

MINUTES

OF THE REGULAR GENERAL MEETING OF BANK'S SHAREHOLDERS HELD ON
26 APRIL 2018

Belgrade, 26 April 2018



KOMERCIJALNA BANKA AD BEOGRAD

GENERAL MEETING OF BANK'S SHAREHOLDERS

Number: 6380

Belgrade, 26 April 2018

MINUTES

of the regular General Meeting of Shareholders of Komercijalna banka AD Beograd, held on 26 April 2018 in Belgrade – in the Bank's premises, 14, Svetog Save Street – beginning at 10.00 hours

The regular General Meeting of Shareholders of Komercijalna banka AD Beograd, which was held on 26.04.2018 in the Bank's premises, at 14, Svetog Save Street, was attended by the shareholders holding the ordinary shares that are included in the List of Bank's Shareholders, which was composed on the Cut-off date for identification of shareholders, 16 April 2018, pursuant to the excerpt from the Central Securities Depository and Clearing House, as follows:

1. Republic of Serbia, proxy, Marijana Marković, Chairperson of the General Meeting of Bank's Shareholders
2. EBRD London – proxy, Marko Bikicki
3. IFC CAPITALIZATION FUND – proxy, Vladimir Jelisavčić
4. Jugobanka in bankruptcy, Beograd – proxy, Zvezdana Stojanovski
5. Dunav osiguranje A.D.O. Beograd – proxy, Mila Pavlović
6. EAST CAPITAL – EAST CAPITAL BALKANS – proxy, Andrija Sofijanić
7. Vojvođanska banka AD Novi Sad – custody RN – KS – proxy, Andrija Sofijanić
8. BDD M&V Investments AD Beograd – proxy, Andrija Sofijanić
9. BDD M&V Investments AD Beograd – summary account – proxy, Andrija Sofijanić

The shareholder DEG-DEUTSCHE INVESTITIONS submitted to the Bank the completed and certified form for voting in absentia.

The session was attended by Mila Korugić Milošević, the Chairperson of the Bank's Board of Directors.

The present representatives of the Bank:

1. Vladimir Medan, PhD, President of the Executive Board
2. Miroslav Perić, member of the Executive Board
3. Snežana Ristović, Director of Compliance Division
4. Dušica Ćorić, Director of Legal Affairs Division
5. 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: Jelena Čvorović and Katarina Nikolić, during discussions relating to the proposed items 1 and 2 of the Agenda.

The General Meeting of Shareholders began at 10:00 hours. 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 Bank's management and informed the General Meeting of 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. Vladimir Jelisavčić, proxy of the shareholders of IFC CAPITALIZATION FUND, WILMINGTON, USA, Chair
 2. Zvezdana Stojanovski, proxy of the shareholders of Jugobanka in bankruptcy, Beograd, member
 3. Marko Bikicki, proxy of the shareholders of EBRD London, member
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, Vladimir Jelisavčić, 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 9 Bank's shareholders and DEG-DEUTSCHE INVESTITIONS that submitted to the Bank the Form for voting in absentia, holding thereby 14.531.225 ordinary shares (votes) or 86,40% of stake in total ordinary shares of the Bank, as follows:

No	Shareholder	Number of ordinary shares	% STAKE
1	2	3	4
1.	REPUBLIC OF SERBIA, Nemanjina 11, 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, 50676 KOELN, GERMANY	772.850	4,60%
5.	JUGOBANKA IN BANKRUPTCY, K. PETRA 19, BELGRADE	321.600	1,91%
6.	EAST CAPITAL (LUX) BALKAN FUND, LUXEMBOURG	310.106	1,84%
7.	COMPANY DUNAV OSIGURANJE ADO, MAKEDONSKA 4, BELGRADE	171.380	1,02%
8.	BDD M&V INVESTMENTS – SUMMARY ACCOUNT, NOVI BEOGRAD	79.257	0,47%
9.	VOJVOĐANSKA BANKA AD NOVI SAD - CUSTODY RN-KS (ID IN CSD and CH 001K39311)	37.848	0,23%
10.	BDD M&V INVESTMENTS, NOVI BEOGRAD	1.588	0,01%
TOTAL:		14.531.225	86,40%

Source of data: Central Securities Depository and Clearing House, Cut-off date for identification of shareholders, 16.04.2018

NOTE: The shareholder DEG-DEUTSCHE INVESTITIONS submitted to the Bank 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 Annual Report on Operations of Komercijalna banka a.d. Beograd and Regular Financial Statements with the Opinion of the External Auditor for the year 2017 – *with a majority of total number of votes attached to ordinary shares*
2. Decision on Adoption of the Annual Report on Operations and Consolidated Financial Statements of Komercijalna banka a.d. Beograd Group with the Opinion of the External Auditor for the year 2017 - *with a majority of total number of votes attached to ordinary shares*
3. Decision on Distribution of Profit from the year 2017 and Retained Earnings from Previous Years - *67% of votes out of total number of votes attached to ordinary shares*
4. Information relating to Article 77 of the Law on Banks - *with a majority of total number of votes attached to ordinary shares*
5. Report in Accordance with the Article 78 of the Law on Banks - *with a majority of total number of votes attached to ordinary shares*
6. Decision on Compulsory Purchase of 6 SWIFT Shares - *with a majority of total number of votes attached to ordinary shares*
7. Decision on Determining the Compensation for the Chairperson of the General Meeting of Bank's Shareholders - *with a majority of total number of votes attached to ordinary shares*

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The Chairperson of the General Meeting of Bank's Shareholders, Marijana Marković, proposed that the General Meeting of Shareholders adopts the agenda, which, for this General Meeting of Shareholders was determined and proposed by the Bank' Board of Directors at its 43rd session, held on 23.03.2018, 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 Annual Report on Operations of Komercijalna banka a.d. Beograd and Regular Financial Statements with the Opinion of the External Auditor for the year 2017
2. Decision on Adoption of the Annual Report on Operations and Consolidated Financial Statements of Komercijalna banka a.d. Beograd Group with the Opinion of the External Auditor for the year 2017
3. Decision on Distribution of Profit from the year 2017 and Retained Earnings from Previous Years
4. Information Relating to Article 77 of the Law on Banks
5. Report in Accordance with the Article 78 of the Law on Banks
6. Decision on Compulsory Purchase of 6 SWIFT Shares
7. Decision on Determining the Compensation for the Chairperson of the General Meeting of Bank's Shareholders

The President of the Executive Board, Vladimir Medan, PhD, welcomed the present representatives of the Bank's shareholders. He highlighted that the Bank achieved a good result from its regular operations and the Bank will make additional efforts to strengthen its market position. In the current year the Bank will try to use the opportunity and attract as many customers as possible. We will actively work on binding the corporate clients to the Bank, not only through loans and advances, but also by performing payment transactions, exchange transactions, and the efforts will also be focused on making their employees the clients of the Bank. The Bank will also, in the coming period, be actively focused on reducing the operating expenses and optimizing the Bank's assets. What the Bank generated as the extraordinary profit should be converted into operating income. He believes that the Bank has a leadership capacity. He wished everyone a successful cooperation, in the interest of all shareholders, clients and the employees.

1. **Decision on Adoption of the Annual Report on Operations of Komercijalna banka a.d. Beograd and Regular Financial Statements with the Opinion of the External Auditor for the year 2017**
2. **Decision on Adoption of the Annual Report on Operations and Consolidated Financial Statements of Komercijalna banka AD Beograd Group with the Opinion of the External Auditor for the year 2017**

The member of the Executive Board, Miroslav Perić, said that at the end of 2017 the Bank generated a profit before tax in the amount of RSD 7,2 billion. The gross operating profit of RSD 7,2 billion was generated, which is 8% below the plan for the year 2017, but it is above the level of the last year by 10%. Net interest and fees are at 95% of the Plan's achievement. When it comes to impairment provisioning in 2017 the net income was recorded amounting to RSD 18 million. OPEX is above the plan by RSD 16 million, or 0,1% above the planned value.

Profit and Loss Account: The profit structure in 2017 comprises the business result 92,4% and other net income 7,4% and income from net impairments 0,2%.

Balance Sheet: Decline in balance sheet assets, primarily due to reduced activity in SME segment

Performance indicators: ROE 11,9%; ROA 1,9%; net interest margin on total assets is 3,3%, CIR 61,8%, and NPL 13,8%. He emphasised that the Bank made considerable efforts to reduce NPL. He pointed out that the Bank has a potential to accomplish even better performance indicators.

The representative of the external auditor Ernst & Young d.o.o. Beograd Jelena Čvorović informed the General Meeting of Shareholders that Ernst & Young d.o.o. Beograd was hired to perform both the audit of financial statements of Komercijalna banka AD Beograd, and the audit of financial statements of related entities, or of Komercijalna banka AD Banja Luka and of Komercijalna banka AD Budva and Kombank Invest. The process went quite well, the cooperation with the employees and with the Bank's management was very good in professional terms. The audit process ended by issuing the opinion of the auditor relating to both individual and consolidated financial statements, in accordance with the agreed time line. The cooperation of their team with the related banks in the Republic of Srpska and in Montenegro, as well as in Kombank Invest, was also good. The opinion issued with respect to financial statements, both individual and consolidated is unqualified. They stated that the financial statements represent a true and fair view of financial position of the Bank and the Group for the year 2017, or for the year ended as of 31.12.2017. As a result of the audit they also issued the Letter to the Management, in which they presented the recommendations, which are focused more on improvement of segments: accounting, internal controls, methodologies, processes. The number of recommendations has reduced significantly relative to the last year, and also compared to period after the previous audit, which indicates a clear commitment of the Bank's management.

The Chairperson of the General Meeting of Shareholders, Marijana Marković, thanked the representatives of the auditors on behalf of the Bank's shareholders for conducted audit, and also for brief and concise explanation.

As none of the present representatives of shareholders has commented on the stated items of the agenda, the Chairperson of the General Meeting of Shareholders Marijana Marković, put to vote the Decision on Adoption of the Annual Report on Operations of Komercijalna banka AD Beograd and Regular Financial Statements with the Opinion of the External Auditor for the year 2017, as well as the Decision on Adoption of the Annual Report on Operations and Consolidated Financial Statements of Komercijalna banka a.d. Beograd Group with the Opinion of the External Auditor for the year 2017

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Adoption of the Annual Report on Operations of Komercijalna banka AD Beograd and Regular Financial Statements with the Opinion of the External Auditor for the year 2017

1. - Decision on Adoption of the Annual Report on Operations of Komercijalna banka AD Beograd and Regular Financial Statements with the Opinion of the External Auditor for the year 2017

- „**FOR**” 14.531.225 votes or **86,40%** of total number of votes attached to ordinary shares.
- „**AGAINST**” /
- „**ABSTAINED**” /

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Adoption of the Annual Report on Operations and Consolidated Financial Statements of Komercijalna banka AD Beograd Group with the Opinion of the External Auditor for the year 2017

2. - Decision on Adoption of the Annual Report on Operations and Consolidated Financial Statements of Komercijalna banka AD Beograd Group with the Opinion of the External Auditor for the year 2017

- „**FOR**” 14.531.225 votes or **86,40%** of total number of votes attached to ordinary shares.
- „**AGAINST**” /
- „**ABSTAINED**” /

3. Decision on Distribution of Profit from the year 2017 and Retained Earnings from Previous Years

Member of the Executive Board Miroslav Perić explained that the Decision on Distribution of Profit from the year 2017 and Retained Earnings from previous years was proposed on the basis of regulations and internal bylaws of the Bank that govern this area. He highlighted that the effect of implementation of IFRS 9 amounts to RSD 1.162 million and that Bank was obliged to record the effects of the first implementation as capital correction, or as being charged to the result achieved in 2017. As for dividends for preference shares, they are calculated in the amount of average interest rate on dinar savings deposits placed for a fixed term of one year, which is in 2017 amounted to 3,54%. Allocation to reserves has been proposed in the amount of RSD 3.162 million, in compliance with the adopted Strategy for 2018-2020. The proposal is to keep the unallocated amount of RSD 879 million as a reserve arising from calculated effects of deferred tax assets, until it is certain that the calculated deferred tax assets can be used. The dividends for ordinary shares to shareholders amount in total to RSD 2.523 million, which is 31% of the generated profit and is in accordance with the defined Dividend Policy. The profit sharing reward for the Bank's employees has been proposed in the amount of RSD 398 million. He pointed out that the Article 25 of the Law on Banks prescribes the limitation for disbursement from the profit. Therefore, the Bank will carry out the said disbursement once the conditions are met.

The representative of the shareholders of EAST CAPITAL – EAST CAPITAL BALKANS, Vojvođanska banka AD Novi Sad – Custody RN – KS, BDD M&V Investments AD Beograd and BDD M&V Investments AD Beograd – summary account, Andrija Sofijanić, asked, taking into consideration that today the General Meeting of Bank's Shareholders is adopting the Decision on Distribution of Profit from the year 2017, when the dividend payment for 2014 is to be expected and when to expect the dividend payment for 2017?

The member of the Executive Board, Miroslav Perić, explained that the General Meeting of Bank's Shareholders today adopts the decision on distribution of profit, not on disbursement. He emphasised that the Bank makes maximum efforts to eliminate, and/or remedy all the orders, or findings of the National Bank of Serbia upon the implemented controls, in order for the Bank, in accordance with the Law on Banks, to be able to discharge its obligations to shareholders for the years 2014 and 2017.

The President of the Executive Board, Vladimir Medan, PhD, said that until all the findings of the National Bank of Serbia have been eliminated and/or remedied, the Bank will not be able to make the payment. Once all the orders, and/or

findings of the National Bank of Serbia are eliminated, the Bank will then be in a position to make payments in accordance with the decisions of the General Meeting of Bank's Shareholders.

As none of the present representatives of shareholders has commented on the stated item of the agenda, the Chairperson of the General Meeting of Shareholders, Marijana Marković, put to vote the Decision on Distribution of Profit from the Year 2017 and Retained Earnings from Previous Years

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Distribution of Profit from the Year 2017 and Retained Earnings from Previous Years

3. Decision on Distribution of Profit from the Year 2017 and Retained Earnings from Previous Years

- „**FOR**“ 14.531.225 votes or **86,40%** of total number of votes attached to ordinary shares.
- „**AGAINST**“ /
- „**ABSTAINED**“ /

4. Information Relating to Article 77 of the Law on Banks

Director of Compliance Division, Snežana Ristović, explained that the Law on Banks regulates that the General Meeting of Bank's Shareholders at least once a year reviews a written information with detailed data on all wages, wage allowances and other earnings of the members of the Board of Directors and the Executive Board of the Bank and also on all contracts between the Bank and the members of the above Boards and other entities that are related to these members, the consequence, or the effect of which is the material gain for such entities, as well as the proposal of the Bank's Board of Directors on wages, wage allowances and other material gain of such entities for the next year. She emphasised that the basis for disbursement remained the same as last year, provided that the decision is supplemented in terms that the members of the Board of Directors will be paid, or reimbursed for potentially incurred additional expenses arising from their work in the Board of Directors.

At the end of this statement, the present representatives of shareholders were given for inspection the data prepared in compliance with the Article 77 of the Law on Banks.

It is ascertained hereby that the present representatives of shareholders inspected the data provided in accordance with the Article 77 of the Law on Banks.

As none of the present representatives of shareholders has commented on the stated item of the agenda, the Chairperson of the General Meeting of Shareholders, Marijana Marković, put to vote the Decision on Information Relating to Article 77 of the Law on Banks.

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Adoption of the Information Relating to Article 77 of the Law on Banks.

Information Relating to Article 77 of the Law on Banks

- „**FOR**“ 14.531.225 votes or **86,40%** of total number of votes attached to ordinary shares.
- „**AGAINST**“ /
- „**ABSTAINED**“ /

5. Report in Accordance with the Article 78 of the Law on Banks

The Chairperson of the General Meeting of Bank's Shareholders, Marijana Marković, briefly explained that this item of the Agenda relates to prevention of conflict of interest of the members of the Board of Directors and of the Executive Board, that the information was obtained on property rights of the Boards' members and the members of their families, with the explanation in relation to the appropriate article of the Law on Banks

At the end of the statement, the present representatives of shareholders were given for inspection the statements of the members of the Board of Directors and of the Executive Board that were provided in compliance with the Article 78 of the Law on Banks.

It is ascertained that the present representatives of shareholders inspected the statements of the members of the Board of Directors and of the Executive Board that have been provided in accordance with the Article 78 of the Law on Banks.

As none of the present representatives of shareholders has commented on the stated item of the agenda, the Chairperson of the General Meeting of Bank's Shareholders, Marijana Marković, put to vote the Report in Accordance with the Article 78 of the Law on Banks.

It is concluded hereby that the General Meeting of Bank's Shareholders passed the Decision on Adoption of the Report in Accordance with the Article 78 of the Law on Banks.

Report in Accordance with the Article 78 of the Law on Banks

- „**FOR**” 13.758.375 votes or **81,80%** of total number of votes attached to ordinary shares.
- „**AGAINST**” /
- „**ABSTAINED**” 772.850 /**4,60**

6. Decision on Compulsory Purchase of 6 SWIFT Shares

The Chairperson of the General Meeting of Bank's Shareholders, Marijana Marković emphasised that as at 31.12.2017 Komercijalna banka disposed with 17 SWIFT shares. In accordance with the SWIFT Agreement of Association, all the members of the financial organisation receive a certain number of shares, which they pay at the price determined by Board of Directors. Number of shares depends on volume of transactions and number of messages realised by the members via SWIFT in a specific time period. Re-allocation of the shares is conducted at least once in 3 years. The Bank received the notification from the SWIFT that a new re-allocation of shares has been conducted and that as of 28.2.2018 Komercijalna banka has a total of 23 shares. By re-allocation the additional 6 shares were assigned at the price that was determined by the Board of Directors. In order to provide the conditions for performing international payment transactions via SWIFT network, it was proposed that the General Meeting of Bank's Shareholders grants the approval for purchase of 6 shares of the SWIFT.

As none of the present representatives of shareholders has commented on the stated item of the agenda, the Chairperson of the General Meeting of Bank's Shareholders, Marijana Marković, put to vote the Decision on Compulsory Purchase of 6 SWIFT Shares.

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Adoption of the Decision on Compulsory Purchase of 6 SWIFT Shares.

Decision on Compulsory Purchase of 6 SWIFT Shares

- „**FOR**” 14.531.225 votes or **86,40%** of total number of votes attached to ordinary shares.
- „**AGAINST**” /
- „**ABSTAINED**” /

7. Decision on Determining the Compensation for the Chairperson of the General Meeting of Bank's Shareholders

The Chairperson of the General Meeting of Bank's Shareholders, Marijana Marković pointed out that decision was proposed by which it is determined the right to disbursement of compensation to the Chairperson of the General Meeting of Bank's Shareholders. The proposed compensation shall be disbursed only for the month in which the Chairperson of the General Meeting of Bank's Shareholders was engaged at the session of the General Meeting of Bank's Shareholders.

As none of the present representatives of shareholders has commented on the stated item of the agenda, the Chairperson of the General Meeting of Bank's Shareholders, Marijana Marković, put to vote the Decision on Determining the Compensation for the Chairperson of the General Meeting of Bank's Shareholders.

It is concluded hereby that the General Meeting of Bank's Shareholders unanimously passed the Decision on Determining the Compensation for the Chairperson of the General Meeting of Bank's Shareholders.

Decision on Determining the Compensation for the Chairperson of the General Meeting of Bank's Shareholders

- „**FOR**“ 14.531.225 votes or **86,40%** of total number of votes attached to ordinary shares.
- „**AGAINST**“ /
- „**ABSTAINED**“ /

The representative of the shareholders of EAST CAPITAL – EAST CAPITAL BALKANS, Vojvođanska banka AD Novi Sad – Custody RN – KS, BDD M&V Investments AD Beograd and BDD M&V Investments AD Beograd – summary account, Andrija Sofijanić, asked how far the Bank's privatisation has progressed. He reminded, that at the conference of the Belgrade Stock Exchange, which was held in Belgrade a couple of months ago, the representative of one of the Bank's shareholders said that everybody will be surprised how fast the decision on privatisation of the Bank will be rendered.

The President of the Executive Board, Vladimir Medan, PhD, pointed out that the task of the management is to bring the Bank to its best results, to place the Bank in the best position possible so as to achieve the best possible results and that the management intensively works on accomplishing the stated goal.

The Chairperson of the General Meeting of Bank's Shareholders Marijana Marković highlighted that according to information that she has the shareholders have intensive conversations about that.

Upon adopting the afore-mentioned decisions, 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 Bank's Executive Board and also the competent units of the Bank; following this statement the General Meeting of Bank's Shareholders ended at 11:00 hours.

Minutes Taker
Vesna Velemir

CHAIRPERSON OF THE GENERAL MEETING OF SHAREHOLDERS
Marijana Marković

VOTING COMMISSION:

1. Vladimir Jelisavčić – Chair, shareholders' proxy of IFC
2. Zvezdana Stojanovski – member, shareholders' proxy of Jugobanka in bankruptcy
3. Marko Bikicki – member, shareholders' proxy of EBRD