pockets”, which champions women’s entrepreneurship, received the Best CSR Practice award from the American Chamber of Commerce (AmCham) for its inclusive and creative support of female entrepreneurs. For the second consecutive year, Halkbank has been building a success story in supporting women’s entrepreneurship, reinforcing its ongoing commitment to gender equality and women’s financial independence.

Through this platform, Halkbank has carried out numerous events, campaigns, and support initiatives which, in partnership with Mastercard, have significantly raised awareness and shaped public perception of women's financial empowerment in North Macedonia.

The Bank also received the Mad Over Marketing Award for the best Out of Home solution, recognizing its innovative approach to visual communication. Halkbank was further honored with two regional Cactus Awards - for Best Digital Podcast and Best Outdoor Campaign, acknowledging the bank’s digital transformation and its evolving connection with the community.

In 2024, Halkbank also secured second and third place at the prestigious Golden Drum awards for the “Start Up” campaign in the categories of Creative Effectiveness and Outdoor Advertising. These awards underscore the synergy between strategy, design, and social purpose.

Once again in 2024, Halkbank AD Skopje reaffirmed its commitment to inclusiveness, innovation, and sustainability - reinforcing its credibility as an institution that is much more than a bank. It stands as a community partner, a driver of change, and an inspiration for the future. Through tangible results, a responsible approach, and an openness to innovation, Halkbank continues to build its brand as one that creates lasting value.

Management Information & Corporate Governance

Supervisory Board of Halkbank AD Skopje

Osman Arslan
President of Supervisory Board

Mr.Osman Arslan was born on 17.09.1971 in Ankara, Turkey. He graduated from the Faculty of Science and Literature, Department of Statistics at Middle East Technical University. He holds MBA from the same institution. Mr.Arslan began his professional career in 1995 at Ziraat Bank. From 1998 to 2004 he served in managerial positions at various private banks. Between 2004 and 2012, Mr.Arslan served as Division Manager, Head of Deparment, and Deputy General Manager at Türkiye Halk Bankası A.Ş., and as General Manager of Arap TürHk Bankası (now A&T Bank). He began serving as the Deputy General Manager of Financial Affairs at Ziraat Bank, in March 2012. He was appointed as Executive Vice President for International Banking and Partnerships and in August 2014, as Executive Vice President for Information Technology Management. He served as Founding General Manager at Ziraa Participation Bank from February 2015 to June 2017. Mr. Arslan has been serving as Member of the Board of Directors and General Manager at Halkbank since June 8, 2017. On July 29, 2019, Mr. Osman Arslan was appointed as a member of the Supervisory Board by the Shareholders Assembly and the consent was issued by the National Bank of RSM on September 30, 2019.

Recep Süleyman Özdil
Member of Supervisory Board

Recep Suleyman Ozdil was born in Istanbul in 1961. He graduated from Ankara University Faculty of Political Science, Department of Economics. After beginning his professional career as an Auditor at a private company in 1984, Ozdil served as a Specialist, Assistant Manager and Branch Manager at Albaraka Turk Ozel Finans Kurumu A.S. in the years from 1986 to 1993. He worked as a Finance Coordinator at a private company between 1993 and 1995 before performing his duties as Assistant General Manager at İhlas Finans Kurumu A.S. from 1995 to 2001 and at Family Finans Kurumu A.S. from 2001 to 2005. Ozdil served as board member and General Manager at Birlesik Fon Bankasi A.S. from 2005 till 2011, and as a board member of the Savings Deposit Insurance Fund between 2011 and 2014. He has been serving as Chairman of T. Halk Bankasi A.S. since August 28, 2015. On October 13, 2023, Mr. Recep Süleyman Özdil was appointed as a member of the Supervisory Board by the Shareholders Assembly and the consent was issued by the National Bank of RSM on March 11, 2024.

Olcay Atlioglu
Member of Supervisory Board

Mr. Olcay Atlioglu was born on 02.01.1974 in Istanbul, Turkey. He graduated from the Faculty of Computer Engineer at Istanbul Technical University. He began his professional career at Yashar Holding Bilgi Islem A.S. as a Programmer. He later worked at Bima A.S. after that at Belbim A.S. as Programmer. He continued his career as a coordinator at Turk Ekonomi Bankasi after that at Disbank A.S. and Turkcell Technology A.S. In 2016 he continued his career as Director of Development Solutions at Etiya A.S.. Having worked as the Head of Department and Group Head at Halkbank Information Technologies, Olcay Atlıoğlu has been serving as the Deputy General Manager responsible for Information Technologies at Türkiye Halk Bankası AŞ as of July 28, 2021. On February 23, 2018, Mr. Olcay Atlioglu was appointed as a member of the Supervisory Board by the Shareholders Assembly and the consent was issued by the National Bank of RSM on April 23, 2018.

Fatih Şahbaz
Member of Supervisory Board

Mr. Fatih Şahbaz was born on 01.08.1981 in Sorgun, Turkey. He graduated from the Faculty of Economics and Administrative Sciences at Selçuk University and afterwards he graduated from the Faculty of Law at Doğuş University. Mr. Fatih Şahbaz having successfully completed all requirements of "Economics History" Master of Arts Programme has been awarded the degree of Master of Arts (M.A.) in Ecomonics. He began his professional career at Ziraat Bank A.S as an Officer. He continued his career as Financial Analyst at Halk Bankasi AS Turkey at Credit Processes and Company Analysis Department and in 2012 he served as Internal controller in tne Internal Control-or Department. In the period 2016-2018, he works at Department for Tax Management and Payments. From 2018-2019 he served as Branch Manager. As of 2019 he works as Head of Support and Purchasing Services Department, Group Manager of Human Resources and since November 2022 has been serving as Deputy General Manager in charge of Human Resources and Support Management. On March 23, 2020, Mr. Fatih Sahbaz was appointed as a member of the Supervisory Board by the Shareholders Assembly and the consent was issued by the National Bank of RSM on July 22, 2020.

İlhan Bölükbaş
Member of Supervisory Board

Mr. Ilhan Bolukbas was born on 13.10.1971 in Samsun, Turkey. He graduated from the Faculty of Political science at Ankara University. He began his professional career at Vakiflar Bankasi TAO as Financial Analyst. He later worked at ING Bank-OYAK Bank as Auditor, Director and Head of group and as Head of Department in ICBC Bank Turkey. In 2014 he continued his career as Deputy General Manager in Ziraat Leasing and Head of Department in Ziraat Katilim Bankasi. Having served as the Department Head and then the Deputy General Manager in charge of Credit Allocation and Management at Türkiye Halk Bankası A.Ş. since 2017, Bölükbaş has been working as the Deputy General Manager in charge of Loan Policies, Monitoring and Specialized Loans since August 5, 2024.

On September 5, 2017, Mr. Ilhan Bolukbas was appointed as a member of the Supervisory Board by the Shareholders Assembly and the consent was issued by the National Bank of RSM on October 31, 2017.

Miraç Taş
Member of Supervisory Board

Mr.Miraç Taş was born on 12.07.1977 in İçel, Turkey. He graduated from Istanbul University, Faculty of Economics, Department of International Relations. Mr.Miraç Taş having successfully completed his master's degree at Southern Connecticut State University, Department of Business Administration. He worked as Director at Kuveyt Türk Katılım Bankası, and as Financial Institutions Marketing Director at Akbank. Mr.Taş, who joined the Halkbank Family in 2011 and served as Department Manager and Department Head, has now been serving as the Group Head of International Banking since August 5, 2024. On September 20, 2024, Mr. Mirac Tas was appointed as a member of the Supervisory Board by the Shareholders Assembly and the consent was issued by the National Bank of RSM on December 31, 2024.

Sejdefa Djafche
Independent Member of Supervisory Board

Ms. Sejdefa Djafche was born in Brod, Repubic of Kosovo in 1982. She graduated from the Ss. Cyril and Methodius University, Faculty of Law in Skopje. She holds a Master's Degree and a Doctorate Degree from the Faculty of Law. She continued her career as assistant Head of Department for business law and Acting Dean at FON University - Faculty of Law. Ms. Sejdefa Cafce on June 2021 is appointed as Dean at FON University - Faculty of Law And Political Sciences. On October 13, 2023, Ms. Sejdefa Djafche was appointed as a member of the Supervisory Board by the Shareholders Assembly and the consent was issued by the National Bank of RSM on March 11, 2024.

Biljana Angelova
Independent Member of Supervisory Board

Ms. Biljana Angelova was born in Skopje in 1965. She graduated from the Ss. Cyril and Methodius University, Faculty of Economics in Skopje. She holds a Master's Degree and a Doctorate Degree from the Faculty of Economics. She started her career in 1992 as an assistant in the Institute of Economics, Department of Business Finance, and then became assistant researcher in 1993, assistant professor/ scientific researcher in 1999 and scientific advisor, full-time professor in 2004, which is still ongoing. In the period 2006-2008, she was appointed as Head of Department for International Management at University Ss. Cyril and Methodius in Skopje - Institute of Economics. From 2008 onwards, she has worked as Head of Department for Financial Management and from 2009 onwards, she has been Director of the Institute of Economics, University Ss. Cyril and Methodius in Skopje. Since September 2016 Ms. Biljana Angelova is appointed as Vice Rector for finance, investment and development at Ss. Cyril and Methodius University in Skopje. Ms. Biljana Angelova on September 2023 was appointed as Rector at Ss. Cyril and Methodius University. On June 27, 2016, Ms. Biljana Angelova was appointed as a independent member of the Supervisory Board by the Shareholders Assembly and the consent was issued by the National Bank of RSM on August 24, 2016.

Management Board

Dr. Bilal Sucubaşı
Chief Executive Director

Dr. Bilal Sucubaşı was born in Darende, Malatya in 1972. He graduated from the Faculty of Economics and Administrative Sciences at the University of Erciyes. Sucubaşı continued his education at the Department of Business, Management, Organization Department, Malatya at the University of İnönü. He holds a Master's Degree and a Doctorate Degree. He began his professional career as a teacher in Darende and used to be an intern at Counseling Finance, Malatya. He later worked as a clerk at Darende Branch, Deputy Head of the Directorate for Organization, Branch Manager in Aksaray / Ortaköy, Director of the Marketing Department of the individuals in the Regional Coordination Centre Diyarbakır, Manager of Corporate Marketing, Director of the Commercial Branch in Mersin, Director of the Department of Corporate Marketing at Halkbank, Turkey. From 26.12.2017, Dr.Sucubaşı is a President of Managing Board of Halkbank AD Skopje.

Aleksandar Iljov
Executive Director

Mr. Aleksandar Iljov was born in 1977, in Skopje. After graduating from Ss. Cyril and Methodius University, in the area of Financial management, in October 2000 Mr. Iljov started his career in Halk Banka AD Skopje (former IK Banka) as banking officer in Foreign Operations Department. Mr. Iljov has completed master's studies in Financial Management at Ss. Cyril and Methodius University. Since 2001, Mr. Iljov has been on various positions in the Bank as a banking officer in the Department of Domestic and International Payments, Credit Officer for SME and in April 2005 he was promoted to Head of the Customer Relations Department, then Head of Marketing Department and Head of Corporate Branch. From 2014 to February 2024, Mr. Iljov was on the position Head of Division of Marketing, where, among other responsibilities, he was also responsible for the sales function of all branches through which the Bank sells its products and services. The next professional challenge and responsibility of Mr. Iljov is the position of Executive Director of Halk Banka AD Skopje, which he began to perform on 08.02.2024, after the adoption of the decision on appointment as Executive Director by the Supervisory Board of Halk Bank AD Skopje and obtaining the previous consent from the National Bank.

According to the Bank's organizational chart, Mr. Iljov is responsible for the Division of Marketing and Digital Banking and the Division of International Banking and Treasury.

Dr. Berkan İmeri
Executive Director

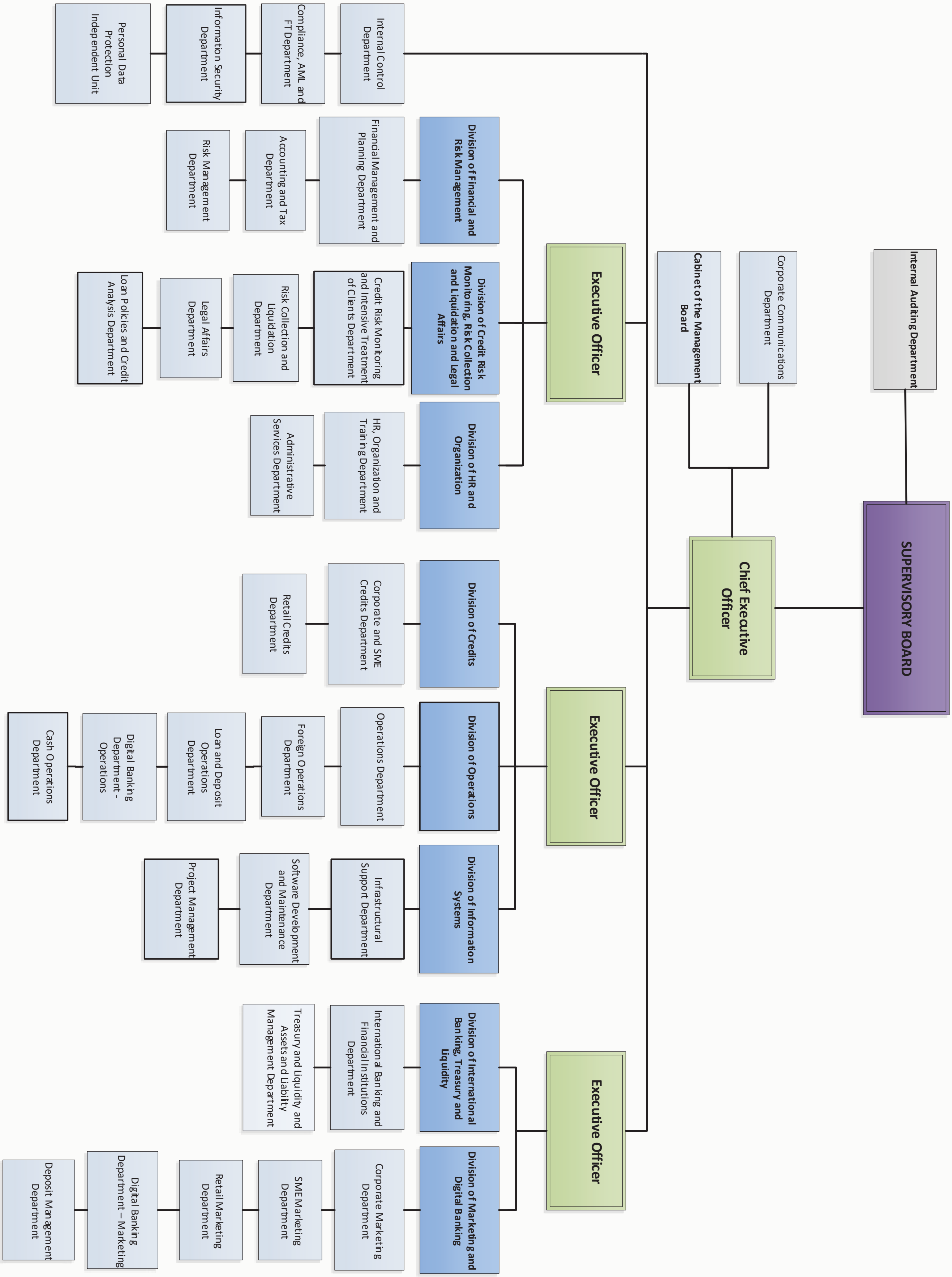
Mr. Berkan İmeri was born in 1980, in Gostivar. He graduated from Ss. Cyril and Methodius University, Faculty of Economics in Skopje. He completed his master's studies at the Economic Institute in Skopje. He obtained the title Ph.D. in Economic Sciences in 2023, at the University American College Skopje, Faculty of Business Economics and Organizational Sciences.
Mr. Berkan İmeri started his career in June 2010 in Halk Banka AD Skopje Gostivar Branch as a Retail Sales Officer. During his career, he has worked in the Retail Department, in the Branches and Sub- Branches Network Department, in the Corporate Marketing and Sales Department, worked as Deputy Head of the Financial Management, Planning and Reporting Department, Head of Financial Management, Planning and Reporting Department and based on the many years of experience and knowledge acquired in the Bank, in 2017 he was appointed as Head of Division of Financial Management, Planning and Reporting, a position which, among other responsibilities, includes membership in the Risk Management Committee and Assets and Liabilities Committee. Mr. Berkan Imeri was appointed as a Non-Executive Director, i.e. a member of the Supervisory Board of Halk Insurance AD Skopje from 30.01.2019 to 02.10.2023, during which he held the position of Chairman of the Supervisory Board for certain period. The next professional challenge and responsibility of Mr. İmeri is the position of Executive Director of Halk Banka AD Skopje, which he began to perform on 08.02.2024, after the adoption of the decision on appointment as Executive Director by the Supervisory Board of Halk Banka AD Skopje and obtaining the previous consent from the National Bank.
Mr. İmeri as Executive Director is responsible for the Division of Risk Management and Financial Management, Division of Credit Risk Monitoring, Risk Collection and Legal Affairs and the Division of Human Resources and Organization.

Muhammed Hadjipazi
Executive Director

Mr. Muhammed Hadjipazi was born in 1980, in Gostivar. After graduating from Ss. Cyril and Methodius University, Faculty of Economics in Skopje, he completed his master's degree in Financial Management at the Institute of Economics-Skopje. He began his career at the Bank in 2007 as a Retail Lending Officer at the Gostivar Branch. In 2009, he was appointed Head of the Gostivar Branch, and in 2010, Head of Department of Branch and Sub-branch Network. In 2012, he was appointed Head of the SME Marketing and Sales Department. In June 2017, he was promoted to the position of Head od Division of Human Resources, Organization and Training, responsible for the Human Resources and Organization Departmen and the Administrative Affairs Department. With the new organizational structure in February 2024, Mr. Hadji-Pazi was appointed Head of Division for Operations, under whose authority are the Domestic Payment Operations Department/ Operations, the International Payment Operations Department, the Credit and Deposit Operations Department, the Digital Banking Operations Department and the Cash Operations Department. The next professional challenge and responsibility of Mr. Hadji-Pazi is the position of Executive Director of Halk Banka AD Skopje, which he began to perform on 21.03.2025, after the adoption of the decision on appointment as Executive Director by the Supervisory Board of Halk Banka AD Skopje and obtaining the previous consent from the National Bank.

Mr. Hadji-Pazi as Executive Director is responsible for the the Division of Operations, Division of Lending and the Division of Information Systems.

Organizational Structure



Senior Management

Derja Hamza Seferi

Head of Division of CRM, Risk Collection & Liquidation & Legal Affairs

Cahit Ljushi

Head of Division of HR & Organization

Can Memed

Head of Division of Marketing
and Digital Banking

Kiril Buhov

Head of Division of
Information Systems

Marija Kiroska Jovcheska

Head of Division
of Credits

Levent Ajrula

Head of Division of
International Banking,
Treasury and Liquidity

Vladimir Davchev

Head of Division of Risk and
Financial Management

Supervisory Board's Report

Within the frames of the legally defined competences and main acts which regulate the Business Policy of the Bank and its main objectives, the Supervisory Board performed its duties during 2024.

Its duties were determined in line with Bank's strategy, giving suggestions and directions for undertaking measures and activities for successful maintenance of Bank's position in the banking system, following trends and news, improving receivables collection, harmonization of its performance with the market needs, etc. All members of the Supervisory Board provided active and significant contribution to the functioning of the Board. All decisions of the Supervisory Board were made in a transparent and documented manner, based on a complete and objective assessment. According to the principles of good corporate management, the Supervisory Board had good cooperation with the Management Board, the Risk Management Committee, the Audit Committee and the Internal Audit, without participating in the daily management of the Bank. This manner of operation of the Supervisory Board contributed to stable, safe and efficient management and appropriate supervision over Bank's bodies and their operation. All listed Members of the Supervisory Board have knowledge and qualifications necessary to carry out their tasks and have the substantial and practical knowledge of the Bank activity, taking into account its specificity.

The selection of the Members of the Supervisory Board reflects the care for diversity of their professional experience, knowledge and skills.

All Supervisory Board Members hold university degrees with management capacities. Moreover, the Supervisory Board Members are very active in the economic and legal life of Macedonia and Turkey. The table no. 1 shows the list of the Supervisory Board Members of Halkbank A.D Skopje for 2024 (SBM).

Osman Arslan	14.03.2024 /03.10.2019	11.03.2028	PSB
Recep Süleyman Özdil	14.03.2024	11.03.2028	SBM
Ilhan Bolukbas	26.11.2021 / 03.11.2017	23.11.2025	SBM
Olcay Atlioglu	30.05.2022/02.05.2018	24.04.2026	SBM
Fatih Şahbaz	15.11.2024/30.07.2020	13.11.2028	SBM
Miraç Taş	16.01.2025	08.01.2029	SBM
Biljana Angelova	12.09.2016 /22.09.2020/15.11.2024	13.11.2028	ISBM (independent)
Sejdefa Djafche	14.03.2024	11.03.2028	ISBM (independent)

On October 13, 2023, Mr. Osman Arslan and Mr. Recep Süleyman Özdil were (re) appointed as a member and Ms. Sejdefa Djafche was appointed as a independent member of the Supervisory Board by the Shareholders Assembly. The consent were issued by the National Bank of RSM on March 11, 2024 and the entry in the Central Registry of the Republic of North Macedonia was made on March 14, 2024.

On August 29, 2024, Mr. Hasan Gökhan Kılıç resigned as a member of the Supervisory Board (received in the Bank on August 30, 2024) and the entry in the Central Register of the RSM was madeon September 3, 2024

On June 25, 2024, Mr. Fatih Shahbaz was reappointed as a member of the Supervisory Board andMs. Biljana Angelova was reappointed as an Independent member of the Supervisory Board by theShareholders Assembly. The consents were issued by the National Bank of RSM on November 07, 2024 (received at the Bank on November 12, 2024) and the entry in the Central Register of RSM was made on November 15, 2024.

On September 20, 2024, Mr. Miraç Taş was appointed as a member of the Supervisory Board, by the Shareholders Assembly. The consent was issued by the National Bank of the RSM on December 31, 2024 (received in the Bank on January 8, 2025) and the entry in the Central Register of the RSM was made on January 16, 2025.

Executive Management Board

- In 2024, the Executive Management Board was in permanent coordination with the Supervisory Board of the Bank in a very comprehensive manner that made all operational processes of the Bank transparent.

- In compliance with the adopted organizational scheme, the rights and responsibilities were distributed to every single Executive Management Board member who monitored daily activities of particular divisions, departments and branches of the Bank. In general, on daily basis, they were monitoring the activities and operational results of the organizational units of the Bank and on quarterly basis, they measured performances of branches and sub- branches of the Bank. The Executive Management Board of HALKBANK AD Skopje is composed of four members who represent the Bank and manage its regular activities. The following table shows the list of the Executive Management Board Members for 2024 (EMBM).

	Licenced on	Member till	Title
Bilal Sucubasi	26.12.2017 / 14.02.2020 11.02.2022 /07.02.2024	Ongoing	CEO
Turhan Ademi	29.01.2013 / 01.02.2017 / 29.01.2019 / 04.02.2021/ 31.01.2023	10.11.2024	EO
Berkan Imeri	08.02.2024	08.02.2025 / ongoing	EO
Aleksandar Iljov	08.02.2024	08.02.2025 / ongoing	EO

- On November 10, 2024, Mr. Ademi fulfilled the retirement requirements, which terminated his mandate as a member of the Management Board and the entry in the Central Register of the RSM was made on November 15, 2024.

- On November 22, 2024, Mr. Berkan Imeri and Mr. Aleksandar Iljov were reappointed as a member of the Management Board by the Supervisory Board. The consents were issued by the National Bank of RSM on February 6, 2025 and the entry in the Central Registry of the Republic of North Macedonia was made on February 12, 2025.

- On September 25, 2024, Mr. Muhammed Hadjipazi was appointed as a member of the Management Board by the Supervisory Board. The consent was issued by the National Bank of RSM on March 20, 2025 (received at the Bank on March 21, 2025) and the entry in the Central Register of the Republic of North Macedonia was made on March 26, 2025.

- At its regular meetings, the Management Board has taken a number of actions and adopted a number of work instructions, procedures, guidelines, plans, rulebooks and has performed modifications, amendments and corrective measures within the scope of its authorizations.
- The Executive Management Board in 2024 focused its work towards stable, compliant and effective operation of the Bank by rising the position of the Bank in the banking sector in North Macedonia, through a new activity of the Bank for buing, selling, guaranteeing or placement of an issue of securities, planning new products and services, as well as through development of the existing ones through its own business units, by increasing the network of branches, increasing the volume of the card operations and E-Banking, reducing the operational costs, while constantly taking care of the compliance of the work of the Bank through harmonization of its regulations and operations with the laws and by-laws.

Corporate Governance

- The corporate management of the Bank represents collection of mutual relations between the Board of Directors, other persons with special rights and responsibilities executing managerial function in the Bank, the Supervisory Board, the shareholders of the Bank and other interested parties.

- In the course of 2024, the Shareholders Assembly held 1 (one) General Shareholders' Assembly and 1 (one) Extraordinary Shareholders Assembly.

- At the General Shareholders Assembly held on 25.06.2024, it was decided on the adoption of the Annual Report for 2023 and the written opinion of the Supervisory Board; the single and consolidated Annual Account of the Bank for 2023; the single and consolidated Financial Statements of the Bank for 2023, prepared in compliance with the accounting regulations of Republic of North Macedonia, the International Financial Reporting Standards and the International Accounting Standards, audited by the audit company; the Report of the Audit Company for 2023 and the written opinion by the Supervisory Board in the same regard; the enactment of a Decision on distribution of the profit for the year ending on 31 December 2023; review of the Annual Report on the operation of the Supervisory Board in 2023 by individual members and collectively; the enactment of a Decision on selection of an audit company and Decision on re-appointment of member of the Supervisory Board.

- At the Extraordinary Shareholders Assembly held on 20.09.2024, the following were adopted: Decision on increase of the nominal capital of Halk Bank AD Skopje by issuing shares throught a private offer with the XXI-th issue of shares to an institutional investor, Decision on adoption of amendments to the Statute of Halk Banka AD Skopje and Decision on appointment of members of the Supervisory Board.

Risk Management

Risk management is integral to all aspects of the Bank's activities and is the responsibility of all employees. The risk management culture emphasizes careful analysis and management of risk in all business processes. Bank's senior management has a particular responsibility to evaluate their risk environment, to put in place appropriate controls and to monitor the effectiveness of those controls.

Risk management framework of Halkbank Skopje is defined as an overall approach which includes policies, processes, controls and systems through which it is established, communicated and follows the risk appetite. Adoption of formal Risk appetite framework systematizes existing culture of risk, principles, objectives and measures. Risk appetite represents aggregate level and types at risk that the Bank as a financial institution is ready to take or avoid within its risk-taking capacity to achieve its strategic objectives defined in the business strategy. In this respect, Risk appetite framework is included in other important risk documents and policies, such as the Bank's business strategy, risk management strategy, risk profile, ICAAP, ILAAP and recovery plan.

The effective risk management framework is a key tool for managing and a key component of healthy risk management throughout the Bank. The Risk appetite aims to align strategic business objectives with the risks and financial objectives defined in the above documents and policies. The Bank is dedicated to developing a culture of focus towards the client, awareness of risk, integrity, effective organization and social responsibility. The trust of the clients, employees, shareholders and society in which the Bank operates considers it a deep responsibility and the Bank tries to respect this trust by working together with the parties concerned to positive change, mutual benefit and growth. The Bank defines its key values such as:

- Responsibility to clients, employees, shareholders and the social environment;
- Efforts to achieve promises and goals;
- Open communication and cooperation;
- Seeking solutions to improve their activities;
- Efficiency in fulfilling its commitments.

Halkbank Skopje forms a holistic view of its viability and sustainability. Through a review of its strategy and business model, adequate corporate risk management and analysis conducted as part of ICAAP, ILAAP and the Recovery Plan, the Bank assesses the continued viability and sustainability of its business model. Sustainability is assessed through analysis of profitability, adequacy of capital and liquidity over the multiannual planning horizon. Sustainability is estimated through profitability analysis, forward looking stress test and scenario analyses and stress testing backwards over the planning horizon of 3 years.

Risk appetite covers all relevant activities, operations and systems falling within its risk scope. Risk appetite inserts the framework in the decision-making process within the risk management institution with the intention of communicating and promoting the framework through the bank. The framework also highlights the roles and responsibilities of its implementation and monitoring.

For effective risk management the risk management framework separates identified risks into the following risk categories: credit risk (including credit risk, counterparty risk, country risk and concentration risk), market risk, interest rate risk, liquidity risk), operational risk (including operational risk, legal risk and compliance risk), strategic risk and reputational risk. The methodology for measuring these risks includes quantitative and qualitative measures.

- Quantified risk metrics are defined in order to monitor the risk appetite and to report to the relevant decision making bodies within the Bank's hierarchy. On monthly basis, the Risk Management Department prepared Risk appetite dashboard, contain all quantitative risk assessment matrices. By making comparison of the realized balances and ratios with the one from the Risk appetite, development in the context of the risk appetite can be identified. Additionally, appropriate actions are undertaken in order to control the level of risk being taken.

- Qualitative risk metrics complement quantitative measures. These are presented in Bank's Risk appetite, including the motivation for taking on or avoiding certain types of risks, products, country/regional exposures, or other categories.

Risk Indicators

	31.12.2023	31.12.2024
Capital indicators (%)		
CET1	17.90	18.92
Tier1	17.90	18.92
CAR	17.93	18.94
Leverage ratio	15.48	15.09
ICAAP ratio*	161.00	199.13
Liquidity indicators (%)		
LCR	169.14	189.01
LTDn	93.49	88.69
Assets quality ratio (%)		
NPL share in gross loans	2.12	2.96
NPL coverage	75.90	64.01
NPL growth	64.88	77.59
NPE ratio	-	1.97
Industry concentration	15.32	16.19
Individual concentration (1.000 largest exposures)	0.52	0.50
Exposure in stage 2	6.03	5.70
Cost of risk (bps)	189.70	133.84
Share of 10 largest exposure in the regular capital	98.28	93.67
Texas rate	7.80	10.78
Market risk (%)		
Change in NII (300 bps)**	4.47	1.65
EvE (300 bps)**	6.36	17.62
VpV (200 bps)**	7.14	14.10
Currancy risk (OCP)**	23.91	10.48
Operational risk		
Net loss from OpR (%)**	0.04	0.03
Net loss from internal fraud (mEUR)	0.00	0.00
Net loss from security and operational events in the payment transations	-	0.00

* Indicator is callculated yearly, with in the ICAAP process
** Indicators are calculated as a percent of regulatory capital