

MINUTES

OF THE REGULAR SESSION OF THE GENERAL MEETING OF THE BANK'S
SHAREHOLDERS HELD ON 27.04.2017

Belgrade, 27.04.2017



KOMERCIJALNA BANKA AD BEOGRAD

GENERAL MEETING OF THE BANK'S SHAREHOLDERS

No. 9760

Belgrade, 27.04.2017

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MINUTES

Of the regular session of the General Meeting of Shareholders of Komercijalna Banka AD Beograd, held on 27.04.2017 in Belgrade – in the premises of the Bank, 14 Svetog Save St, commencing at 10.00 hours

Shareholders holding ordinary shares from the List of Shareholders composed on the Shareholders' Cut-off Date for registration, according to the Excerpt from the Central Registry of Securities, April 17, 2017 attended the session of Komercijalna Banka AD Beograd General Meeting of Shareholders held on 27.04.2017 in the bank's premises in 14 Svetog Save St, as follows:

1. Republic of Serbia, proxy Jovanka Kosanović, Chair of the bank's GMS
2. EBRD London – proxy Marko Bikicki
3. IFC CAPITALIZATION FUND – proxy Vladimir Jelisavčić
4. Jugobanka in bankruptcy, Belgrade – proxy Jovanka Kosanović
5. Dunav osiguranje A.D.O. Belgrade – proxy Mila Pavlović
6. EAST CAPITAL (LUX) – BALKAN FUND LUXEMBURG – proxy Andrija Sofijanić
7. BDD M&V INVESTMENTS AD BEOGRAD – JOINT ACCOUNT - proxy Andrija Sofijanić

The Shareholder DEG-DEUTSCHE INVESTITIONS submitted to the bank completed and certified in absentia voting form.

The following bank's representatives attended the session:

1. Alexander Picker, PhD, President of the Executive Board
2. Miroslav Perić, member of the Executive Board
3. Savo Petrović, Executive Director for Finances and Accounting
4. Gabrijele Horvat, Director of the Legal Affairs Division
5. Marija Tatomirov, Director of the Department for Normative-Legal Affairs
6. Vesna Velemir, Head of Executive Board Support Unit

The session of the bank's GMS was attended by the representatives of the external auditor Ernst & Young d.o.o. Belgrade: Stephen Fish and Jelena Čvorović, during consideration of the proposed items 2 and 3 of the Agenda.

The session of the General Meeting of Shareholders commenced at 10:00 hours. Chair of the GMS, Jovanka Kosanović opened the GMS session, greeted the present representatives of the shareholders and bank's management and informed the General Meeting of Shareholders that, pursuant to the Law on Banks and Law on Companies, in her capacity of the GMS Chairperson, she passed:

1. The Decision on Appointment of the Voting Commission, wherewith the following persons are appointed as members of the Commission:
 1. Vladimir Jelisavčić, proxy of shareholder IFC CAPITALIZATION FUND, WILMINGTON, USA, as Chairman
 2. Marko Bikicki, proxy of the EBRD London shareholder as member
 3. Mila Pavlović, proxy of the shareholder Dunav osiguranje A.D.O. Belgrade, as member
2. The Decision on Appointment of the Minutes Taker, wherewith appointing Vesna Velemir, employee of the bank.

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The Chairman of the Voting Commission Vladimir Jelisavčić informed the General Meeting of Shareholders that the Voting Commission determined the list of the present shareholders and verified the identity of proxies of 7 bank's shareholders and DEG-DEUTSCHE INVESTITIONS, which submitted to the bank the In Absentia Voting Form, all of whom hold 14.393.066 ordinary shares (votes) or 85.58% of shares of the total controlling stake of the bank, as follows:

No	Shareholder	Number of Ordinary	% STAKE
1	2	3	4
1.	THE REPUBLIC OF SERBIA, 11 Nemanjina ST, Beograd	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, 19 K. PETRA ST, BELGRADE	321.600	1,91%
6.	EAST CAPITAL (LUX)-BALKAN FUND LUXEMBOURG	245.106	1,46%
7.	COMP. DUNAV OSIGURANJE ADO, 4 MAKEDONSKA ST, BEOGRAD	171.380	1,02%
8.	BDD M&V INVESTMENTS AD BEOGRAD BULEVAR115E MIHAJLA PUPINA ST - JOINT ACCOUNT	45.534	0,27%
TOTAL:		14.393.066	85,58%

Source of information: The Central Registry of Securities and Clearing House, Cut-off date for registration of shareholders on 17.04.2017.

NOTE: The shareholder DEG-DEUTSCHE INVESTITIONS submitted to the bank a written statement (vote) for this session of the General Meeting of Shareholders in the form of completed and certified in absentia voting form.

It was therefore noted that there was a quorum for the General Meeting of Bank's Shareholders to pass legally binding decisions as per proposed items of the agenda, as follows:

1. Decision on the adoption of the bank's strategy and business plan covering the period 2017- 2019 - by simple majority of votes attaching to the total number of ordinary shares
2. Annual report on operation of the bank for 2016 and the report with the opinion of external auditor on performed audits of regular financial statements of Komercijalna Banka AD Beograd for 2016:
 - a. Decision on adoption of the Annual Report on Operation of Komercijalna Banka AD Beograd and regular financial reports with the opinion of external auditor for 2016 - by simple majority of votes attaching to the total number of ordinary shares
 - b. Decision on 2016 bank's loss coverage – by 67% of votes attached to the total number of ordinary shares
 - c. Decision on allocation of a portion of non-allocated profit from earlier years for dividends on preference shares – by 67% of votes attached to the total number of ordinary shares
3. Decision on adoption of the Annual Report on Operation and Consolidated Financial Reports of Komercijalna Banka AD Beograd banking group, with the opinion of external auditor for 2016 – by simple majority of votes attaching to the total number of ordinary shares
4. Decision on amendments and supplements to Komercijalna Banka AD Beograd Statute (revised text) – by 67% of votes attached to the total number of ordinary shares.

* * *

Chair of the bank's GMS, Jovanka Kosanović proposed that the GMS adopt the agenda, which was established and proposed by the Bank's Board of Directors at its 31st session held on 24.03.2017, and the GMS of the Bank continued to work as per the established items of Agenda, after unanimously stating that all assumptions required for further activity of the GMS were met:

- 1) Decision on the adoption of the bank's strategy and business plan covering the period 2017- 2019
- 2) Annual report on operation of the bank for 2016 and the report with the opinion of external auditor on performed audits of regular financial statements of Komercijalna Banka AD Beograd for 2016:
 - a. Decision on adoption of the Annual Report on Operation of Komercijalna Banka AD Beograd and regular financial reports with the opinion of external auditor for 2016
 - b. Decision on 2016 bank's loss coverage
 - c. Decision on allocation of a portion of non-allocated profit from earlier years for dividends on preference shares
- 3) Decision on adoption of the Annual Report on Operation and Consolidated Financial Reports of Komercijalna Banka AD Beograd banking group, with the opinion of external auditor for 2016
- 4) Decision on amendments and supplements to Komercijalna Banka AD Beograd Statute (revised text)

1. Decision on Adoption of the Bank's Strategy and Business Plan for the period 2017- 2019

Regarding the first agenda item, Chair of the bank's GMS, Jovanka Kosanović stated the Board of Directors of the bank proposed to the bank's GMS to adopt the Decision on Adoption of the Bank's Strategy and Business Plan for the period 2017 -2019.

Chair of the bank's GMS, Jovanka Kosanović stated that the General Meeting to Bank's Shareholders put under the advisement the draft Strategy and Business Plan of the Bank for the period 2017 – 2019 and required brief explanation of the most important changes compared to the document considered before.

President of the Executive Board, Dr Alexander Picker explained that after the long discussions with the members of the Board of Directors and shareholders' representatives, the draft Strategy and Business Plan of the Bank for the period 2017 – 2019 only sustained petty changes and that there were no significant changes in terms of projections.

Chair of the bank's GMS, Jovanka Kosanović opened the discussion and gave the floor to the attending shareholders.

Proxy of the shareholder EAST CAPITAL (LUX) – BALKAN FUND LUXEMBURG and BDD M&V INVESTMENTS AD BEOGRAD – JOINT ACCOUNT Andrija Sofijanić, asked about the allowances for impairment. Bearing in mind that during 2016 a considerable allowance for impairment was allocated in the last quarter compared to the previous three quarters, can it be expected that in 2017 there would be some additional cleanings of the balance sheet? Given the result generated in the Q1 2017 and the entire history during 2016 when considering the impairments, is the bank going to remain devoted to the plan when it comes to the allowances for impairment, because this is a very important issue for the shareholders, when taking investments into the account. How far did we come in terms of cleaning the balance sheet and can it be expected for the business plan to be abided by, and that there will be no major, unexpected cleanings of the balance sheet?

President of the Executive Board Dr Alexander Picker explained that during 2016 the bank underwent some changes in the composition of the Executive Board, a new member of the Executive Board was appointed (CRO) and the bank perceived the entire portfolio once more. Now the bank has a stable management, all the portfolio items have been identified, and the bank is considered stable when it comes to impairments.

Proxy of the shareholder EAST CAPITAL (LUX) – BALKAN FUND LUXEMBURG and BDD M&V INVESTMENTS AD BEOGRAD – JOINT ACCOUNT Andrija Sofijanić asked for the information about the amount of allowances for impairment that has been allocated in Q12017.

Member of the Executive Board Miroslav Perić explained that in Q1 2017 the Bank had a positive effect of allowances for impairment to the amount of RSD 73 million as a result of: corporate RSD + 10 million; retail RSD + 14 million; banks RSD – 3 million; decreased reserves by off-balance sheet RSD + 6 million; collected impaired receivables RSD + 46 million. The Business Plan has been prepared very carefully, the plan of impairments for the Q1 2017 was RSD 860 million, and the deviation occurred due to linear allocation of some effects of impairments that were included into the Business Plan. Expectations are that the bank remains within the business plan projections in 2017.

Proxy of the shareholder EAST CAPITAL (LUX) – BALKAN FUND LUXEMBURG and BDD M&V INVESTMENTS AD BEOGRAD – JOINT ACCOUNT Andrija Sofijanić asked the question related to the sales per employee ratio. The bank has liquid funds that can be invested both in corporate and retail sector, but it seemed to him that the bank has a considerable number of excess employees, and he asked the question, bearing in mind the plan until 2020, and the forthcoming privatization of the bank, will there be any layoffs of staff and in what pace, and how is the mere privatization process of the bank unfolding? He asked for the information as to whether the dividends included in the business plan are going to be realized and whether the bank will strive for the payment of dividends.

President of the Executive Board Dr Alexander Picker explained that, as far as the privatization process of the bank is concerned, that issue is under the competence of the bank's shareholder. In terms of the number of employees, one must bear in mind not only the number of employees but also the structure of the balance sheet. Other banks have different structure of the balance sheet, Komercijalna Banka has high level of deposits, and 204 outlets of the bank... the bank is still trying to achieve the better balance sheet structure. He stressed that he saw no problem for dividends to be paid to the shareholders; the bank removed all obstacles according to the NBS regulation after positive performance in the second quarter of 2017, so he expressed his opinion that there would be no obstacles for payment of dividends to the shareholders.

Chair of the GMS, Jovanka Kosanović stressed that the representatives of shareholders got answers to most of these questions at one of the previous sessions of the General Meeting of Bank's Shareholders, when the Strategy and Business Plan had also been considered.

As none of the present shareholders' representatives asked to speak with respect to the above item of the agenda, the Chair of the General Meeting, Jovanka Kosanović, put the Decision on Adoption of the Strategy and Business Plan for the period 2017 – 2019 to vote.

It is hereby stated that the General Meeting of Bank's Shareholders unanimously passed the decision in terms of the first established item on the Agenda:

Decision on Adoption of the Bank's Strategy and Business plan for the period 2017 - 2019

- „FOR” 14.393.066 votes or 85.58% of the total number of votes attached to ordinary shares.
- „AGAINST” /
- „ABSTAINED” /

2. Annual report on operation of the bank for 2016 and the report with the opinion of external auditor on performed audits of regular financial statements of Komercijalna Banka AD Beograd for 2016

3. Decision on adoption of the Annual Report on Operation and Consolidated Financial Reports of Komercijalna Banka AD Beograd banking group, with the opinion of external auditor for 2016

With respect to the second item on the agenda, Chair of the Bank's GMS, Jovanka Kosanović asked the present representatives of the external auditor Ernst & Young d.o.o. Belgrade to present the Report and their opinion from the aspect of the performed audit to the attending representatives of the shareholders.

Representative of the external auditor Ernst & Young d.o.o. Belgrade Stephen Fish, stressed in his statement that the 2016 audit of the financial statements for Komercijalna Banka AD Beograd, Komercijalna Banka AD Budva and Komercijalna Banka AD Banja Luka and Kombank Invest, as well as the audit of the consolidated financial statements for Komercijalna Banka AD Beograd banking group was performed and that they issued a clean opinion about the financial statements. He stressed that they issued a Letter to Management for all members of KB banking group, which was discussed with the management and the Audit Committee. During the audit they were in the regular contact with the Audit Committee, and they also presented the Reports on the session of the Board of Directors in March 2017. As regards with the Letter to Management, there is an obvious improvement, cooperation was good. Many issues were tackled before the year end, and many were resolved even before the issue of audit opinion.

The Executive Director for finances and accounting Savo Petrović, thanked the representatives of Ernst & Young d.o.o. Belgrade, all the members of the team that participated in the audit, their work, dedication and knowledge. A really great job was done, from the audit of subsidiaries, parent bank to consolidated financial statements, with the note that it was a really extensive work.

Chair of the GMS Jovanka Kosanović, thanked the auditor on behalf of the bank's shareholders for the audit they performed, as well as for the brief and concise explanation.

As none of the present shareholders' representatives asked to speak with respect to the above item of the agenda, the Chair of the General Meeting, Jovanka Kosanović, put to vote the Decision on Adoption of the Annual Report on Operation of Komercijalna Banka AD Beograd and Regular Financial Statements with the Opinion of External Auditor for 2016; Decision on Allocation of a Portion of Non-Allocated Profit from Earlier Years for Dividends on Preferred Shares and the Decision on Bank's 2016 Loss Coverage.

It is hereby stated that the General Meeting of Bank's Shareholders unanimously passed the Decision on Adoption of the Annual Report on Operation of Komercijalna Banka AD Beograd and Regular Financial Statements with Opinion of External Auditor for 2016

2.a. – Decision on Adoption of the Annual Report on Operation of Komercijalna Banka AD Beograd and Regular Financial Statements with Opinion of External Auditor for 2016

- „FOR” 14.393.066 votes or 85.58% of the total number of votes attached to ordinary shares.
- „AGAINST” /
- „ABSTAINED” /

It is hereby stated that the General Meeting of Bank's Shareholders unanimously passed the Decision on Bank's 2016 Loss Coverage

2.b. – Decision on Bank's 2016 Loss Coverage

- „FOR” 14.393.066 votes or 85.58% of the total number of votes attached to ordinary shares.
- „AGAINST” /
- „ABSTAINED” /

It is hereby stated that the Bank's General Meeting of Shareholders unanimously passed the Decision on Allocation of a Portion of Non-Allocated Profit from Earlier Years for Dividends on Preferred Shares

2.c. – Decision on Allocation of a Portion of Non-Allocated Profit from Earlier Years for Dividends on Preferred Shares

- „FOR“ 14.393.066 votes or 85.58% of the total number of votes attached to ordinary shares.
- „AGAINST“ /
- „ABSTAINED“ /

As none of the present shareholders' representatives asked to speak with respect to the item of the agenda Decision on Adoption on Annual Report on Operation and Consolidated Financial Reports of Komercijalna Banka AD Beograd Banking Group with Opinion of External Auditor for 2016, the Chair of the GMS, Jovanka Kosanović put to vote the Decision on Adoption of the Annual Report on Operation and Consolidated Financial Statements of Komercijalna Banka AD Beograd Banking Group, with Opinion of External Auditor for 2016.

It is hereby stated that the General Meeting of Bank unanimously passed the Decision on Adoption of the Annual Report on Operation and Consolidated Financial Statements of Komercijalna Banka AD Beograd Banking Group with Opinion of External Auditor for 2016.

3 Decision on Adoption of the Annual Report on Operation and Consolidated Financial Statements of Komercijalna Banka AD Beograd Banking Group with Opinion of External Auditor for 2016

- „FOR“ 14.393.066 votes or 85.58% of the total number of votes attached to ordinary shares.
- „AGAINST“ /
- „ABSTAINED“ /

4. Decision on Amendments and Supplements of Komercijalna Banka AD Beograd Statute (revised text)

Regarding the agenda item Decision on Amendments and Supplements of Komercijalna Banka AD Beograd Statute (revised text), the Director of Legal Affairs Division Gabrijela Horvat explained that, based on the letter sent by the National Bank of Serbia that was received by all banks in December 2016, with recommendations for improvement of corporative operation and in line with reorganisation that has been implemented in the bank, the amendments and supplements of the Bank's Statute have been proposed.

As none of the present shareholders' representatives asked to speak with respect to the item of the agenda, the Chair of the GMS, Jovanka Kosanović put to vote the Decision on Amendments and Supplements of Komercijalna Banka AD Beograd Statute (revised text).

It is hereby stated that the General Meeting of Shareholders unanimously adopted the Decision on Amendments and Supplements of Komercijalna Banka AD Beograd Statute (revised text).

Decision on Amendments and Supplements of Komercijalna Banka AD Beograd Statute (revised text)

- „FOR“ 14.393.066 votes or 85.58% of the total number of votes attached to ordinary shares.
- „AGAINST“ /
- „ABSTAINED“ /

Upon passing the decisions referred to above, the Chair of the GMS Jovanka Kosanović stated that all the items of the agenda have been discussed, she thanked the present representatives of the bank's shareholders, the Executive Board of the Bank and professional units of the bank for the logistics, and the General Meeting adjourned at 10⁴⁰ hours.

Minutes Taker
Vesna Velemir

CHAIR OF THE GENERAL MEETING OF SHAREHOLDERS
Jovanka Kosanović

THE VOTING COMMISSION:

1. Vladimir Jelisavčić – Chair, proxy of the shareholder IFC
2. Marko Bikicki – member, proxy of shareholder EBRD
3. Mila Pavlović – member, proxy of shareholder Dunav osiguranje A.D.O