

MINUTES

OF THE REGULAR GENERAL MEETING OF BANK'S SHAREHOLDERS HELD ON
MAY 24TH, 2016

Belgrade, 24.05.2016



KOMERCIJALNA BANKA AD BEOGRAD

GENERAL MEETING OF BANK'S SHAREHOLDERS

Number: 9520

Belgrade, 24.05.2016

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MINUTES

of the regular General Meeting of Shareholders of Komercijalna banka AD Beograd, held on 24.05.2016 in Belgrade – in the Bank's premises, at 14, Svetog Save Street – beginning at 12 hours

The regular General Meeting of Shareholders of Komercijalna banka AD Beograd, which was held on May 24th, 2016 in the Bank's premises, at 14, Svetog Save Street was attended by the shareholders holding ordinary shares that are included in the List of Bank's Shareholders, which was composed on the Cut-off date for identification of shareholders, May 14th, 2016, pursuant to the excerpt from the Central Securities Depository and Clearing House, as follows:

1. Republic of Serbia, proxy, Ms Jovanka Kosanović, Chairperson of the General Meeting of Bank's Shareholders
2. EBRD London – proxy, Ms Iva Raslapčević
3. IFC CAPITALIZATION FUND, WILMINGTON, USA – proxy, Mr Vladimir Jelisavčić
4. Jugobanka in bankruptcy, Beograd – proxy, Ms Jovanka Kosanović
5. Dunav osiguranje ado Beograd – proxy, Ms Mila Pavlović

The shareholder DEG – Deutsche Investitions, Koeln, Germany submitted the completed and certified form for voting in absentia.

The present representatives of the Bank:

1. Mr Alexander Picker, PhD, the President of the Executive Board
2. Ms Jelena Đurović, member of the Executive Board
3. Ms Anita Caković, Director of Department for Normative-Legal Affairs
4. Ms Tatjana Golubović, Senior Legal Advisor

The General Meeting of Shareholders was also attended by the representative of the Bank's external auditor, Deloitte d.o.o. Beograd, Mr Vuk Prvulović.

The General Meeting of Shareholders began at 12 hours. The Chairperson of the General Meeting of Shareholders, Ms Jovanka Kosanović opened the General Meeting of Shareholders, welcomed the present representatives of the shareholders and the Bank's Management and informed the General Meeting that in compliance with the Law on Banks and the Company Law, she, in her capacity as the Chairperson of the General Meeting of Shareholders, passed the following:

1. Decision on appointment of the Voting Commission, whereby the following persons are appointed for the Voting Commission:
 1. Ms Iva Raslapčević, proxy of the shareholders of EBRD, Chair
 2. Mr Vladimir Jelisavčić, proxy of the shareholders of IFC CAPITALIZATION FUND, WILMINGTON, USA, member
 3. Ms Mila Pavlović, proxy of the shareholders of Dunav osiguranje ado Beograd, member
2. Decision on appointment of the Minutes Taker, whereby Ms Tatjana Golubović is appointed as the Minutes Taker.

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The Chair of the Voting Commission, Ms Iva Raslapčević informed the General Meeting of Shareholders that the Voting Commission established the list of the shareholders in attendance and verified the identities of the proxies of six (6) shareholders, holding 14.102.426 votes attached to ordinary shares (votes) or 83.85% of the stake in total ordinary shares of the Bank, as follows:

R. br	Shareholder	Number of ordinary shares	% STAKE
1	2	3	4
1.	REPUBLIC OF SERBIA , 11,Nemanjina Street, Belgrade	7,020,346	41.74%
2.	EBRD One Exchange Square, London EC2A, 2JN, UNIT, UNITED KINGDOM	4,109,440	24.43%
3.	IFC CAPITALIZATION (EQ) FUND LP, 2711 CENTERVILLE ROAD, SUITE 400, DELAWARE, WILMINGTON, USA	1,706,810	10.15%
4.	DEG-DEUTSCHE INVESTITIONS, KAEMMERGASSE 22, KOELN, GERMANY	772,850	4.60%
5.	JUGOBANKA IN BANKRUPTCY , 19, K. PETRA STREET, BELGRADE	321,600	1.91%
6.	COMPANY DUNAV OSIGURANJE ADO,4, MAKEDONSKA STR., BELGRADE	171,380	1.02%
TOTAL:		14,102,426	83.85%

Source of data: Central Securities Depository and Clearing House, Cut-off date for identification of shareholders, May 14th, 2016

NOTE: The shareholder DEG-DEUTSCHE INVESTITIONS submitted to the Bank's Support Unit the written statement (voting statement) for this General Meeting of Shareholders in a form of shareholder's completed and certified form for voting in absentia.

It was affirmed that the quorum was present, thus enabling the General Meeting of Bank's Shareholders to pass the legally effective decisions as per proposed items of the Agenda, as follows:

1. DECISION ON ADOPTION OF THE STRATEGY AND THE BUSINESS PLAN OF THE BANK FOR THE PERIOD 2016-2018 – by majority of total number of votes attached to ordinary shares
2. DECISION ON RELEASE FROM DUTY AND APPOINTMENT OF A MEMBER OF THE BANK'S BOARD OF DIRECTORS – by majority of total number of votes attached to ordinary shares
3. REPORT AND OPINION OF THE EXTERNAL AUDITOR DELOITTE d.o.o. BEOGRAD ON CONDUCTED AUDIT OF THE REGULAR FINANCIAL STATEMENTS OF KOMERCIJALNA BANKA AD BEOGRAD FOR THE YEAR 2015 AND THE ANNUAL REPORT ON BANK'S OPERATIONS AND FINANCIAL STATEMENTS FOR 2015
 - a) DECISION ON ADOPTION OF THE ANNUAL REPORT ON BANK'S OPERATIONS FOR 2015 WITH THE OPINION OF THE EXTERNAL AUDITOR – by majority of total number of votes attached to ordinary shares
 - b) DECISION ON ADOPTION OF THE REGULAR FINANCIAL STATEMENTS OF THE BANK FOR 2015 WITH THE OPINION OF THE EXTERNAL AUDITOR – by majority of total number of votes attached to ordinary shares
 - c) DECISION ON ALLOCATION OF RETAINED EARNINGS FROM PREVIOUS YEARS TO DIVIDENDS AND PREFERRED SHARES - 67% of votes of total number of votes attached to ordinary shares
 - d) DECISION ON COVERAGE OF LOSS FROM 2015 - 67% of votes of total number of votes attached to ordinary shares
4. DECISION ON ADOPTION OF THE ANNUAL REPORT ON GROUP'S OPERATIONS AND THE REGULAR CONSOLIDATED FINANCIAL STATEMENTS OF KOMERCIJALNA BANKA AD BEOGRAD GROUP FOR THE YEAR 2015, WITH THE OPINION OF THE EXTERNAL AUDITOR – by majority of total number of votes attached to ordinary shares

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The Chairperson of the General Meeting of Bank's Shareholders, Ms Jovanka Kosanović proposed that the General Meeting of Shareholders adopt the agenda, which for this General Meeting of Shareholders was determined and proposed by the Bank' Board of Directors at its 19th session held on 20.04.2016, and thus the General Meeting of Bank's Shareholders, unanimously, after conclusion has been reached that all the assumptions for further proceedings of the General Meeting of Shareholders have been fulfilled, continued its work as per established items of the Agenda:

1. **DECISION ON ADOPTION OF THE STRATEGY AND THE BUSINESS PLAN OF THE BANK FOR THE PERIOD 2016-2018**

In regard to proposed item of the Agenda, Ms Jelena Đurović, the member of the Executive Board, addressed the General Meeting of Shareholders, providing, with the accompanying presentation, a detailed explanation of all parts of the Strategy and the Business Plan of the Bank for the period 2016-2018. At the beginning of her exposition she

emphasized the obligation of drafting and adopting the three-year Strategy and Business Plan, and that the Bank began drafting the Strategy and Business Plan at the end of 2015 and then continued the process through the workshop organized with the members of the Bank's Board of Directors. It was highlighted that the Bank retained the roll over principle, which means a detailed planning for the next year and a projection for the next two years; she also said that the revision of the Business Plan is expected a mid-year. When explaining the parts of the Strategy and the Business Plan for the period 2016-2018, the member of the Executive Board, Ms Jelena Đurović, pointed out that the most significant factors in drafting the Strategy and the Business Plan for the period 2016-2018 continued to be unfavourable global environment and numerous geopolitical tensions, and in Serbia the continuation of structural reforms and adjustments, with slight recovery of economic activity, but with still notable problem of illiquidity of the economy and the stagnation of credit activity. The Bank's operations in 2015 were primarily affected by: asset quality review (AQR), the beginning of privatization process in the month of September, as well as considerable challenges in the management of the Bank, inter alia, personnel changes in the Board of Directors and in the Executive Board.

Pursuant to Bank's long-term orientation, the strategic goals for the upcoming period remain as follows:

- Maintaining the stability of Banks' operations and its reputation
- Increasing the value of the Bank prior to privatization
- Sustainable growth of business operations and profitability

Further in this presentation, a thorough explanation was provided with respect to business goals and priorities of the Bank for the following period:

1. The defence and massification of portfolio – focus on volume and not on size (loans to micro-clients, farmers, start up loans) with mandatory assessment and adequate risk coverage in business operations;
2. NPLs - sale / purchase / financial restructuring;
3. Increasing the efficiency of the network and sales promotion;
4. Enhancement of the existing and introduction of new products through digitization project (factoring, exchange operations, letters of credit, FX swaps)
5. Increasing the customer base through enhanced network efficiency and sales promotion – network regionalization;
6. Optimization of sources - all the resources of the Bank (employees, real estate...) and repricing with respect to credit lines

Goals	2015 projection	2016	2017*	2018*
Asset growth	≈-3,4	1,2	3,2	4,7
Gain /Loss (RSD million)	≈-5.931	5.156	6.690	8.848
Net interest margin (net interest income /total assets)	≈3,4	3,4	3,5	3,8
ROA	≈-1,5	1,3	1,7	2,1
ROE – total equity	≈-8,7	8,1	9,9	12,2
ROE – shareholder's equity	≈-14,8	12,9	16,7	22,1
Breakeven margin	≈4,9	2,1	1,8	1,6
CIR	≈58,0	56,4	53,8	48,8
NPL	21,2	21,6	20,9	21,7

*Subject to revision at the end of 2016

Upon completed presentation, the Chairperson of the General Meeting of Shareholders, Ms Jovanka Kosanović opened the discussion and invited the present representatives of the shareholders to take part in it.

Since none of the present representatives of the shareholders had any further comments on the proposed item of the Agenda, the Chairperson of the General Meeting of Shareholders, Ms Jovanka Kosanović, initiated the voting procedure regarding the Decision on Adoption of the Strategy and the Business Plan of the Bank for the period 2016-2018.

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the decision on the subject item of the Agenda:

1. DECISION ON ADOPTION OF THE STRATEGY AND THE BUSINESS PLAN OF THE BANK FOR THE PERIOD 2016-2018, based on the following voting results:

- „**FOR**” 14.102.426 votes or **83.85%** of total number of votes attached to ordinary shares.
- „**AGAINST**” - none
- „**ABSTAINED**” - none

2. DECISION AND RELEASE FROM DUTY AND APPOINTMENT OF A MEMBER OF THE BANK'S BOARD OF DIRECTORS

Concerning the second item of the Agenda, Chair of the General Meeting of Bank's Shareholders, Jovanka Kosanović informed the GMS that the Government of the Republic of Serbia, in its Decision dated 31.03.2016, proposed to the GMS to change the composition of the Bank's Board of Directors so as to release from duty Milena Kovačević, member of the Board, and to appoint Ljilja Jovanović as the representative of the Republic of Serbia to act as a member of the Bank's Board of Directors instead of Milena Kovačević. According to this proposal, the Bank's Board of Directors established the Draft Decision on Release from Duty and Appointment of a Member of Komercijalna Banka's AD Beograd Board of Directors, which was submitted to the General Meeting of Shareholders for adoption, in line with its competence.

Chair of the GMS, Jovanka Kosanović, opened the discussion and gave the word to the attending representatives of the shareholders.

As none of the attending representatives of shareholders took the floor with regards to the proposed agenda item, the Chair of the GMS, Jovanka Kosanović, put to the vote the Decision on Release from Duty and Appointment of a member of Komercijalna Banka's AD Beograd Board of Directors.

It is noted that the General Meeting of Bank's Shareholders unanimously adopted the decision with reference to the agenda item set out:

2. DECISION ON RELEASE FROM DUTY AND APPOINTMENT OF A MEMBER OF THE BANK'S BOARD OF DIRECTORS, in line with the following voting results:

- „**FOR**” 14.102.426 votes or **83.85%** of the total number of votes attached to ordinary shares
- „**AGAINST**” - none
- „**ABSTAINED**” - none

3. REPORT AND OPINION OF EXTERNAL AUDITOR DELOITTE d.o.o. BEOGRAD ON PERFORMED AUDIT OF THE REGULAR FINANCIAL STATEMENTS OF KOMERCIJALNA BANKA AD BEOGRAD FOR 2015 AND THE ANNUAL REPORT ON OPERATION OF THE BANK AND FINANCIAL STATEMENTS FOR 2015:

- a) **DECISION ON ADOPTION OF THE ANNUAL REPORT ON OPERATION OF THE BANK FOR 2015, WITH THE OPINION OF EXTERNAL AUDITOR**
- b) **DECISION ON ADOPTION OF REGULAR FINANCIAL REPORTS OF THE BANK FOR 2015 WITH THE OPINION OF EXTERNAL AUDITOR**
- c) **DECISION ON ALLOCATION OF A NON-ALLOCATED PORTION OF PROFIT FROM EARLIER YEARS TO DIVIDEDNS AND PREFERENTIAL SHARES**
- d) **DECISION ON 2015 LOSS COVERAGE**

Concerning the third item of the Agenda, Chair of the GMS, Jovanka Kosanovic, invited the representative of Delotte doo Beograd external audit firm, Vuk Prvulović and asked him to present the Report and audit opinion, from the aspect of the audit performed, to the attending shareholders.

Vuk Prvulović, representative of the external audit firm Deloitte doo Beograd, stressed in his presentation that the audit of 2015 financial statements for Komercijalna Banka AD Beograd and the audit of 2015 consolidated financial statements for Komercijalna Banka AD Beograd Banking Group was performed and that the opinion was issued on this audit. In his presentation, he stressed that during the audit, it was established that the financial statements did not contain materially significant mistakes, and that some recommendations were stated in the Management Letter. He said

that the audit was in all abiding by the Law on Audit of the Republic of Serbia and the International Audit Standards, and that in this sense, the Annual Report on Bank's Operation and individual financial statements of the Bank present fairly, in all material respects, the financial position of the Company as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in the International Standards of Financial Reporting, thus, with regards to these statements the opinion of the auditors was unqualified.

Chair of the GMS, Jovanka Kosanović, gave the word to the attending representatives of shareholders, but as none took the floor regarding the proposed agenda item, she put to vote the decision set forth from the proposed item of the Agenda.

It is noted that the General Meeting of Bank's Shareholders unanimously adopted the decision with reference the third item of the Agenda – REPORT AND OPINION OF THE EXTERNAL AUDITOR DELOITTE d.o.o. BEOGRAD ON PERFORMED AUDIT OF REGULAR FINANCIAL STATEMENTS OF KOMERCIJALNA BANKA AD BEOGRAD FOR 2015, AND THE ANNUAL REPORT OF BANK'S OPERATION AND FINANCIAL STATEMENTS FOR 2015, as follows:

3 a) DECISION ON ADOPTION OF THE ANNUAL REPORT ON BANK'S OPERATION FOR 2015 WITH THE OPINION OF EXTERNAL AUDITOR, in line with the following voting results:

- „**FOR**” 14.102.426 votes or **83.85%** of the total number of votes attached to ordinary shares
- „**AGAINST**” - none
- „**ABSTAINED**” - none

3 b) DECISION ON ADOPTION OF REGULAR FINANCIAL STATEMENTS OF THE BANK FOR 2015, WITH THE OPINION OF THE EXTERNAL AUDITOR, in line with the following voting results:

- „**FOR**” 14.102.426 votes or **83.85%** of the total number of votes attached to ordinary shares
- „**AGAINST**” - none
- „**ABSTAINED**” - none

3 c) DECISION ON ALLOCATION OF NON-ALLOCATED PORTION OF PROFIT FROM EARLIER YEARS TO DIVIDENDS AND PREFERENTIAL SHARES, in line with the following voting results:

- „**FOR**” 14.102.426 votes or **83.85%** of the total number of votes attached to ordinary shares
- „**AGAINST**” - none
- „**ABSTAINED**” - none

3 d) DECISION ON 2015 LOSS COVERAGE, in line with the following voting results:

- „**FOR**” 14.102.426 votes or **83.85%** of the total number of votes attached to ordinary shares
- „**AGAINST**” - none
- „**ABSTAINED**” - none

4. DECISION ON ADOPTION OF THE ANNUAL REPORT ON OPERATION OF THE BANKING GROUP AND REGULAR CONSOLIDATED FINANCIAL REPORTS OF KOMERCIJALNA BANKA AD BEOGRAD BANKING GROUP FOR 2015, WITH THE OPINION OF THE EXTERNAL AUDITOR

Concerning the forth item of the Agenda, Chair of the GMS Jovanka Kosanović, gave the word to the attending shareholders and asked the representative of the external auditor, Vuk Prvulović, to present to the attending shareholders the Report and opinion from the aspect of the performed audit of operation of Komercijalna Banka AD Beograd banking Group, and the audit of regular consolidated financial statement of Komercijalna Banka AD Beograd banking group for 2015.

In his presentation, Vuk Prvulović, representative of the external auditor, stressed that the audit of the Annual Report on Operation of Komercijalna Banka AD Beograd Banking Group for 2015, which included the audit of Komercijalna Banka AD Beograd, as the parent bank and the audit of individual financial statements of the subsidiary – Komercijalna Banka AD Banja Luka was performed by Deloitte, whereas the audit of KB Budva and Kombank Invest was performed by BDO and KPMG, pursuant to the local regulations. Based on these revised reports, Deloitte audited the financial statements for KB Beograd banking group. He stressed that during the audit it was established that the financial statements of the banking group did not contain materially significant mistakes, and that the audit was in all performed abiding the by the Law on Audit of the Republic of Serbia and the International Audit Standards. in this sense, the Annual Report on Bank's Operation and individual financial statements of the Bank present fairly, in all material respects, the financial position of the Group as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in the International Standards of Financial Reporting, thus, with regards to these statements the opinion of the auditors was unqualified.

Chair of the General Meeting of Bank's Shareholders, Jovanka Kosanović, thanked him for his presentation, and since nobody took the floor for discussion, she put to vote the DECISION ON ADOPTION OF THE ANNUAL REPORT ON OPERATION OF THE BANKING GROUP AND REGULAR CONSOLIDATED FINANCIAL STATEMENTS OF KOMERCIJALNA BANKA AD BEOGRAD BANKING GROUP FOR 2015, WITH THE OPINION OF THE EXTERNAL AUDITOR.

It is noted that the General Meeting of Bank's Shareholders unanimously adopted the decision with reference to the agenda item set out:

4. DECISION ON ADOPTION OF THE ANNUAL REPORT ON OPERATION OF THE BANKING GROUP AND REGULAR CONSOLIDATED FINANCIAL REPORTS OF KOMERCIJALNA BANKA AD BEOGRAD BANKING GROUP FOR 2015, WITH THE OPINION OF THE EXTERNAL AUDITOR, in line with the following voting results:

- „**FOR**” 14.102.426 votes or **83.85%** of the total number of votes attached to ordinary shares
- „**AGAINST**” - none
- „**ABSTAINED**” -none

Upon passing the above decision, the Chair of the General Meeting of Shareholders, Jovanka Kosanović, stated that the Agenda has been exhausted, thanked to the present shareholders and professional unit of the Bank for support, and the General Meeting of Bank's Shareholders ended at 12.⁵⁰ hours.

Minutes Taker

CHAIR OF THE GENERAL MEETING OF BANK'S SHAREHOLDERS

Tatjana Golubović

Jovanka Kosanović

THE VOTING COMMISSION:

1. Chair – Iva Raslapčević, shareholders proxy of EBRD London
2. Member – Vladimir Jelisavčić, shareholders proxy of IFC WILMINGTON, USA
3. Member – Mila Pavlović, shareholders proxy of DUNAV OSIGURANJE ADO Beograd