

**QUESTIONNAIRE
ON THE ISSUER'S CORPORATE GOVERNANCE PRACTICE**

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| Company's Business Name: | <u>Komercijalna Banka AD Beograd</u> |
| Company's head office: | <u>Beograd, 14 Svetog Save St</u> |
| Company's registration no. | <u>07737068</u> |
| Company's Tax ID Number | <u>100001931</u> |

Instruction to fill in the questionnaire:

- When answering the questions next to the YES/NO answers, it is necessary to closely describe the circumstances that were the bases for given answers.
- If the information source for answering the question is a publicly available company's enactment, it is necessary to indicate the place where the document can be reviewed (for example, the website on which the enactment has been published), and if it is a non-public enactment, state the exact name of the enactment, its number and the Company's body that passed it.
- If the source of information for the given answer is the Company's customary practice, it is necessary to illustrate the same by specifying the case that served as the basis for formulating the provided answer.

1. Has the company adopted its own corporate governance code or accepted the application of another corporate governance code?

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| Answer: | The Bank accepted the application of the Corporate Governance Code of the Serbian Chamber of Commerce ("Official Gazette of the Republic of Serbia" No. 99/2012). |
| web page where text of the code the Company has been applying is publicly available: | www.pks.rs www.kombank.com |

2. Are the corporate governance principles applied by Company included in the company's internal enactments and easily available to all stakeholders?

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| Answer: | YES |
| The most important enactments dealing with corporate governance issues and way these enactments have been made available. | <ul style="list-style-type: none"> - The Bank's Articles of Association (the consolidated text) No.18100 dated 06.07.2017, published on the web page of the Business Register Agency. - Terms of Reference of the General Meeting of Shareholders as of 25.04.2012, No. 6390/3 - Terms of Reference of the Board of Directors passed on 21.12.2017, No. 29940/8 - Terms of Reference of the Executive Board passed on |

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| | <p>17.07.2018, No. 01/IO</p> <ul style="list-style-type: none"> - Terms of Reference for the Audit Committee passed on 21.12.2018, No. 26050/18 - Rules of Procedure of the Credit Committee passed on 21.12.2018, No. 26050/14 - Rules of Procedure of the Assets and Liabilities Management Committee passed on 20.02.2018, No. 2510/9 <p>Other general enactments are made available to shareholders at the Bank's head office in accordance with the Law on Companies.</p> |
| <p>4. Does the company, in accordance with Article 368 of the Law on Companies, announce in its annual reports the compliance of its business with the principles of corporate governance, and provides an explanation of possible deviations from these principles?</p> | |
| Answer: | YES, Company's Annual Report (the Law on Capital Market). |
| <p>GENERAL MEETING OF SHAREHOLDERS AND SHAREHOLDERS</p> | |
| <p>5. Does the invitation to the General Meeting of Shareholders contain all the prescribed elements and notifications, including data on the Shareholder's Day with data on the rights of shareholders to participate in the work of the Assembly and proposing the agenda, and the deadlines for their use, as well as the description of the voting for voting through the proxy, voting in by absence or by electronic means?</p> | |
| Answer: | The invitation contains all the prescribed elements except voting electronically, since the same is not provided for by the Bank's Statute. |
| <p>6. Is the invitation for company's General Meeting of Shareholders, with all relevant explanations and notifications immediately upon sending (announcement) to shareholders, submitted to the Stock Exchange for publication on the regulated market, or MTP Belex?</p> | |
| Answer: | YES |
| Indicate whether and how long after the invitations were made to the shareholders of the company, the same was submitted to the Stock Exchange for publication in 2018. | YES, on the same day |
| <p>7. Are the materials for the General Meeting of the Company's Shareholders available through the company's website?</p> | |
| Answer: | NO |
| Indicate how the materials for the company's general meeting of shareholders are available to shareholders if not via company's website | Shareholder or proxy of the Bank's shareholders can personally, or on the basis of a written authorization, take materials for all the items of the proposed agenda for the General Meeting of Shareholders' session in the premises of the Bank's head office every working day from 8:00 to 16:00 hours. |
| <p>8. Has the company established some of the legal possibilities of electronic participation in the work of the company's general meeting of shareholders, and if so, in what way?</p> | |
| Answer: | NO |
| <p>9. Does the Company publish made decisions and minutes from the Company's General Meeting of Shareholders that was held, immediately, or in prescribed terms after the GMS was held?</p> | |
| Answer: | YES |
| Specify the way in which the Company provided notification of shareholders and public on given issues in 2018. | By publishing on the Bank's web page, www.kombank.com |
| <p>10. Are the materials, decisions and other relevant document – specify which – related to the General Meeting of Shareholders, drafted and published in English language?</p> | |
| Answer: | Report on determination of voting results, minutes from the meeting, as well as all the decisions made by the General Meeting of Shareholders are prepared in English language. |

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| 11. Has the Company adopted terms of reference of the General Meeting of Shareholders, and does this or another enactment of the Company contain rules and procedures which provide the shareholders with timely answer to all relevant issues within the General Meeting of Shareholders? | |
| Answer: | YES |
| Specify whether the Company has provided, and in what way, for all the shareholders to be notified about these rules and procedures. | By publishing on the Bank's web page, www.kombank.com |
| 12. Does the Company have clearly defined dividend policy and procedures and terms for payment of dividend? | |
| Answer: | YES, Dividend Policy of Komercijalna Banka AD Beograd. |
| 13. Did the Company issue shares in the last year, by limiting the pre-emptive rights of the Company's shareholders? | |
| Answer: | NO |
| 14. Does the Company have established mechanism for prevention and resolving of potential conflicts between shareholders and the Company? | |
| Answer: | YES |
| Specify the way in which shareholders are notified about these procedures | Regulation on Prevention of Conflict of Interest, published on the Bank's web page www.kombank.com , in the part of contents titled "Securities" – Broker Dealer Operations. |
| 15. When selecting the Company's board members, is the General Meeting of Shareholders made available of comprehensive information on the proposed candidate, and particularly the information on the existence and nature of candidates' relation with the Company, its related persons, competing companies and key business partners of the Company? | |
| Answer: | All required information about the candidates is submitted to the National Bank of Serbia in order to obtain prior approval, in accordance with the Law on Banks and NBS regulations. The GMS decision does not have legal effect without the prior approval of the National Bank of Serbia. |
| 16. Is participation in the work and decision-making of the General Meeting of Shareholders made possible for shareholders without limitations? | |
| Answer: | NO, the Law on Banks is applicable. |
| Specify in what way are the shareholders conditioned in terms of their participation in the General Meeting of Shareholders (for instance: by number of shares they hold) | Shareholders having at least 1% of shares with voting rights vote directly (in person or through a proxy) at the General Meeting of Shareholders. Shareholder having less than 1% of shares with voting rights can participate at the General Meeting of Shareholders together with another shareholder through a joint proxy, provided that jointly they have 1% census. |
| THE COMPANY'S BOARD AND EXECUTIVE DIRECTORS | |
| 17. What kind of management system has been established in the Company? | |
| One-tier management system – management board (specify information about the board's composition, marking: executive and non-executive directors and the information about the Board's chairperson) | |

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| <p>Two-tier management structure – list the members of the supervisory board marking the independent member, and stating the information on the supervisory board's chairperson</p> | <p>Members of the Board of Directors are:</p> <ol style="list-style-type: none"> 1. Marija Sokić, Chair of the Board of Directors; 2. Daniel Pantić, PhD, member of the Board of Directors; 3. Dejan Hadžić, member of the Board of Directors; 4. Aleksei Germanovich, member of the Board of Directors; 5. Oleksandr Danyliuk, member of the Board of Directors; 6. Javed Hamid, member of the Board of Directors; 7. Katarina Šušić, independent member; 8. Goran Knežević, independent member; 9. Zoran Jović, Prof./Dr, PhD, independent member. |
| <p>18. Do Company's enactments specify the competences of the Board of Directors or the Company's Supervisory Board?</p> | |
| <p>Answer:</p> | <p>YES, if the term "supervisory board" means the Bank's Board of Directors.</p> |
| <p>19. Do the Company's enactments specify the criteria defining the required vocational and professional knowledge and experience, and other conditions for the appointment of person to become member of the Company's Board?</p> | |
| <p>Answer:</p> | <p>NO, these are established by the Law on Banks and sublegal enactments of the National Bank of Serbia.</p> |
| <p>20. Does the Company's board analyse and assess at least once a year the quality and efficiency of its work, and propose measures and activities for improvement, and reports of these measures to the shareholders?</p> | |
| <p>Answer:</p> | <p>NO, considering that the Law on Bank defines competences of the Board of Directors, including the type and manner of reporting to shareholders.</p> |
| <p>21. Are independent directors, or independent member of the supervisory board, obliged and in what way are they obliged to notify the Company and shareholders about all changes that may affect their status in relation to their independence?</p> | |
| <p>Answer:</p> | <p>YES, in line with the Article 78 of the Law on Banks.</p> |
| <p>22. Has the General Meeting of Shareholders adopted a transparent and publicly available remuneration policy of the members of the Company's boards, and does the amount of this remuneration depend on their contribution to the achievement of financial and non-financial results and business targets of the Company?</p> | |
| <p>Answer:</p> | <p>The policy that regulates remuneration is passed by the Board of Directors, pursuant to the Law on Banks. The amount of remuneration for the members of the Board of Director is set by the Bank's General Meeting of Shareholders, in line with the Law on Banks. The amount of remuneration for the Executive Board's members depends on their contribution.</p> |
| <p>23. Has the Company's board, in addition to the legally required audit committee, also formed other committees/commission, or other professional advisory bodies?</p> | |
| <p>Answer:</p> | <p>YES</p> |
| <p>List the names of the committees/commission, or bodies if they have been formed, with the number of members and mandate entrusted to them and the Company's enactments by which these bodies have been formed and which regulate their competence.</p> | <p>In addition to the Audit Committee, the Bank has formed: Assets and Liabilities Management Committee, Credit Committee and Compensation Committee.</p> |
| <p>24. Has the remuneration paid to the members of the committees/commissions of the Company been included in the remuneration policy for the members of the Company's boards, or established within the frame defined by the Company's General Meeting of Shareholders?</p> | |

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| Answer: | YES, it has been established by the decision of the Bank's General Meeting of Shareholders determining the remuneration for the members of the Board of Directors. |
| 25. Have the Company's enactments clearly defined authorizations and responsibilities of the executive directors? | |
| Answer: | YES, if the term "executive directors" means the Bank's Executive Board. |
| List the Company's enactments which regulate these issues. In one-tier management systems specify the way and enactments which separate duties and authorizations between the executive and non-executive directors. In two-tier management systems, state whether the Executive Board has been established. | Articles of Association of the Bank. |
| 26. Have the Company's enactments specified the criteria that define the required vocational and professional knowledge and experience, and other requirements for the appointment of person to the position of executive director? | |
| Answer: | NO, the criteria for the appointment of certain members of the Bank's bodies are established by the Law on Banks and sublegal regulation of the NBS, if the term "executive directors" means the Bank's Executive Board. |
| 27. Has the process of performance evaluation of the executive directors by non-executive directors been established and implemented, the non-executive directors being members of the Board of Directors or supervisory board in the companies with two-tier management system? | |
| Answer: | Yes, if the term "executive directors" means the Bank's Executive Board. |
| 28. Does the remuneration of the Executive Board members consist of a fixed and variable part (bonuses, stimulations etc.) depending of their contribution to the achievement of financial and non-financial results and business targets of the Company? | |
| Answer: | YES |
| 29. Does the Company have established effective mechanism for providing true, timely, comprehensive and equal reporting to the members of the Company's boards by the executive directors, i.e. in what way has the procedure been established in terms of reporting to the non-executive directors, or members of the supervisory board about all issues that affect business operations, financial position and potential risk to the balance of the Company's assets? | |
| Answer: | Manner of reporting to the Bank's bodies has been defined by the Law on Banks and NBS regulations. In addition to the mandatory / regulatory reporting of the banks bodies and management, the Bank has also regulated the system of internal reports and reporting dynamics. |
| 30. Do the executive directors inform the Company's Board about the issues referred to in the Article 416 of the Law on Companies, and particularly in the sense of providing qualitative opinions and analysis that decided the company' business in the reporting period, with the view and analysis of more significant risks of the company's business and future long-term and short-term perspectives of the company? | |
| Answer: | YES, if the term "executive directors" means the Bank's Executive Board, and the term Company's Board the Board of Directors of the Bank. Manner of reporting has been regulated by the Law on Banks, NBS regulations and internal enactments of the Bank, i.e. Articles of Association. Article 416 of the Law on Companies is not applicable to banks. |

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| List the issues being reported by the Company's Board | <p>Among other, the Bank's Executive Board:</p> <ul style="list-style-type: none"> • Proposes to the Board of Directors the business policies and strategy of the Bank, and risk management strategy and policies, as well as the Bank's capital management strategy; • Implements risk management strategy and policies and the Bank's capital management strategy by adopting risk management procedures, or procedures that regulate identification, measuring and assessment of risks and, by providing their implementation, reports to the Board of Directors about these activities; • Analyses the risk management system and reports to the Bank's Board of Directors at least about the risk exposure and management. |
| 31. Has the company organized the function of Company's Secretary, and if so, list in more detail as to the duties and responsibilities entrusted to this person? | |
| Answer: | The Bank has appointed Corporate Secretary, whose competence is to – prepare sessions of the Bank's General Meeting of Shareholders, Board of Directors, take minutes and keep documentation prescribed by the law and Bank's Articles of Association |
| SUPERVISION AND CONTROL | |
| 32. Has the Company established the Audit Committee? | |
| Answer: | The Law on Banks clearly defines the Audit Committee as the Board of Director's body with plainly defined composition and competences. |
| State the composition of the audit committee, whether the Chairperson of the Audit Committee is and independent director/member, as well as whether at least one member of the committee has been appointed by the Company's General Meeting of Shareholders? | <p>Members of the Audit Committee:</p> <ol style="list-style-type: none"> 1. Daniel Pantić, PhD, Chairman 2. Milena Kovačević, Member 3. Javed Hamid, Member |
| 33. Has the Company formed bodies, or appointed persons that perform duties of internal supervision? | |
| Answer: | YES, the Internal Audit, Compliance and Risk Management Division |
| State the Company's enactment which regulates these issues, and state the terms of appointment of person who manages these issues; also, state the information about the person who fulfils the conditions prescribed for internal auditor's position in accordance with the law | <p>Compliance manager: Snežana Ristović Terms have been prescribed by the enactment regulating organization and systematization of jobs in Komercijalna Banka AD Beograd: to have the appropriate qualifications, knowledge and experience, and both professional and personal qualities, to know and monitor changes in legislation, sub-legal and internal enactments of the bank, to know professional rules, good business practices and business ethics of the bank, and to have knowledge and capability to assess their internal compliance and effect to the Bank's business operations. Internal Audit manager: Gordana Bradić Terms prescribed by the Law on Banks and the enactment regulating Organization and Systematization of Jobs in Komercijalna Banka AD Beograd: to have the appropriate qualifications, knowledge and experience, and both professional and personal qualities, to know and monitor changes in legislation, sub-legal and internal enactments of the bank, to know and monitor implementation of the accounting policies and financial reporting; to conduct checks of implementation of risk management policies, to know and value policies and processes in the bank with the aim of their further improvement. Gordana Bradić is an authorized auditor (Chamber of Authorized</p> |

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| | <p>Auditors of the RS), and a Certified Internal Auditor (Global Institute of Internal Auditors). Executive Director for Risk Management: Una Sikimić Terms have been prescribed by the enactment regulating organization and systematization of jobs in Komercijalna Banka AD Beograd: to have the appropriate qualifications, knowledge and experience, and both professional and personal qualities, skills, to organize and provide the adequacy and improvement of the risk management system, organize identification, measurement, mitigation, monitoring, control and reporting activities in the part of risk management that fall under the competence of risk management.</p> |
| <p>34. Do the Company's enactments regulate the issues specified in the Article 452 of the Law on Companies more closely?</p> | |
| <p>Answer:</p> | <p>YES</p> |
| <p>State the manner in which mutual rights and obligations of persons in charge of the internal supervision and the respective Company's audit committees/commissions are regulated, particularly with reference to reporting</p> | <p>Enactments at the Bank's level and enactments which individually regulate the work of bodies that perform duties of internal supervision.</p> |
| <p>35. Are there mechanisms and rules of supervision and control implementation defined at the Company's level, and are there indicators of activities that are specially intended to indicate to the internal supervision the need for implementation of preventive supervision and control?</p> | |
| <p>Answer:</p> | <p>YES, by internal enactments.</p> |
| <p>36. Does the internal supervision system include jobs related to insider information?</p> | |
| <p>Answer:</p> | <p>YES, by internal enactments.</p> |
| <p>37. Does the external auditor of the Company inform the audit committee about the issues stipulated by the Article 453 of the Law on Companies?</p> | |
| <p>Answer:</p> | <p>YES, in accordance with the Law on Banks, Articles 52, 53 and 54. The National Bank of Serbia establishes and publishes the list of auditors that may perform audit, based on the criteria which it prescribes, and pre-conditions required to perform the external audit of banks The pre-conditions to perform the audit for the Bank:</p> <ul style="list-style-type: none"> • The external auditor may conduct no more than five consecutive audits of regular annual financial statements of the bank, • The external auditor may not conduct both an audit of the bank's financial statements and provide consultancy services to such bank during the same year, nor may it conduct audit for the business year in which it provided consulting services to the bank, • The person performing the audit must be independent from the Bank (criteria listed in the Article 54, Para. 2). |
| <p>State in what way has the communication between the external auditor and the Company's supervision committee (audit committee) been regulated</p> | <p>In accordance with the Terms of Reference for the Audit Committee as of 21.12.2018, as follows:</p> <ul style="list-style-type: none"> • Together with the Bank's external auditor, considers the annual audits of the Bank's financial statements – article 2, item 7 of the Terms |
| <p>38. Does the external auditor also prepare separate internal document to the Company's Board (Management Letter), which includes considerable weaknesses identified in the control procedures, accounting and operational acts of the Company, with suggestion for their improvement?</p> | |
| <p>Answer:</p> | <p>Yes, after completed audit, the external auditors composes the document called „the Management Letter“, the contents of which if presented to the Bank's boards when adopting the financial</p> |

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| | statements. |
| 39. Do the representatives of the external auditor attend the sessions of the General Meeting of Shareholders when shareholders consider the report on audit of the Company's financial statements? | |
| Answer: | Yes, the external auditor's representatives attend the General Meetings of Shareholders and meeting of the Bank's Audit Committee when they consider the financial statements for previous fiscal year, in accordance with the Law on Banks. |
| TRANSPARENCY AND PUBLICITY | |
| 40. Does the Company have clearly defined and publicly available reporting policy, which defines the principles, rules and procedures of reporting to shareholders, competent bodies, public and all stakeholders? | |
| Answer: | YES |
| 41. Does the Company publish reports on business operations with the report of external auditor in accordance with the law, bylaws and Stock Exchange rules? | |
| Answer: | Yes, the Company's Annual and Quarterly Reports (Law on Capital Market). |
| 42. Do the Company's reports on business operations contain all elements prescribed by the law, and particularly the elements prescribed by the article 289 of the Law on Companies and article 50 of the Law on Capital Markets? | |
| Include all the elements from the listed articles | Yes, the Company's annual report contains all the elements prescribed by the article 289 of the LoC and article 50 of the LoCMs |
| 43. Does the Company, in addition to the information prescribed by the LoCMs, also establish and instantly publish other data that may affect the price of Company's share and shareholders' position? | |
| Answer: | YES |
| Specify the data on disclosed information in accordance with the LoCMs (for instance, changes in significant share in the Company; acquisition/alienation of own shares etc.), as well as other data that have impact on the price (for instance business news, shareholders agreements, court proceedings to contest Company's GMS decisions etc.) | No other information which would impact the price was disclosed in 2018, since there wasn't any. |
| 44. Are the updated data on the Company's insiders publicly available, with all the information on the number/present of the Company's shares owned by them? | |
| Answer: | YES |
| State which data are available and where can these data be publicly accessed | Information about the ownership structure of the Bank are publicly available on the web page of the Central Registry of Securities, Depository and Clearing House, and the largest shareholders are informed on their obligation to keep the insider information secret in writing |
| 45. Does the Company publish biographic information about the Company's board members, executive directors, members of the Audit Committee and persons who manage the internal supervision? | |
| Answer: | NO |
| Specify where has this information been published | |

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| 46. Does the Company publish the information on transactions with related persons and related persons with special authorizations in the Company? | |
| Answer: | Yes, the Bank is publishing information about the relations with related persons in line with the Law on Banks, Law on Accounting and Law on Capital Markets |
| Specify where has this information been published | On the web page of the Bank, www.kombank.com , in the External Auditor's report, in the Company's Annual Report, and in the quarterly reports (LoCMs). |
| 47. Does the Company report to the public about individually disbursed compensations and other financial and non-financial rights and benefits that have been exercised by the managers and supervisors of the Company, as well as member of the Company's committees and boards? | |
| Answer: | PARTIALLY The Bank publishes data on gross and net earnings of the Board of Directors, Executive Board and the Audit Committee with the Annual Financial Statement, as part of the "Notes to individual financial statements." |
| Specify where has this information been published | On the Bank's web page, www.kombank.com |
| 48. Does the Company use its own web page to publish all the relevant information? | |
| Answer: | YES – The External Auditor's Report, Financial Statements, Company's Annual Report, Company's Quarterly Reports (LoCMs) |
| Specify web page address | www.kombank.com |
| 49. Has the web page of the Company been organized so as to enable simple access to the information important for the investors? | |
| Answer: | YES |
| Specify the way in which informing the investors has been organised (for instance, whether a special content has been uploaded to the web page intended for the investors, that can be accessed from the home page of the Company's website) | Special content has been organized on the page "Securities" and "About us – the Bank's General Meeting of Shareholder". |
| 50. Is all relevant investment information also published in English language? | |
| Answer: | Yes, all relevant reports and information on the Bank's web page are simultaneously published in Serbian and English language. |

STATEMENT – This is to state that the answers contained in this Questionnaire were acknowledged by the Bank's Executive Board, and that everything stated herein is true, to their best knowledge, and thus they agree with disclosing these answers on the web page of Belgrade Stock Exchange - Beogradska berza a.d. Beograd.

Deputy President of the Bank's Executive Board President of the Bank's Executive Board
 Slađana Jelić Vladimir Medan, PhD

 First and last name of the legal representative
 (Own hand signature)