

MINUTES

OF THE REGULAR GENERAL MEETING OF BANK'S SHAREHOLDERS HELD ON
24 APRIL 2019

Belgrade, 24 April 2019



KOMERCIJALNA BANKA AD BEOGRAD
GENERAL MEETING OF BANK'S SHAREHOLDERS

Number: 4586
Belgrade, 24 April 2019

MINUTES

of the regular General Meeting of Shareholders of Komercijalna banka AD Beograd, held on 24 April 2019 in Belgrade – in Bank's premises, 14, Svetog Save Street – beginning at 12.00 hours

The regular General Meeting of Shareholders of Komercijalna banka AD Beograd which was held on 24 April 2019 in the Bank's premises, 14, Svetog Save Street, was attended by the shareholders holding the ordinary shares from the List of Bank's Shareholders, compiled on Shareholders' Day, 14 April 2019, according to the extract from the Central Securities Depository and Clearing House, as follows:

1. Republic of Serbia, proxy Marijana Marković;
2. EBRD London – proxy Nikola Marjanović;
3. IFC CAPITALIZATION FUND – proxy Vladimir Jelisavčić;
4. Jugobanka in bankruptcy, Beograd – proxy Sonja Popara;
5. Dunav osiguranje A.D.O. Beograd – proxy Mila Pavlović and
6. EAST CAPITAL – EAST CAPITAL BALKANS – proxy Andrija Sofijanić

Shareholder: DEG – DEUTSCHE INVESTITIONS – und Entwicklungsgesellschaft mbH submitted to the Bank a written statement (voting) for the General Meeting of Shareholders in the form of completed and certified voting form for shareholder in absentia.

The following representatives of the National Bank of Serbia were present:

1. Ivana Dilparić, Director of Department of Indirect Supervision and
2. Jelena Žugić, Director of Department of Direct Supervision

The following representatives of the Bank were present:

1. Vladimir Medan, PhD, President of the Executive Board
2. Dušica Čorić, Director of Legal Affairs Division
3. Snežana Ristović, Director of Compliance Division
4. Vesna Velemir, Corporate Secretary

The General Meeting of Bank's Shareholders was also attended by the representatives of the external auditor Ernst & Young d.o.o. Beograd: Jovana Ljujić and Lidija Jović, during the consideration of the part of Item 1 and also during consideration of Item 2 of the Agenda.

The Chairperson of the General Meeting of Shareholders, Marijana Marković opened the General Meeting of Shareholders, welcomed the present representatives of the shareholders and the present Bank's representatives. She informed the present representatives of Bank's shareholders 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 to the Voting Commission:
 - 1) Mila Pavlović – Chair, proxy of the shareholders of Dunav osiguranje A.D.O.
 - 2) Vladimir Jelisavčić – member, proxy of the shareholders of IFC
 - 3) Sonja Popara – member, proxy of the shareholders of Jugobanka in bankruptcy
2. Decision on appointment of the Minutes Taker, whereby Vesna Velemir, the employee of the Bank, is appointed as the Minutes Taker.

* * *

The Chair of the Voting Commission, Mila Pavlović informed the General Meeting of Shareholders that the Voting Commission established the list of the present shareholders and verified the identity of the proxies of seven (7) shareholders with voting rights, holding thereby 14.434.736 votes, thus accounting for 85,83% of total number of Bank's ordinary shares, as follows:

No.	Shareholder	Number of ordinary shares	% STAKE
1	2	3	4
1.	REPUBLIC OF SERBIA, Nemanjina 11, Belgrade	7.022.166	41,75%
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, 50676 KOELN, GERMANY	772.850	4,60%
5.	JUGOBANKA IN BANKRUPTCY, K. PETRA 19, BELGRADE	321.600	1,91%
6.	COMPANY DUNAV OSIGURANJE A.D.O., MAKEDONSKA 4, BELGRADE	290.214	1,73%
7.	EAST CAPITAL – EAST CAPITAL BALKANS, LUXEMBOURG	211.656	1,26%
	UKUPNO:	14.434.736	85,83%

Source of data: Central Securities Depository and Clearing House, Shareholders' Day, 14.04.2019

NOTE: Shareholder: DEG – DEUTSCHE INVESTITIONS – und Entwicklungsgesellschaft mbH submitted to the Bank a written statement (voting) for the General Meeting of Shareholders in form of completed and certified voting form for shareholder 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 Adopting the Annual Business Report of Komercijalna banka AD Beograd and Regular Financial Statements for 2018 with the opinion of the external auditor – *by majority vote of total number of votes carried by ordinary shares*
2. Decision on Adopting the Annual Business Report of the Group and Consolidated Financial Statements of Komercijalna banka AD Beograd Group for 2018 with the opinion of the external auditor – *by majority vote of total number of votes carried by ordinary shares*
3. Decision on Profit Distribution from 2018 and Undistributed Profit from Earlier Years - *67% of votes of total number of votes carried by ordinary shares*
4. Decision on Removal and Appointment of the Chairperson of the Board of Directors of Komercijalna banka AD Beograd – *by majority vote of total number of votes carried by ordinary shares*
5. Decision on Removal and Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd – *by majority vote of total number of votes carried by ordinary shares*
6. Decision on Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd – *by majority vote of total number of votes carried by ordinary shares*

The Chairperson of the General Meeting of Shareholders, Marijana Marković proposed that the General Meeting of Shareholders adopts the draft agenda, and hence the General Meeting of Bank's Shareholders, upon adopting the agenda, continued its work as per established Items of the Agenda:

1. Decision on Adopting the Annual Business Report of Komercijalna banka AD Beograd and Regular Financial Statements for 2018 with the opinion of the external auditor
2. Decision on Adopting the Annual Business Report of the Group and Consolidated Financial Statements of Komercijalna banka AD Beograd Group for 2018 with the opinion of the external auditor
3. Decision on Profit Distribution from 2018 and Undistributed Profit from Earlier Years
4. Decision on Removal and Appointment of the Chairperson of the Board of Directors of Komercijalna banka AD Beograd
5. Decision on Removal and Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd
6. Decision on Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd

1. Decision on Adopting the Annual Business Report of Komercijalna banka AD Beograd and Regular Financial Statements for 2018 with the opinion of the external auditor

The President of the Executive Board, Vladimir Medan, PhD, highlighted that the Bank in 2018 on consolidated level generated the profit before tax in the amount of RSD 8.381 million, which is approximately EUR 71 million and that it is the best financial result that the Bank has ever achieved. He explained that in the course of 2018 the trend from previous period, which was rather unfavourable for the Bank, has been reversed. The Bank ended 2017 with balance sheet assets of RSD 369 billion, and/or by the end of March 2018 the Bank's balance sheet assets dropped to RSD 367 billion, whereby as of 31.12.2018 balance sheet assets amounted to RSD 401.857 million, which is the highest balance sheet total of Komercijalna banka. As for market share, in 2015 Komercijalna banka had a market share of 12,9% on Serbian banking market; in 2016 it dropped to 12,3% of market share; in 2017 to 11%, while by the end of March 2018 its market share was 10,7%. If such trend had not been stopped, the Bank in 2018 would have ended with below 10% of market share. From the position of 10,7% of market share at the end of March 2018 we managed, for the first time, to reverse the trend and on 30.9.2018 the Bank's market share was 10,9%. Assets per employee from RSD 132 million, as they stood at the end of 2017, and then by 31 March 2018 dropped to RSD 130 million, reached the amount of RSD 145 million as at 31.12.2018 and hence the level which the Bank had in 2016 was practically surpassed. Also in case of net loans per employee one can see a trend showing that the Bank in 2016 had RSD 52 million, in 2017 RSD 55 million, while 2018 it ended with RSD 61 million. When it comes to deposits, the long-term loan that the Bank had, has been repaid. The Bank ended in 2016 with RSD 111 million deposits per employee, only to drop in 2017 to RSD 102 million deposits per employee, and/or to RSD 101 million in March 2018. As of 31.12.2018 deposits per employee amounted to RSD 115 million, which is also an important reversal of the trend. Much more significant than the increase in itself is the fact that for the first time in a last couple of years we managed to reverse the trend that the Bank went from the state of decline to the growth stage. Also, if we talk about net loans in millions of dinars it is safe to say that also in 2018 a notable move forward was made, and that from RSD 153 million in loans per employee the trend was shifted as of 31.12.2018 to RSD 167,3 million in loans per employee. The best result that the Bank had before that was RSD 159 million in net loans per employee in 2015. When it comes to deposits, deposits in month of December 2017 amounted to RSD 288 billion, and as at 31.12.2018 they amount to RSD 319 billion. Net income per employee also records a growth from RSD 6,4 million to RSD 6,8 million as of 31.12.2018. All the above resulted in decline of CIR, which from 61,8% in 2017 lowered to 58% as at 31.12.2018. In the forthcoming period the activities will be aimed at further enhancing of CIR. In 2018 through cost reduction and profit increase a balancing of CIR indicator occurred. Truly great effort has been made by the Bank's management to reach the achieved results. He reminded that the Bank at the end of 2017, when being compared with 4 competitive banks on Serbian market, being of similar size was the least productive bank per employee. That is why he presented these indicators having shown that the productivity trend has been reversed. Productivity is still not good, they will work on it, but it is important that the trends are reversed.

The representative of the shareholders EAST CAPITAL – EAST CAPITAL BALKANS Andrija Sofijanić emphasised that CIR as of 31.12.2018 stood at 58%, and that for 2019 the planned CIR is also 58% and asked why the Bank does not aim towards reducing CIR.

The President of the Executive Board, Vladimir Medan, PhD, replied that the Bank in the coming period will primarily focus on increasing the revenue side with further cost optimisation, which will result in a gradual reduction of CIR over the three year planning period.

The representative of the external auditor Ernst & Young Jovana Ljujić underlined that the audit process took place in a very professional cooperation. They issued the opinion relating to individual financial statements and the opinion regarding consolidated financial statements, which is unqualified, and/or clean opinion. In local legislation such opinion is called „positive“. Additionally, as a part of their report is the opinion of the Bank's Business Report, where they ascertained that there were no discrepancies between the Report and the Notes to the Financial Statement, which is their obligation pursuant to local regulations. She also pointed out that their report on consolidated financial statements is also unqualified and clean, as well as individual financial statements of subsidiaries in the Republic of Srpska (BiH), Montenegro and in the Republic of Serbia. In the Letter to the Management which they issue in relation to Business Report, they gave certain recommendations. She highlighted that the Bank have done quite a lot on implementing their suggestions from previous years, including some remarks they had but which did not impact their opinion, and so the Letter to the Management for 2018 contains a significantly less number of findings and suggestions and none of those findings has high priority. Essentially, their recommendations come down to certain improvements in relation to applying the new standard which came into force in 2018 and where more or less all other banks, as well, still work on applying and improving the implementation of that standard.

As none of the present representatives of shareholders has commented on the proposed item of the agenda, the Chairperson of the General Meeting of Shareholders Marijana Marković put to vote the Decision on Adopting the Annual

Business Report of Komercijalna banka AD Beograd and Regular Financial Statements for 2018 with the opinion of the external auditor.

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Adopting the Annual Business Report of Komercijalna banka AD Beograd and Regular Financial Statements for 2018 with the opinion of the external auditor.

1. Decision on Adopting the Annual Business Report of Komercijalna banka AD Beograd and Regular Financial Statements for 2018 with the opinion of the external auditor
 - „**FOR**“ 14.434.736 votes or **85,83%** of total number of votes carried by ordinary shares.
 - „**AGAINST**“ /
 - „**ABSTAINED**“ /

2. Decision on Adopting the Annual Business Report of the Group and Consolidated Financial Statements of Komercijalna banka AD Beograd Group for 2018 with the opinion of the external auditor

Since none of the present representatives of the shareholders had any comment on the proposed item of the agenda, the Chairperson of the General Meeting of Shareholders Marijana Marković put to vote the Decision on Adopting the Annual Business Report of the Group and Consolidated Financial Statements of Komercijalna banka AD Beograd Group for 2018 with the opinion of the external auditor.

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Adopting the Annual Business Report of the Group and Consolidated Financial Statements of Komercijalna banka AD Beograd Group for 2018 with the opinion of the external auditor.

2. Decision on Adopting the Annual Business Report of the Group and Consolidated Financial Statements of Komercijalna banka AD Beograd Group for 2018 with the opinion of the external auditor.
 - „**FOR**“ 14.434.736 votes or **85,83%** of total number of votes carried by ordinary shares.
 - „**AGAINST**“ /
 - „**ABSTAINED**“ /

3. Decision on Profit Distribution from 2018 and Undistributed Profit from Earlier Years

The President of the Executive Board, Vladimir Medan, PhD explained that pursuant to Dividend Policy, adopted Business Plan, Compensation Policy, projections of macro environment and business parameters for the next year, it has been proposed that the profit is distributed in a following manner: Payment of dividends for ordinary shares in the amount of RSD 3.245 million and for preference shares in the amount of RSD 13 million; Reserves from profit amounting to RSD 4.342 million and undistributed profit in amount of RSD 16 million and the compensation for the employees in compliance with Compensation Policy in the amount of RSD 529 million. He emphasised that by Article 25 of the Law on Banks the National Bank of Serbia prescribed limits for payments from the profit. Therefore, the Bank will make payments for dividends and payments with regard to compensation for the employees once the conditions are met, and the recognition of the obligation it would, as in previous years, make after the adoption of the Decision of the General Meeting of Shareholders.

The representative of the shareholders EAST CAPITAL – EAST CAPITAL BALKANS Andrija Sofijanić asked when the shareholders can expect the payment of dividends for the year 2018, as well as the payment of dividends for earlier years?

The President of the Executive Board, Vladimir Medan, PhD replied that the follow up control of the National Bank of Serbia is underway and that the Bank expects the report of the National Bank of Serbia after the conducted control procedure.

The Director of Department of Direct Supervision of the National Bank of Serbia Jelena Žugić explained that the follow up control of the National Bank of Serbia is in its final stage, and also that the National Bank of Serbia will, in the next period, come with the conclusion as to whether the measures are abolished. She underlined that the National Bank of Serbia conducted also a new control and the question remains as to whether there will be some new measure and if yes, which measure it will be. She also highlighted that if the National Bank of Serbia makes the Conclusion that the Decision of the National Bank of Serbia is not in force, then there will be no obstacles.

Since no one else of the present representatives of the shareholders had any comment on the proposed item of the agenda, the Chairperson of the General Meeting of Shareholders Marijana Marković put to vote the Decision on Profit Distribution from 2018 and Undistributed Profit from Earlier Years.

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Profit Distribution from 2018 and Undistributed Profit from Earlier Years.

3. Decision on Profit Distribution from 2018 and Undistributed Profit from Earlier Years

- „FOR“ 14.434.736 votes or 85,83% of total number of votes carried by ordinary shares.
- „AGAINST“ /
- „ABSTAINED“ /

4. Decision on Removal and Appointment of the Chairperson of the Board of Directors of Komercijalna banka AD Beograd

The Chairperson of the General Meeting of Shareholders Marijana Marković pointed out that it was proposed for Mila Korugić Milošević, the member-representative of the Republic of Serbia, to be removed from the duty of the Chairperson of the Board of Directors of Komercijalna banka AD Beograd, and for Marija Sokić, the member-representative of the Republic of Serbia, to be appointed as the Chairperson of the Board of Directors of Komercijalna banka AD Beograd.

Since none of the present representatives of the shareholders had any comment on the proposed item of the agenda, the Chairperson of the General Meeting of Shareholders Marijana Marković put to vote the Decision on Removal and Appointment of the Chairperson of the Board of Directors of Komercijalna banka AD Beograd

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Removal and Appointment of the Chairperson of the Board of Directors of Komercijalna banka AD Beograd

4. Decision on Removal and Appointment of the Chairperson of the Board of Directors of Komercijalna banka AD Beograd

- „FOR“ 14.434.736 votes or 85,83% of total number of votes carried by ordinary shares.
- „AGAINST“ /
- „ABSTAINED“ /

5. Decision on Removal and Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd

The Chairperson of the General Meeting of Shareholders Marijana Marković pointed out that it was proposed for Mila Korugić Milošević, the member-representative of the Republic of Serbia, to be removed from the duty of the member of the Board of Directors of Komercijalna banka AD Beograd, and for Dejan Hadžić to be appointed as the member of the Board of Directors of Komercijalna banka AD Beograd – member representative of the Republic of Serbia.

Since none of the present representatives of the shareholders had any comment on the proposed item of the agenda, the Chairperson of the General Meeting of Shareholders Marijana Marković put to vote the Decision on Removal and Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Removal and Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd

5. Decision on Removal and Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd

- „FOR“ 14.434.736 votes or 85,83% of total number of votes carried by ordinary shares.
- „AGAINST“ /
- „ABSTAINED“ /

6. Decision on Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd

The Chairperson of the General Meeting of Shareholders Marijana Marković pointed out that it was proposed for Zoran Jović to be appointed as the member of the Board of Directors of Komercijalna banka AD Beograd – independent member.

Since none of the present representatives of the shareholders had any comment on the proposed item of the agenda, the Chairperson of the General Meeting of Shareholders Marijana Marković put to vote the Decision on Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd

6. Decision on Appointment of the member of the Board of Directors of Komercijalna banka AD Beograd

- „FOR“ 14.434.736 votes or 85,83% of total number of votes carried by ordinary shares.
- „AGAINST“ /
- „ABSTAINED“ /

The representative of the shareholders EAST CAPITAL – EAST CAPITAL BALKANS Andrija Sofijanić proposed that the provisions of the Bank's Articles of Association be reviewed where it is defined that the General Meeting of Shareholders passes the Decisions by majority vote of total number of votes carried by ordinary shares, and/or with 67% of votes of total number of votes carried by ordinary shares.

Director of Legal Affairs Division Dušica Ćorić stated that the Bank will review the indicated provisions of the Bank's Articles of Association, and also, if necessary, it will propose the amendments to the Articles of Association.

The Chairperson of the General Meeting of Shareholders, Marijana Marković, stated that there were no more items of the Agenda left for discussion, thanked the present representatives of the Bank's shareholders, the present representatives of the National Bank of Serbia and the present representatives of the Bank; following this statement the General Meeting of Bank's Shareholders ended at 12:35 hours.

Minutes Taker
Vesna Velemir

CHAIRPERSON OF THE GENERAL MEETING OF SHAREHOLDERS
Marijana Marković

VOTING COMMISSION:

1. Mila Pavlović – Chair, proxy of the shareholders of Dunav osiguranje A.D.O.
2. Vladimir Jelisavčić – member, proxy of the shareholders of IFC
3. Sonja Popara – member, proxy of the shareholders of Jugobanka in bankruptcy