

**CORPORATE BY-LAWS
OTP BANKA SRBIJA
(REVISED TEXT)¹**

I INTRODUCTORY PROVISIONS

Article 1

By these Corporate By-Laws, OTP banka Srbija (hereinafter: the Bank) is regulating the organization, operations, acts and other issues in accordance with the provisions of the Law on Banks (*Official Gazette of the Republic of Serbia, Nos. 107/2005, 91/2010 and 14/2015*) (hereinafter: *the Law*).

II STATUS, LEGAL FORM

Article 2

The Bank is a joint stock company with the rights, obligations and responsibilities established by Law, the Articles of Incorporation Act and these Corporate By-Laws.

The Bank has the legal form of a non-public joint-stock company.

The Bank may have a seal, stamp, trademark, which may be, in terms of the law governing companies, be used in business correspondence and other documents, as well as a memorandum whose form, content and method of use is determined by the Bank's Executive Board.

III BUSINESS NAME AN REGISTERED OFFICE

Article 3

The business name of the Bank is:

OTP banka Srbija akcionarsko društvo Novi Sad.

Abbreviated registered name of the Bank is: OTP banka Srbija.

The registered office of the Bank is in Novi Sad at Trg slobode No. 5.

IV PRIMARY ACTIVITY OF THE BANK

Article 4

The primary activity of the Bank is:

64.19 – Other monetary mediation.

¹ The revised version of the Corporate By-Laws OTP banka Srbija is composed of the integral text of the Corporate By-Laws adopted on 31 01 2022. and Decision on amendment of the Corporate By-Laws adopted at the Bank Assembly session on 30.03.2023.

V BANK SHARES

Article 5

The owner of an ordinary share has:

- A) The right to access legal acts and other Bank documents and information;
- b) The right to participate in the work of the Shareholders' Assembly;
- c) The right to vote at the Assembly in accordance with the Law and the Corporate By-Laws;
- d) The right to dividend payments according to a decision of the Assembly on the distribution of operating results;
- e) The right to participate in the distribution of liquidation residue, upon the liquidation of the Bank, in compliance with the Law;
- f) The pre-emptive rights for new issues of ordinary shares and replaceable bonds;
- g) The right to distribute shares in accordance with the Law;
- h) Remaining rights in accordance with the Law and the Bank's general acts.

In accordance with the Law and other regulations governing the capital market, the Bank can also issue replaceable bonds, warrants and other securities.

VI MANAGEMENT, BANK BODIES

Article 6

The Bank is governed by its only shareholder, in accordance with the Articles of Incorporation and these Corporate By-Laws.

Article 7

The bodies of the Bank are the Assembly, the Board of Directors and the Executive Board.

In accordance with the Law and the Corporate By-Laws, the following committees are formed: the Audit Committee, the Credit Committee and the Assets and Liabilities Committee.

In accordance with the Corporate By-Laws, the following committees are formed: the Operational Risk Management Committee, the Workout Committee, the Corporate Credit Risk Committee and the Retail Credit Risk Committee.

The Bank may establish other committees as well, whose scope of work, composition, mandate, decision-making quorum, and other questions shall be defined by this Corporate By-Laws, the way it was done for the Committees from paragraphs 2 and 3 of this Article.

The Bank may establish other bodies whose scope of work, composition, mandate and decision-making quorum are defined by an act of the Board of Directors on the internal organization of the Bank.

1. SHAREHOLDERS' ASSEMBLY

Composition

Article 8

Within the Bank, as a single member company, the function of the Shareholders' Assembly (hereinafter: the Assembly) is performed by its only shareholder.

Competencies

Article 9

The Assembly:

- 1) adopts the Bank's business policy and strategy, which defines the Bank's objectives for a period of no less than three years;
- 2) adopts the Corporate By-Laws and amendments and addenda to the Articles of Incorporation and the Corporate By-Laws;
- 3) adopts financial statements and decides on the use and distribution of gains, *i.e.*, coverage of losses;
- 4) decides on the increase of the Bank's equity, *i.e.*, capital investments in another bank or legal entity, as well as in the investment amount in the Bank's fixed assets;
- 5) appoints and removes the President and the Members of Board of Directors;
- 6) determines remuneration for members of the Board of Directors;
- 7) decides on status changes, and termination of operations;
- 8) appoints and removes the external auditor;
- 9) adopts the rules of procedure and decides on other matters, in accordance with the Law and the Corporate By-Laws.

The Assembly cannot transfer onto other bodies the decision-making from Paragraph 1 of take Article.

TYPE OF ASSEMBLY SESSIONS

Article 10

Sessions may be ordinary (annual) and extraordinary.

Ordinary (annual) session of the Assembly

Article 11

The ordinary session of the Assembly (hereinafter: Regular Session) is convened and held at least once a year, by no later than within six months from the end of a business year.

Convocation, notification and the work of an ordinary session of the Assembly

Article 12

The Board of Directors convenes an ordinary session with a decision containing a proposal of the daily agenda, the date, time and place of convening in compliance with the Law, these Corporate By-Laws and the Assembly's Rules of Procedure.

Ordinary sessions are generally held at the Bank registered office, unless the Board of Directors decides otherwise.

The Bank applies a simplified procedure for calling the shareholder, since it is not a public company and has one shareholder.

Article 13

The Bank's Board of Directors is required to notify the National Bank of Serbia, within the deadline envisaged for notifying the shareholder, on the date and daily agenda of the Assembly session.

In accordance with the Law and based on a request from the National Bank of Serbia (hereinafter: the NBS), the daily agenda will be changed, based on a request at the session itself, with certain issues being added to the agenda for an ordinary session.

Article 14

Shareholder can participate in the Assembly via electronic means as well in accordance with the law governing companies.

Extraordinary session of the Assembly

Article 15

An extraordinary session of the Assembly can be convened under the conditions and in the manner stipulated by the Law and these Corporate By-Laws.

Convocation of an extraordinary session

Article 16

An extraordinary Assembly shall be convened by written request:

- 1) of the Board of Directors;
- 2) of the sole shareholder of the Bank.

The Board of Directors shall convene a session of the Assembly:

- 1) When the Bank becomes undercapitalized,
- 2) At the request of the Bank's internal audit, an external auditor or the Audit Committee,
- 3) At the request of the National Bank of Serbia,
- 4) Every time that it is deemed necessary.

The National Bank of Serbia may require specific issues be put on the daily agenda for an extraordinary session of the Assembly.

The request from Paragraph 1, Item 2 of this Article must be dated, signed by the shareholder, and must contain a proposal of the agenda and the reasons for which the Assembly is being convened.

The request must be addressed to the Bank's Board of Directors.

The Bank's Board of Directors is required to decide on the request, at the latest, within 10 days from the date of receipt of the request, and to notify the shareholder who has requested the Assembly session of its decision, within seven days of the date of adoption.

The Board of Directors will inform the National Bank of Serbia on the date of holding the Assembly session and its agenda, within the deadline provided for notifying members of the Assembly.

A representative of the National Bank of Serbia may attend the session, ordinary and extraordinary, and may address the shareholder at the session.

Article 17

Provisions of these Corporate By-Laws applicable to ordinary sessions will also apply to extraordinary sessions.

Article 18

A session of the Assembly can be held without a call and the delivery of materials, if the sole shareholder does not have any objections, *i.e.*, with its prior written consent provided electronically.

Representation – representatives and attorneys-in-fact

Article 19

A shareholder has the right to attend a session of the Assembly.

A shareholder exercises its right to attend a session of the Assembly, as a legal entity through legal representatives or via their authorized attorneys-in-fact, or a third party, in accordance with the law governing companies.

Written notice to this effect must be handed over at the Bank's registered office before a session of the Assembly.

The power of attorney cannot be given to members of the Board of Directors.

Quorum

Article 20

A quorum for a session of the Assembly is the sole shareholder.

Daily agenda, decision-making and presiding

Article 21

At a session of the Assembly, an ordinary share gives the holder the right to one vote.

The Assembly decides on issues contained in the daily agenda in accordance with provisions of the Law on Companies.

The Assembly makes decisions based on a proposal determined by the Board of Directors.

The manager of the organizational unit of the Bank within whose competencies are legal affairs, performs the duties of the chairman of the Assembly, *i.e.*, signs its decisions.

The work method, the decision-making process and other issues related to the work of the Assembly are more closely regulated by the Rules of Procedure of the Assembly.

The Rules of Procedure of the Assembly, among other, regulates the drafting minutes that should contain at least the following: date, time and place of the meeting, data about the shareholder and its representative, chairman of the meeting, minute taker and other persons present at the meeting, agenda, elements of the discussion per the agenda items, questions, comments, requests of the shareholder, voting results and signatures of persons in accordance with the general act of the Bank governing the signing of the minutes from the meetings. In addition, the Rules of Procedure of the Assembly will regulate the procedure of making decisions in writing, *i.e.* when the voting is done by a written statement of the shareholder, as well as what is considered to be the date of the written session, *i.e.* the date of decision making.

2. BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Article 22

The management bodies of the Bank are the Board of Directors and the Executive Board.

Members of the Bank's Board of Directors and Executive Board are responsible for the Bank's operations in accordance with the Law, regulations and acts of the National Bank of Serbia, the Bank's acts and procedures, in accordance with the duties and responsibilities of the Board of Directors, *i.e.*, the Executive Board defined by the Law, regulations adopted in terms of the Law, the Corporate By-Laws and the Bank's internal acts.

A representative of the National Bank of Serbia may attend sessions of the Bank's Board of Directors and the Executive Board, as well as the committees from Article 79, Paragraph 1, of the Law, and may address members of the same.

A member of the Bank's Board of Directors cannot be a member of the Executive Board.

A. Board of Directors

Composition of the Board of Directors

Article 23

The Board of Directors consists of at least five members, including the president.

Members of the Board of Directors must enjoy a good business reputation and appropriate qualifications, prescribed by the National Bank of Serbia.

At least one third of the members of the Board of Directors must be independent persons (independent members of the Board of Directors), or persons who do not have direct or indirect ownership in the Bank, or a member of the banking group the Bank belongs to. Independent members of the Board of Directors must fulfill other conditions prescribed by the National Bank of Serbia.

At least one member of the Board of Directors must have active knowledge of the Serbian language and have a permanent residence within the territory of the Republic of Serbia.

The Board of Directors can have one or more deputy presidents, appointed from among its members by the Assembly. The deputy president has authorizations equivalent to the president of the Board of Directors in his/her absence.

Members of the Board of Directors are mutually equal in the rights and duties established by Law and these Corporate By-Laws.

Members of the Board of Directors are responsible to the Assembly.

The president of the Board of Directors presides over meetings of the Board of Directors and signs acts issued by the Board of Directors in accordance with the act regulating the work of the Board of Directors.

Appointment to the Board of Directors

Article 24

The president and members of the Board of Directors, upon proposal of the existing Board of Directors, are nominated by the Assembly for a term of four years, contingent on National Bank of Serbia approval.

At least three members of the Board of Directors must have sufficient experience in the field of finance and fulfill other conditions prescribed by the National Bank of Serbia.

An individual with no less than three years of experience in a management position of a company in the financial sector, or six years of experience in the field of finance and banking, which individual has been recognized as an expert or a scientific worker in these areas, may be appointed to the Board of Directors, from the previous Paragraph.

Other members may be persons who have at least six years of experience in the managing position of a company.

Removal, resignation and expiration of mandate of members of the Board of Directors

Article 25

A member of the Board of Directors may be removed by a decision of the Assembly in the following cases:

1. if the individual ceases to fulfill statutory requirements,
2. if he/she acts contrary to the provisions of the Law;
3. if he/she is liable for irregularities in the Bank's operations;
4. if he/she has been convicted of a criminal offense carrying a sentence of imprisonment, or a final ruling for a criminal offense which makes him/her unworthy of the function;
5. in case of legal obstacles to membership prescribed by the Law;

A member of the Board of Directors may be dismissed by a decision of the Assembly if the Assembly deems this in the best interest of the Bank.

Each member of the Board of Directors may submit a written letter of resignation containing the date of resignation. The Bank is required to ensure the continuity of this Board's work in relation to its composition and structure.

Letters of resignation are submitted to the Board of Directors. The Board of Directors submits the resignation to the Assembly.

At its first subsequent session, the Assembly will bring the decision resolving a member of the Board of Directors who resigned.

The Assembly dismisses a member of the Board of Directors on the basis of a decision referred to under Paragraphs 1, 2 and 5 of this Article.

In case of dismissal, *i.e.*, resignation from the previous Paragraph or expiration of mandate of a member of the Board of Directors, which would lead to a number of members of the Board of Directors below the statutorily required minimum, or if this is necessary in order to maintain the statutorily prescribed composition and structure of the Board of Directors, the mandate of the member who was dismissed, *i.e.*, who resigned or whose mandate has expired, will continue until the appointment of another member of the Board of Directors, but not longer than three months from the date of dismissal, resignation or expiration of mandate.

In the event referred to in the preceding Paragraph, the Board of Directors will immediately initiate the procedure for the appointing of a missing member to the Board of Directors, or members who are missing according to the structure of the Board of Directors.

In case of expiration of mandate of a member of the Board of Directors for whom the Bank submitted a request to the National bank of Serbia for prior consent for his reappointment, the member of the board shall continue to perform his function until receipt of the decision of the National bank of Serbia on the outcome of the procedure on the subject request.

The Bank will notify the National Bank of Serbia about the dismissal or resignation of a member of the Board of Directors within ten days from the date of dismissal or resignation, stating cause.

The Bank is required to inform the National Bank of Serbia of changed circumstances regarding the fulfillment of the conditions for the appointment of members of the Board of Directors, within 10 days from the date of receiving knowledge of the changed circumstances.

Competencies

Article 26

The Board of Directors:

- 1) convenes sessions of the Assembly;
- 2) prepares draft decisions for the Assembly session and is responsible for the implementation of those decisions;
- 3) approves a draft of business policy and strategy and submits it to the Bank's Assembly for adoption;
- 4) adopts risk management strategy and policy, as well as a strategy for managing the Bank's equity;
- 5) establishes general terms and conditions of operation as well as their amendments and addenda;
- 6) appoints and removes the President and members of Executive Board;
- 7) appoints and removes members of the Board in terms of Article 79, Paragraph 1 of the Law;
- 8) establishes the maximum amounts for placements and indebtedness the Executive Board can vote on, and decides on placements indebtedness of the Bank exceeding those amounts;
- 9) renders prior consent for the Bank's exposure towards every individual entity, or group of affiliates, in excess of 10% of the Bank's equity, *i.e.*, for an increase in this exposure in excess of 20% of the Bank's equity;
- 10) supervises the work of the Executive Board;
- 11) establishes a system of internal controls and supervises its effectiveness;
- 12) adopts the program and plan for the Bank's internal audit and its work methodology;
- 13) evaluates reports from external and internal audits, on results of performed audits, as well as the reports on the activities and work of the internal audit, and approves annual reports on the adequacy of the bank's risk management and internal control;
- 14) adopts quarterly and annual reports of the Executive Board on the Bank's operations, including quarterly reports on risk management, and submits the adopted financial report to the Assembly for final adoption;
- 15) adopts rulebooks for its work and the work of the Board referred to under Article 79, Paragraph 1 of the Law;
- 16) adopts the Bank's recovery plan;
- 17) informs the National Bank of Serbia and other competent bodies regarding detected deficiencies in the work of the Bank;
- 18) determines the Bank's internal organization, or organizational structure, which defines the division of competencies, duties and responsibilities among the employees, members of management bodies and other persons in a managerial position at the Bank, in a manner that prevents conflict of interest and provides a transparent and documented process of adopting and implementing decisions;
- 19) adopts a policy regarding salaries and other employee income;
- 20) performs other tasks in compliance with the Corporate By-Laws.

The Board of Directors is responsible for the accuracy of all reports on operations, the financial balance and operational results sent to the shareholder of the Bank, to the public and to the National Bank of Serbia.

In addition to the competencies referred to under Paragraph 1 of this Article, the competencies of the Board of Directors in the field of labor relations have been defined under Article 68 herein.

Meetings of the Board of Directors

Article 27

A meeting of the Board of Directors is convened when required, and at least once every three months.

Meetings of the Board of Directors can be regular or extraordinary.

Regular meetings of the Board of Directors are held within the registered office, or other organizational areas of the Bank, on the territory of the Republic of Serbia. Regular meetings of the Board of Directors may also be held via telephone or audiovisual connection.

Members of the Board of Directors shall be informed of the date and the agenda of the regular meetings at least five working days before the meeting. Material for regular meetings shall be submitted to members of the Board of Directors at least two working days prior to the meeting.

In urgent cases, sessions of the Board of Directors may be held via e-mail (extraordinary sessions). Minutes of an extraordinary session with all the prescribed elements will be drafted and adopted. Decisions of special importance for the functioning and operations of the Bank, and especially those decisions whose complexity requires detailed consideration, making proposals and answers to the questions, cannot be made at written sessions. The members of the Board of Directors shall be informed about the holding of the extraordinary session by submitting materials and proposed decisions. Members of the Board of Directors have the right to participate in the work of the extraordinary session within 48 hours from the sending of the invitation, except in the case when the stated deadline falls on a non-working day when the deadline shall be next working at 3 p.m.

The Board of Directors will hold a session if the National Bank of Serbia requests it in order to consider a specific issue.

The Board of Directors will inform the National Bank of Serbia of the date of convening and the agenda for the meeting within the deadline for informing its members. The tasks of informing the National Bank of Serbia about the holding of sessions and about the decisions made on behalf of the Board of Directors are performed by the employees in the organizational unit of the Bank responsible for the Secretariat affairs.

The Bank will, together with the annual report submitted to the National Bank of Serbia in accordance with the Law, submit a report on the total number of meetings held by the Board of Directors and their respective location.

The Board of Directors may hold a meeting if the majority of the total number of its members are in attendance.

The Board of Directors will make a decision by a majority of the total number of members.

In order to ensure work continuity, in the event of the president being detained otherwise, the meeting will be presided over, and the acts signed by, the deputy president of the Board of Directors.

The work method, the decision-making process and other issues related to the work of the Board of Directors, are more closely regulated by the Rules of Procedure of the Board of Directors.

The Rules of Procedure of the Board of Directors, among other, regulates the drafting minutes that should contain at least the following: date, time and place of the meeting, members present, chairman of the meeting, minute taker and other persons present at the meeting, agenda, elements of the discussion per the agenda items, questions, comments, requests of board members, voting results and signatures of persons in accordance with the general act of the Bank governing the signing of the minutes from the meetings. In addition, the Rules of Procedure of the Board of Directors will regulate the procedure of making decisions in writing, *i.e.* when the voting is done by a written statement of the members of the Board of Directors, as well as what is considered to be the date of the written session, *i.e.* the date of decision making.

B) Executive Board

Composition of the Executive Board

Article 28

The Executive Board shall consist of at least two members, one of which is the president of the Executive Board.

The president and members of the Executive Board are elected by the Board of Directors, for a period of five years, provided that their appointment has been approved by the National Bank of Serbia.

Members of the Executive Board must enjoy a good business reputation and appropriate qualifications, prescribed by the National Bank of Serbia.

At least one member of the Executive Board must have active knowledge of the Serbian language and have permanent residence within the territory of the Republic of Serbia, and all members of the Executive Board must have a temporary residence within the territory of the Republic of Serbia.

The functions of the members of the Executive Board, and their more closely defined titles (executive director, *etc.*) are determined by the Board of Directors if deemed purposeful.

Members of the Executive Board must be employed by the Bank for an indefinite period of time, on a full-time basis.

Members of the Executive Board are mutually equal in the rights and duties established by law and these Corporate By-Laws.

Members of the Executive Board are accountable to the Board of Directors.

The president of the Executive Board presides over the meetings independently, and signs acts adopted by the Executive Board together with another member from the Board.

In case of his expected absence or impediment, the President of the Executive Board is authorized to appoint a member of the Executive Board to whom all rights and obligations related to chairing the sessions during the period of his absence or impediment will be transferred.

In case of unexpected absence or impediment of the President of the Executive Board, the members of the Executive Board are replaced in the chairing of the sessions until the return of the President in a way that the first available member of the Executive Board based on the alphabetical order of his/her surname shall take over chairing as of the day of occurrence of the unexpected absence or impediment of the President of the Executive Board, in which case that member retains the position of the chairman from the first session after the impediment of the President until the scheduling of the next regular session.

Removal, resignation and expiration of mandate of members of the Executive Board

Article 29

A member of the Executive Board will be dismissed by a decision of the Board of Directors in the following cases:

1. if the individual ceases to fulfill statutory requirements,
2. if he/she acts contrary to the provisions of the Law;
3. if he/she is liable for irregularities in the Bank's operations;
4. if he/she has been convicted of a criminal offense carrying a sentence of imprisonment, or a final ruling for a criminal offense which makes him/her unworthy of the function;
5. in case of legal obstacles to membership prescribed by the Law;

A member of the Executive Board may be dismissed by a decision of the Board of Directors if the Board of Directors assesses this to be in the best interest of the Bank.

Each member of the Executive Board may submit a written letter of resignation containing the date of resignation. The Bank is required to ensure the continuity of this Board's work in relation to its composition in accordance with these Corporate By-Laws.

Letters of resignation are submitted to the Board of Directors.

At its first subsequent meeting, the Board of Directors will bring the decision resolving a member of the Executive Board who resigned.

The Board of Directors will dismiss a member of the Executive Board on the basis of a decision referred to under Paragraphs 1, 2 and 5 of this Article

In case of dismissal, i.e., resignation from the previous Paragraph or expiration of mandate, which would lead to a number of members of the Executive Board below the statutorily required minimum, or if this is necessary in order to maintain the statutorily prescribed composition and structure of the Executive Board, the mandate of the member who was dismissed, i.e., who resigned or whose mandate has expired, will continue until the appointment of another member of the Executive Board, but not longer than three months from the date of dismissal, resignation or expiration of mandate.

In the event referred to in the preceding Paragraph, the Board of Directors will immediately initiate the procedure for appointing the missing member of the Executive Board.

In case of expiration of mandate of a member of the Executive Board for whom the Bank submitted a request to the National bank of Serbia for prior consent for his reappointment, the member of the board shall continue to perform his function until receipt of the decision of the National bank of Serbia on the outcome of the procedure on the subject request.

The Bank will notify the National Bank of Serbia about the dismissal or resignation of a member of the Executive Board within ten days from the date of dismissal or resignation, stating cause.

The Bank is required to inform the National Bank of Serbia of changed circumstances regarding the fulfillment of the conditions for the appointment of members of the Executive Board, within 10 days from the date of receiving knowledge of the changed circumstances.

Competencies

Article 30

The Executive Board organizes and supervises the daily operations of the Bank.

The Executive Board is responsible for the implementation and efficient functioning of the Bank's internal control system.

The Executive Board:

- 1) executes decisions of the Assembly and the Board of Directors;
- 2) proposes to the Board of Directors the Bank's business policy and strategy, as well as the strategy and policy for risk management and capital management strategy;
- 3) implements the Bank's business policy and strategy by adopting appropriate decisions;
- 4) implements the strategy and policies for risk management and capital management by adopting risk management procedures, *i.e.*, identifying, measuring and assessing risks, and ensuring their implementation, reporting to the Board of Directors in relation to these activities;

- 5) analyzes the risk management system and, at least on a quarterly basis, reports risk level exposure and risk management to the Board of Directors;
- 6) decides on placements and indebtedness of the Bank up to the amount determined by the Board of Directors;
- 7) decides, with prior approval from the Board of Directors, on each increase of the Bank's exposure towards an entity affiliated with the Bank, and informs the Board of Directors of the same;
- 8) ensures safety and regular monitoring of the Bank's IT and treasury operations;
- 9) informs the Board of Directors of all activities which are not in compliance with regulations and other enactments of the Bank;
- 10) presents a review of business activities, the Bank's balance sheet and the profit and loss statement to the Board of Directors, at least once during each quarter;
- 11) informs the Board of Directors and the National Bank of Serbia, promptly, of any deterioration in the Bank's financial situation, or the existence of danger of such a deterioration, as well as other facts that may significantly influence the Bank's financial situation;
- 12) ensures that all employees of the Bank are aware of regulations, and other enactments of the Bank, governing their work obligations;
- 13) adopts Rules of Procedure;
- 14) decides on any issues that are not within the competencies of the Assembly and the Board of Directors.

In addition to the competencies referred to under Paragraph 3 of this Article, competencies of the Executive Board in the field of labor relations have been defined under Article 69 herein.

Work of the Executive Board

Article 31

The Executive Board will perform the tasks from within the scope of its competencies as determined by the Law and these Corporate By-Laws and in the manner prescribed by the Rules of Procedure of the Executive Board.

The Executive Board may hold a meeting if the majority of the total number of its members are in attendance.

The Executive Board shall make a decision by a majority of the total number of members.

Manner of work, decision-making procedure and other issues related to the work of the Executive Board are regulated in more detail by the Rules of Procedure of the Executive Board.

The Rules of Procedure of the Executive Board, among other, regulate the preparation of minutes that should contain at least the following: date, time and place of the meeting, members present, chairman of the meeting, minute taker and other persons present at the meeting, agenda, elements of the discussion per the agenda items, questions, comments, requests of the board members, voting results and signatures of persons in accordance with the general act of the Bank governing the signing of the minutes from the meetings.

Obligation of informing the Assembly on income of members of the management bodies

Article 32

The Assembly shall consider at the very least annually, written information, with detailed data on all salaries, fees and other remunerations to members of the Board of Directors and Executive Board, and all contracts between the Bank and members of those Boards, as and other persons associated with those members, resulting in material gain for those persons, as well as a proposal of the Board of Directors on salaries, fees and other property benefits to such persons for the following year.

3. OTHER COMMITTEES OF THE BANK

Audit Committee

Article 33

The Audit Committee assists to the Board of Directors in supervising the activities of the Executive Board and Bank's employees.

Article 34

The Audit Committee consists of at least three members, of which no less than two are members of the Bank's Board of Directors with appropriate experience in the field of finance. At least one member of the Audit Committee must be a person independent of the Bank.

Members of the Audit Committee cannot be persons connected to the Bank, except on the basis of membership in the Board of Directors, or a management and/or supervisory body of an entity within the same banking group.

Members of the Audit Committee are appointed and dismissed by the Board of Directors.

Members are appointed for a period of 4 years with the possibility of reappointment, with the mandate of members who are simultaneously members of the Board of Directors will be automatically terminated with the termination of the office of a member of the Board of Directors.

Each member of the Audit Committee may submit a written letter of resignation containing the date of resignation.

In case of resignation i.e. dismissal, the Board of Directors is required to ensure the continuity of this Board's work in relation to its composition and structure.

Article 35

The Audit Committee is required to:

- 1) analyze the annual reports and other financial statements submitted to the Bank's Board of Directors for review and adoption;
- 2) analyze and adopt draft policies and procedures regarding risk management and internal control system submitted to the Board of Directors for review and adoption;
- 3) analyze and monitor the application and adequate implementation of adopted strategies and policies for risk management and the implementation of an internal control system;
- 4) report to the Board of Directors on its activities, and detected discrepancies, at least once a month, as well as propose a manner of rectifying these discrepancies, and/or improving policies and procedures for risk management and the implementation of an internal control system;
- 5) consider investments and activities upon a proposal from the Board of Directors, or the Executive Board, or an external auditor of the Bank;
- 6) recommend an external auditor to the Board of Directors and the Assembly;
- 7) review, with an external auditor, the annual audit of the Bank's financial statements;
- 8) propose to the Board of Directors items for the daily agenda, of the Assembly, having to do with external and internal audits;

The Bank's Audit Committee is required to propose to the Board of Directors the elimination of detected irregularities and the scheduling of an extraordinary session of the Assembly, when it assesses that the Bank is operating in contravention of the Law, other regulation, the Corporate By-Laws or other acts of the Bank, or arrives at this conclusion on the basis of audit reports, or when it has discovered other irregularities that may have more severe consequences on the Bank's operations.

Article 36

The Bank's Audit Committee will meet at least once a month, at least once every three months within the Bank's registered office.

The Audit Committee may work, convene, discuss and decide if a majority of the total number of its members, including the president, *i.e.*, the chairperson, are present at a meeting.

Decisions are made by the majority of the total number of members of the Audit Committee.

The manner of work, decision-making procedure and other issues related to the work of the Bank's Audit Committee are regulated in more detail by the Rules of Procedure of the Bank's Audit Committee.

The Rules of Procedure of the Bank's Audit Committee, among other, regulate the preparation of minutes that should contain at least the following: date, time and place of the meeting, members present, chairman of the meeting, minute taker and other persons present at the meeting, agenda, consideration of proposed agenda items by members of the Committee, elements of the discussion per the items of the agenda, questions, comments, requests of the board members, voting results, proposals of the Audit Committee for elimination of identified irregularities and for improvement of policies and procedures for risk management and implementation of the Bank's internal control system and signature of the person in accordance with the general act of the Bank which regulates the signing of the minutes from the meetings.

Credit Committee

Article 37

The Credit Committee decides on loan applications, within the framework of the Bank's regulations, and performs other activities determined by the Bank's regulations and the regulations of the National Bank of Serbia.

Article 38

The Credit Committee has at least three members and three deputy members who, are appointed and dismissed by the decision of the Board of Directors from among persons employed in the Bank as managers in charge of risk management and sales activities. In addition, the Board of Directors may appoint other members of the Credit Committee and their deputies, where the performance of a managerial function within the Bank is a prerequisite for appointment.

The deputy members have the role of the members with all rights and obligations in the event of the absence of the member they are replacing.

The Board of Directors designates from appointed members the President and the Deputy President of the Credit Committee, where the President is mandatorily a representative of the risk management area.

The members and deputy members of the Credit Committee are appointed on an indefinite term, *i.e.* until dismissed or replaced by the Board of Directors or termination of employment in the Bank, *i.e.* until reallocated to another working position.

In the event of the fulfillment of one of the conditions from the above Paragraph, the Board of Directors is required to ensure the continuity of this Committee's work in relation to its composition and structure.

Article 39

The Credit Committee performs the following tasks:

- 1) decides on existing and new placements – loan applications in the scope and up to the limits determined by the Board of Directors and in accordance with the Law and by-laws brought by the National Bank of Serbia
- 2) decides on limits of clients in the corporate segment and makes decisions for management of those limits in accordance with the Bank's internal regulation
- 3) establishes the terms for placements approval in line with the Bank's internal regulation
- 4) defines general lending principles for the current year and proposes them for adoption to the Board of Directors
- 5) performs other activities according to the Law and Corporate By-laws

Article 40

The Credit Committee convenes, discusses and decides if a majority of the total number of its members, including the president, *i.e.*, the chairperson, are present at a meeting.

Decisions are made by the majority of the total number of members of the Credit Committee.

The manner of work, decision-making procedure and other issues related to the work of the Credit Committee are regulated in more detail by the Rules of Procedure of the Credit Committee.

The Rules of Procedure of the Credit Committee, among other, regulate the preparation of minutes which should contain at least the following: date, time and place of the meeting, present members, chairman of the meeting, minute taker and other persons present at the meeting, agenda, elements of the discussion per the agenda items, questions, comments, requests of the board members, voting results and signatures of persons in accordance with the general act of the Bank governing the signing of the minutes from the meetings.

The Assets and Liabilities Management Committee

Article 41

The Assets and Liabilities Management Committee monitors the exposure of the Bank to the risks arising from the structure of its balance sheet liabilities and receivables and off-balance sheet items, on the basis of the obtained information, proposes measures for managing interest rate risk and liquidity risk by making concrete conclusions and / or decisions at meetings, *i.e.* clear guidelines to organizational units of the Bank and its employees who should ensure adequate management of these risks, and performs other tasks determined by the acts of the Bank and the regulations of the National Bank of Serbia, which is presented in the clear and transparent manner through the minutes of the sessions from Article 44, paragraph 4 of the Corporate By-Laws.

Article 42

The Assets and Liabilities Management Committee has at least three members who are appointed and dismissed by the decision of the Board of Directors from among persons employed in the Bank as managers in charge of finance, risk management and sales activities, of which at least two are members of the Executive Board in accordance with the requirements of the group to which the Bank belongs. In addition, the Board of Directors may appoint other members of the Assets and Liabilities Management Committee, where the performance of the managerial function within the Bank is a prerequisite for appointment.

The Board of Directors designates from the appointed members the President and the Deputy President of the Assets and Liabilities Management Committee, where the President is mandatorily a representative of finance and the Deputy President is a representative of risk management area.

The membership of appointed members of the Assets and Liabilities Management Committee is on an indefinite term, i.e. until dismissed or replaced by the Board of Directors, or termination of employment in the Bank, i.e. until reallocated to another working position.

In the event of the fulfillment of one of the conditions from the above Paragraph, the Board of Directors is required to ensure the continuity of this Committee's work in relation to its composition and structure.

Article 43

The Assets and Liabilities Committee performs the following tasks:

1. Analyzes and monitors, on a monthly basis, the Bank's balance from the aspect of securing:
 - a. maturity and repricing harmonization of assets and liabilities,
 - b. liquidity and solvency,
 - c. stability of operations and adequate profitability and
 - d. control of exposure to the interest risk in the banking book and to market risks (pricing and foreign exchange risk)
2. Defines the price of the Bank's products and services (interest rates, fees and commission policy)
3. Monitors movements in the balance sheet, funding structure and achieved weighted average cost of funding, on a monthly basis, and proposes measures for harmonization:
4. Analyzes changes in the Bank's liabilities and proposes to the Executive Board and Board of Directors solutions and measures necessary for improving quality, from the aspect of
 - a. deposit volume,
 - b. needs of share capital increase, *i.e.* share issue,
 - c. justifiability of long- and short-term securities issues.
5. Reviews new development plans and their influence on the balance sheet , *i.e.*, the Bank's assets and liabilities,
6. Reviews the implementation of budget and implications of deviations on the balance sheet structure,
7. Analyzes reports on the balance sheet development and changes in assets and liabilities as well as reports on market risk, liquidity risk and interest rate risk and adopts measures for harmonizing the maturity structure, liquidity maintenance, efficient liquidity risk and interest rate risk management, increasing profitability, in accordance with the Bank's general acts, whereby the reporting of the Assets and Liabilities Management Committee is performed in accordance with the Bank's Policies for risks, which does not question the scope of work of the Executive Board and the Board of Directors regarding reporting,
8. Monitors early warning and recovery plan indicators,
9. Decides on approval of temporary breach of the internally defined limits in the area of liquidity and interest rate risks in exceptional situations and informs Board of directors accordingly,
10. Performs other tasks prescribed by the NBS in line with the Law.

Article 44

The Assets and Liabilities Management Committee convenes, discusses and decides if a majority of the total number of its members are present at a meeting.

Decisions are made by the majority of the total number of members.

The manner of work, decision-making procedure and other issues related to the work of the Assets and Liabilities Management Committee are regulated in more detail by the Rules of Procedure of the Assets and Liabilities Management Committee.

The Rules of Procedure of the Assets and Liabilities Management Committee, among other, regulate the preparation of minutes that should contain at least the following: date, time and place of the meeting, present members, chairman of the meeting, minute taker and other persons present at the meeting, agenda, elements of the discussion per the agenda items, questions, comments, requests of the board members, voting results, made decisions, conclusions and/or guidelines within the competence of this Committee to the organizational units and employees of the Bank and signature of person in accordance with the general act of the Bank governing the signing of the minutes from the meetings.

Operational Risk Management Committee

Article 45

The Operational Risk Management Committee has at least three members who are elected by the decision of the Executive Board from among persons employed in the Bank as managers responsible for the areas of risk management, IT and Operations activities and Bank security, where the role of the President of the Committee is assigned to representative of the risk management area. In addition to the above, the Executive Board may elect other members to the Operational Risk Management Committee as well as deputy members, where the performance of a managerial function within the Bank is a prerequisite for election.

The deputy members have the role of the members with all rights and duties in the event of the absence of the member they are replacing

Election under the paragraph 1 above is made per managerial function. Therefore, the members and deputy members of the Operational Risk Management Committee are members i.e. deputy members until they are at the managerial position which is designated by the decision of the Executive Board for a membership in the Operational Risk Management Committee. In case of their dismissal or termination of their employment with the Bank or reallocation to other working position, which is not designated for a membership in the Operational Risk Committee, the new employee appointed for the designated managerial function is automatically appointed member or deputy member of the Operational Risk Management Committee.

The Executive Board is required to ensure continuity of this Committee's work in relation to its composition and structure in line with provisions of this Article.

Article 46

The task of the Operational Risk Management Committee is to support the Executive Board in activities related to the management of operational risks, i.e. implementation of risk management strategy and policies relating to operational risks, as well as identification, measurement, monitoring and control of exposures to operational risks in the Bank's operations. Specific tasks and responsibilities of the Operational Risk Management Committee are regulated in more details by an act of the Board of Directors on the internal organization of the Bank.

Article 47

The Operations Risk Management Committee convenes, discusses and decides if a majority of the total number of its members are present at a meeting.

Decisions are made by the majority of the total number of members of Operational Risk Management Committee.

The manner of work, organization of sessions, presence of other invitees who are not members of the Committee at the sessions, decision-making process and other procedural issues related to the work of the Operational Risk Management Committee are regulated in more detail by the Rules of Procedure of the Operational Risk Management Committee, which is adopted by the Executive Board

The Rules of Procedure of the Operational Risk Management Committee, among other, regulate the preparation of minutes that should contain at least the following: date, time and place of the meeting, members present, chairman of the meeting, minute taker and other persons present at the meeting, agenda, elements of the discussion per the agenda items, transparent presentation of activities and other tasks of the board determined by the Bank's acts within its competence, questions, comments, requests of the board members, voting results and signature of persons in accordance with the general act of the Bank governing the signing of the minutes from the meetings.

Workout Committee

Article 48

The Workout Committee has at least three members who are appointed by the decision of the Executive Board from among persons employed in the Bank as managers responsible for the areas of debt management, finance and legal affairs, where the role of President of the Committee is assigned to the representative of a debt management function. In addition, the Executive Board may elect other members to the Workout Committee, as well as deputy members, where the performance of a managerial function within the Bank is a prerequisite for election.

The deputy members have the role of the members with all rights and duties in the event of the absence of the member they are replacing

Election under the paragraph 1 above is made based on managerial function. Therefore, the members and deputy members of the Workout Committee are members i.e. deputy members until they are at the managerial position which is defined by the decision of the Executive Board for a membership in the Workout Committee. In case of their dismissal or termination of their employment with the Bank or reallocation to other working position, which is not designated for a membership in the Workout Committee, the new employee appointed for the designated managerial function is automatically appointed member or deputy member of the Workout Committee.

The Executive Board is required to ensure continuity of this Committee's work in relation to its composition and structure in line with the provisions of this Article..

Article 49

The Workout Committee supports the Executive Board in activities related to the debt management of the Bank, including analysis of NPL placements and monitoring results from receivables collection.

Specific tasks and responsibilities of the Workout Committee are regulated in more details by an act of the Board of Directors on the internal organization of the Bank.

Article 50

The Workout Committee convenes, discusses and makes decisions if a majority of the total number of its members are present at a meeting.

Decisions are made by the majority of the total number of members.

The manner of work, organization of sessions, presence of other invitees who are not members of the Committee at the sessions, decision-making procedure and other procedural issues related to the work of the Workout Committee are regulated in more detail by the Rules of Procedure of the Workout Committee, which are adopted by the Executive Board.

The Rules of Procedure of the Workout Committee, among other, regulates the preparation of minutes that should contain at least the following: date, time and place of the meeting, present members, chairman of the meeting, minutes taker and other persons present at the meeting, agenda, elements of the discussions per the agenda items, questions, comments, requests of the board members, voting results and signatures of persons in accordance with the general act of the Bank governing the signing of the minutes from the meetings.

Corporate Credit Risk Committee

Article 51

The Corporate Credit Risk Committee has at least three members elected by the decision of the Executive Board from among persons employed in the Bank as managers responsible for the areas of risk management and corporatesales activities, whereas the number of members in charge of risk management prevails and the role of the President of the Committee is assigned to the representative of risk management area.. In addition , the Executive Board may elect other members to the Corporate Credit Risk Committee as well as deputy members, where the performance of a managerial function within the Bank is a prerequisite for the election.

The deputy members have the role of the members with all rights and duties in the event of the absence of the member they are replacing

Election under the paragraph 1 above is made per managerial function. Therefore, the members and deputy members of the Corporate Credit Risk Committee are members i.e. deputy members until they are at the managerial position which is defined by the decision of the Executive Board for a membership in the Corporate Credit Risk Committee. In case of their dismissal or termination of their employment with the Bank or reallocation to other working position, which is not designated for a membership in the Corporate Credit Risk Committee, the new employee appointed for the designated managerial function is automatically appointed member or deputy member of the Corporate Credit Risk Committee.

The Executive Board is required to ensure continuity of this Committee's work in relation to its composition and structure in line with the provisions of this Article.

Article 52

The task of the Corporate Credit Risk Committee is to support the Executive Board in activities related to the management of corporate credit loan portfolio, i.e. in implementation of risk management strategy and policies, identification, measurement, monitoring and control of exposure to credit risk in corporate loan portfolio.

Specific tasks and responsibilities of the Corporate Credit Risk Committee are regulated in more details by act of the Board of Directors on the internal organization of the Bank

Article 53

The Corporate Credit Risk Committee convenes, discusses and decides if a majority of the total number of its members are present at a meeting.

Decisions are made by the majority of the total number of members.

The manner of work, organization of sessions, presence of other invitees who are not members of the Committee at the sessions, decision-making procedure and other procedural issues related to the work of the Corporate Credit Risk Committee are regulated in more detail under the Rules of Procedure of the Corporate Credit Risk Committee which are adopted by the Executive Board.

The Rules of Procedure of the Corporate Credit Risk Committee, among other, regulate the preparation of minutes that should contain at least the following: date, time and place of the meeting, members present, chairman of the meeting, minute taker and other persons present at the meeting, agenda, elements of the discussions per the agenda items, proposals of the board for elimination of identified irregularities and for improvement of policies and procedures for the risk management and implementation of internal control systems, questions, comments, requests of the board members, voting results and signature of persons in accordance with the general act of the Bank governing the signing of the minutes from the meetings.

Retail Credit Risk Committee

Article 54

The Retail Credit Risk Committee has at least three members who are elected by the decision of the Executive Board from persons employed in the Bank as managers responsible for the areas of risk management and retail and small business sales activities, whereas the number of members in charge of risk management activities prevails and the role of the President of the Committee is also assigned to the representative of the risk management area. In addition, the Executive Board may elect other members to the Retail Credit Risk Committee, as well as deputy members, where the performance of a managerial function within the Bank is a prerequisite for the election.

The deputy members have the role of the members with all rights and duties in the event of the absence of the member they are replacing

Election under the paragraph 1 above is made per managerial function. Therefore, the members and deputy members of the Retail Credit Risk Committee are members i.e. deputy members until they are at the managerial position which is defined by the decision of the Executive Board for a membership in the Retail Credit Risk Committee. In case of their dismissal or termination of their employment with the Bank or reallocation to other working position, which is not designated for a membership in the Retail Credit Risk Committee, the new employee appointed for the designated managerial function is automatically appointed member or deputy member of the Retail Credit Risk Committee.

The Executive Board is required to ensure continuity of this Committee's work in relation to its composition and structure in line with the provisions of this Article.

Article 55

The task of the Retail Credit Risk Committee is to support the Executive Board in activities related to the management of retail and small business credit loan portfolio, i.e. in implementation of risk management strategy and policies, identification, measurement, monitoring and control of exposure to credit risk in retail and small business loan portfolio.

Specific tasks and responsibilities of the Retail Credit Risk Committee are regulated in more detailed by an act of the Board of Directors on the internal organization of the Bank

Article 56

The Retail Credit Risk Committee convenes, discusses and decides if a majority of the total number of its members are present at a meeting.

Decisions are made by the majority of the total number of members of the Retail Credit Risk Committee.

The manner of work, organization of sessions, presence of other invitees who are not members of the Committee on the sessions, decision-making procedure and other procedural issues related to the work of the Retail Credit Risk Committee are regulated in more detail by the Rules of Procedure of the Retail Credit Risk Committee, which are adopted by the Executive Board.

The Rules of Procedure of the Retail Credit Risk Committee, among other, regulate the preparation of minutes that should contain at least the following: date, time and place of the meeting, members present, chairman of the meeting, minute taker and other persons present at the meeting, agenda, elements of the discussions per the agenda items, proposals of the board for elimination of identified irregularities and for improvement of policies and procedures for the risk management and implementation of internal control systems, questions, comments, requests of the board members, voting results and signature of persons in accordance with the general act of the Bank governing the signing of the minutes from the meetings.

VII MAINTENANCE OF BANK LIQUIDITY AND SOLVENCY

Article 57

In order to efficiently manage liquidity risk, the competent authority of the Bank adopts and implements a liquidity management policy, which includes planning cash inflows and outflows, monitoring of liquidity, and the adoption of appropriate measures for preventing or detecting insolvency causes.

The Bank maintains liquidity by adjusting the structure and maturity of sources and placements:

- 1) with its engagement towards increasing deposits, capital increase and obtaining other sources,
- 2) with a more efficient collection of claims,
- 3) with the sale of short-term securities and other securities,
- 4) other measures.

If the measures referred to in Paragraph 1 of this Article do not secure liquidity, the Bank will take other measures, in accordance with regulations, as follows:

- 1) suspension of approval and loan release,
- 2) suspension of guarantee issuance and other forms of security,
- 3) suspension of the issuance of letters of credit, and other payment instruments,
- 4) suspension of payments from its giro account and accounts of the Bank's parts,
- 5) withdrawal of placements,
- 6) taking other measures as well for adjusting the inflow and outflow of funds.

The Executive Board is responsible for maintaining the Bank's liquidity and solvency in accordance with the internal organization acts.

VIII INTERNAL CONTROL SYSTEM, CONTROL OF THE CONFORMITY BETWEEN BANK OPERATIONS AND THE INTERNAL AUDIT FUNCTION

Internal control system

Article 58

The Bank establishes and applies an effective internal control system in a manner that ensures continuous monitoring of risks that the Bank is exposed to, or may be exposed to, during its operations, in accordance with the Law, by-laws of the National Bank of Serbia, consisting of:

- 1) risk management functions;
- 2) compliance functions;
- 3) internal audit functions.

Members of the Executive Board are responsible for performing internal control over the operations of the Bank, at all levels, in accordance with the established control system.

The Bank's Audit Committee, and the internal audit, control the regularity of the Bank's operations and the efficiency of the functioning of the internal control system.

Article 59

With the general act on internal control, the Bank secures and ascertains:

- 1) the establishment and development of adequate and efficient internal control procedures, as well as control of the consistent implementation of these procedures,
- 2) the preparation and continuous control of the implementation of the bank's business policy acts,
- 3) monitoring, analyzing and determining the acceptable limits for risks assumed by the Bank (credit risk, country risk, foreign exchange risk, market risk, interest rate risk, liquidity risk, operational and other risks);
- 4) Control of the work of persons with special authority and responsibilities in the Bank are.

The general act referred to under Paragraph 1 also defines the responsibility of the Executive Board for:

- 1) implementing established acts of the Bank,
- 2) developing procedures that enable the measurement and control of risks in the Bank's operations,
- 3) proposing the organizational structure of the Bank,
- 4) ensuring efficient performance of tasks and exercising the powers entrusted to employees of the Bank,
- 5) determining the internal control procedures and monitoring their adequacy and efficiency in eliminating observed deficiencies,
- 6) implementing changes to the Bank's books of accounts, in accordance with an auditor's opinion as accepted by the competent body of the Bank.

The general act referred to in paragraph 1 shall also determine the responsibility of other bodies of the Bank, and persons with special competencies and responsibilities within the Bank for:

- 1) strict adherence to the principle of possessing solid knowledge of all clients,
- 2) establishing high moral standards during the performance of all business activities,
- 3) full involvement of all Bank employees during the implementation of internal control procedures.

Article 60

Internal control procedures in day-to-day operations are integrated at all levels, and in particular through:

- 1) notification of the Board of Directors, the Executive Board and persons with special powers and responsibilities for performing all of the Bank's activities.
- 2) Control of the work of all organizational parts of the Bank
- 3) Physical control,
- 4) Control of risk maintenance within the established limits and assuming measures in case these limits are exceeded,
- 5) Control of decision making, and in particular control of compliance with established authorization limits,
- 6) Checking and adjusting the reporting of business changes, as well as their disclosure in the financial statements.

As part of the Bank's internal control organization, it is required to establish complete control over its information systems.

In that sense, the Bank, in accordance with NBS regulations, defines competencies and responsibilities for:

- 1) developing and implementing procedures that ensure timely detection and prevention of money laundering, at all organizational levels of the Bank, as well as the effective supervision over the implementation of these procedures,
- 2) determining and issuing disciplinary and other sanctions to persons responsible for implementing procedures for detecting and preventing money laundering.

Article 61

The Executive Board is required to continuously monitor the efficiency of the implementation of internal control procedures, in particular:

- 1) by including control over the basic risks associated with its operations, into its daily tasks,
- 2) by periodically assessing the implementation of internal control procedures within a specific segment of its operations, conducted by managers in charge of this area of business (self-evaluation),
- 3) with an assessment of the internal control procedures, as a whole, and the assessment of the individual procedures and the manner in which they are carried out by the Bank's internal auditor.

The Executive Board is required to provide timely information to managers regarding shortcomings in the internal control procedures, as well as to inform the Bank's Board of Directors of important shortcomings in the same.

Article 62

The Bank identifies, measures and estimates the risks to which it is exposed in its operations and manages those risks.

The Board of Directors is required to ensure, and the Executive Board is required to implement the functional and organizational separation of the Bank's risk management from its business activities.

Risk management is adjusted to the size and organizational structure of the Bank, the scope of its activities and the types of operations that the Bank performs.

The Bank defines its risk management strategies and policies, capital management strategy, procedures for identifying, measuring and assessing risks, as well as risk management, in accordance with the regulations, standards and rules of the profession.

The acts referred to in paragraph 4 of this Article contain:

- 1) procedures for identification, measurement and risk assessment;
- 2) risk management procedures;
- 3) procedures which ensure control and the consistent application of all internal acts of the Bank relating to risk management;
- 4) procedure for regular reporting to the Bank bodies and the regulatory body on risk management.

Compliance function

Article 63

Compliance control of the Bank's operations is within the scope of special organizational unit.

The head of the organizational unit referred to in Paragraph 1 of this Article will be appointed and dismissed by the Board of Directors.

Provisions of the Law will apply to the unit in charge of controlling compliance, its manager and employees.

Internal audit function

Article 64

The Bank's internal audit is performed by a special organizational unit accountable to the Board of Directors.

The head of the organizational unit responsible for internal audit is elected and dismissed by the Board of Directors.

The provisions of the Law shall apply to the composition, rights, duties, powers and manner of work, of the organizational unit in charge of the internal audit, and its employees.

IX SIGNING AND REPRESENTATION OF THE BANK

Article 65

The Bank is represented by the president of the Executive Board.

The president of the Executive Board represents the Bank in internal legal transactions and in foreign operations.

When concluding legal affairs and assuming legal actions from the scope of the Executive Board, the president of the Bank's Executive Board will secure the signature of one member of that Board.

Article 66

As part of the Bank's activities, employees may, as attorneys-in-fact based on employment, assume legal actions and conclude transactions in accordance with applicable regulations and acts of the Bank's competent body, which regulates the signing and representation of the Bank in greater detail, without a separate power of attorney.

When assuming legal transactions on behalf of the Bank, the application of the principle of two signatures is required.

X PERSONS WITH SPECIAL AUTHORIZATIONS AND RESPONSIBILITIES

Article 67

Persons with special authority and responsibilities in the Bank are:

- 1) President and members of the Executive Board,
- 2) Heads of committees and other organizational units of the Bank in accordance with the act on the Bank's internal organization.

The persons referred to under Paragraph 1 shall have the competencies and responsibilities prescribed by the Law, the Corporate By-Laws and general acts of the Bank.

XI COMPETENCIES OVER LABOR RELATIONS

The scope of the Board of Directors

Article 68

In addition to the competence of the Board of Directors established by the Law, the Board of Directors will, on behalf of the Bank, conclude employment contracts, and agreements on termination of employment, with members of the Executive Board (including the president of the Executive Board), the head of the organizational unit of the Bank in charge of the internal audit, as well as the head of the organizational unit of the Bank in charge of the compliance.

The Bank's Board of Directors:

- 1) decides on the rights, obligations and responsibilities arising from the employment of members of the Executive Board (including the president of the Executive Board);
- 2) decides on the rights, obligations and responsibilities arising from the employment of the head of the Bank's organizational unit in charge of the internal audit and of the head of the organizational unit in charge of compliance.

The scope of the Executive Board

Article 69

In addition to the competencies of the Executive Board established by the Law, the Executive Board will, in accordance with labor regulations, *i.e.*, the Bank's on labor regulations:

- 1) adopt the labor rulebook;
- 2) adopt the job classification rulebook in accordance with the established internal organization, *i.e.*, the organizational structure established by the Board of Directors of the Bank;
- 3) adopt redundancy programs;
- 4) adopt decisions authorizing the conclusion of a collective bargaining agreement;
- 5) adopt general acts from the field of labor relations;

The Bank, as the employer, concludes the collective bargaining agreement with the representative trade union. The president of the Executive Board signs the collective bargaining agreement on behalf of the Bank. At the time of signing the collective bargaining agreement, the president of the Executive Board is required to secure the signature of one member of the Executive Board.

Employment agreements and agreements on termination of employment (other than those referred to under Article 68 of the Corporate By-Laws) are entered into, on behalf and for the account of the Bank, by the Executive Board or by a person authorized to do so by the Executive Board. The rights, obligations and responsibilities

arising from employment (other than those referred to under Article 68 of the Corporate By-Laws) will be decided by the Executive Board or by a person authorized to do so by the Executive Board.

The power of attorney from Paragraph 3 herein shall be granted in writing.

XII ORGANIZATION AND MANNER OF OPERATIONS

Article 70

The Bank operates with its own funds, with funds acquired on the market, and funds acquired from other persons, in the manner and under the conditions laid down by regulations.

The Bank operates in its own name and own behalf, and the operations can be performed on its own name, and on behalf of other persons, as well as in the name and on behalf of other persons.

Article 71

The Board of Directors decides on the Bank's internal organization, *i.e.*, organizational structure, based on a proposal from the Executive Board, with an act that secures the division of competencies, duties and responsibilities of employees, members of managing bodies and other persons in a managerial position in the Bank, in a manner that prevents conflict of interest and provides transparent and documented processes for making and implementing decisions.

Article 72

The Bank's internal organization consists of organizational units and organizational forms in which transactions of the Bank are performed (in its headquarters and out of it), which may have certain competencies in legal transactions.

The Board of Directors adopts decisions on establishment of the organizational units, their authorization and competence, as well as their abolition, in accordance with an act on the Bank's internal organization. The Executive Board adopts decisions on the establishment of the organizational forms, their authorization, competence and representative, as well as their abolition, in accordance with an act on the Bank's internal organization.

The Bank shall notify the National Bank of Serbia of the opening of a branch office or other organizational form, on the territory of the Republic of Serbia, no later than within eight days from the date of opening.

In order to open a branch office abroad, the Bank submits a request for approval to the National Bank of Serbia.

Branches

Article 73

The branch shall operate under the business name of the Bank, to which the name of the branch is added, in accordance with the internal organization of the Bank.

All the operations performed by the Bank may be performed within its branches.

The Bank is fully responsible for the obligations and risks of branch operations.

The branch does not have the status of a legal entity and performs business on behalf of the Bank.

The name of the branch, the registered office, representative and scope of activities, shall be determined by the Executive Board, in accordance with an act of the Board of Directors on the internal organization of the Bank.

Branch offices and basic branches of the Bank are not considered branches.

XIII GENERAL ACTS OF THE BANK

Types of general acts - publication

Article 74

General acts of the Bank are the Corporate By-Laws, the Articles of Incorporation, and other acts adopted by the Assembly, the Board of Directors and the Executive Board in accordance with the provisions of the law which in a general manner regulate specific issues.

In addition to the general acts referred to in the preceding Paragraph, the Board of Directors may, by its act, determine other types of general acts of the Bank adopted by the Board of Directors, the Executive Board and the bodies reporting to them.

Article 75

The Articles of Incorporation and the Corporate By-Laws are the basic general acts of the Bank.

Other general acts of the Bank must be in compliance with the Corporate By-Laws and the Articles of Incorporation. In case of non-compliance with the provisions of the Bank's Articles of Incorporation and its Corporate By-Laws, the provisions of the Articles of Incorporation shall apply.

General acts of the Bank shall be published in accordance with the law.

Article 76

Individual acts adopted by the Bank's bodies and authorized persons in the Bank must comply with the Bank's general acts.

Right of initiative for amendments and addenda to the Corporate By-Laws

Article 77

The right of initiative for amendments or addenda to the Corporate By-Laws belongs to the shareholder, the Executive Board and the Board of Directors.

The shareholder will exercise its right by submitting a reasoned proposal for the needed amendment, or addenda, to the Board of Directors and the chairman of the Assembly.

When the Board of Directors receives the initiative from the shareholder, or the Executive Board, or when it is the initiator, it will submit a reasoned proposal for amendments or addenda to the Assembly within the deadline set for under these Corporate By-Laws, for convening a meeting of the Assembly at which it will decide on amending or supplementing the Corporate By-Laws.

XIV BANKING SECRET

Article 78

A banking secret is a trade secret.

A banking secret is data prescribed by Law.

Article 79

The Bank and members of its bodies, shareholder, employees, as well as other persons who, due to the nature of the activities they perform, have access to data considered to be a trade secret by Law, *i.e.*, banking secret, may neither disclose such data to third parties, use such data against the interest of the Bank and its clients, nor enable third persons access to such data.

The obligation of keep banking secrets does not cease even after the termination of the status of persons referred to in Paragraph 1 of this Article, on the basis of which they obtained access to the data from that paragraph.

Client data considered to be a banking secret may be disclosed by the Bank to third parties only after written consent from the client, unless prescribed otherwise by Law.

Article 80

Exceptions to the obligation of keeping banking secrets shall not apply if data is disclosed:

- 1) on the basis of a decision or a request from a court of jurisdiction;
- 2) for the needs of the ministry in charge of internal affairs, bodies in charge of combating organized crime and the prevention of money laundering, in compliance with regulations;
- 3) in connection with property proceedings, on the basis of a request of the guardian of the property or the consular representative offices of foreign states, upon submission of written documents which prove legitimate interest of these parties;
- 4) in connection with an enforcement procedure over a client's property, by a body of jurisdiction;
- 5) to regulatory authorities of the Republic of Serbia, for the purpose of performing activities within their scope;
- 6) to an entity founded by banks for the purpose of collecting data on total amount, type and promptness, while fulfilling obligations of the Bank's clients, natural persons and legal entities;
- 7) to a competent authority in charge of supervising payment transaction operations by legal entities and natural persons conducting their activities in terms of regulations governing payment transactions;
- 8) to the tax administration pursuant to regulations which govern activities within its field of competencies;
- 9) to the authority responsible for controlling foreign exchange operations;
- 10) upon the request of a deposit insurance agency, in compliance with the law governing deposit insurance;
- 11) to foreign regulatory authorities under the terms and conditions stipulated in the cooperation agreement concluded between a foreign regulatory authority and the National Bank of Serbia.

Notwithstanding provisions specified under Paragraph 1 of this Article, the Bank has the right to disclose data that represent a banking secret to an investigative judge, public prosecutor, and courts and/or other bodies holding public and legal authorities, solely for the purpose of protecting its rights in terms of the Law.

Article 81

The duty of keeping banking secrets and handling this data is an obligatory element of the Bank's employment contracts.

XV INFORMATION, PUBLICATION, PUBLICITY OF WORK

Notification of shareholder

Article 82

The Bank's bodies provide the conditions for the shareholder to be regularly and fully informed about the work of the Bank and its bodies, on accounting statements, on operations reports, and other facts of importance for

the Bank's operations and the realization of the rights and obligations of the shareholder. This obligation exists despite the notification to shareholder through its activities in the Assembly.

Accounting statements, and other documents that are published, shall be submitted to the shareholder, regardless of whether they were submitted in the form of a proposal during the procedure for preparing a decision of the Bank's body.

The shareholder has the right to submit, in writing, questions about the Bank's management and the operations of the Bank's bodies. The Board of Directors, or the president of the Executive Board, must answer the questions addressed to them, within 15 working days, and the Assembly must take a position on questions addressed to it at the first following session.

In exercising the rights referred to in Paragraph 3 of this Article, a shareholder cannot disturb the process of work at the Bank, and is obligated to take into account the provisions of these Corporate By-Laws on banking secrets.

If the competent body, or the Bank's authorized person, fails to fulfill the obligation under this Article, it shall be liable for damage caused to the shareholder of the Bank.

Transparency of work

Article 83

In addition to the application of provisions from applicable regulations and these Corporate By-Laws, relating to the notification of all entities that have a legal interest in monitoring the Bank's operations (shareholder, creditors, employees), the Bank's bodies are required to ensure that interested parties are also informed about relevant facts regarding the Bank's operations, *i.e.*, the general public.

The information referred to in Paragraph 1 of this Article, may be received at the initiative of the Bank's body, or by inquiry from a third party.

The bodies of the Bank shall decide on the form, and scope, of information referred to in Paragraphs 1 and 2 of this Article, taking into account the interests of the Bank, the provisions of these Corporate By-Laws relating to banking secrets, and the mutual relationship of the Bank's bodies established by these Corporate By-Laws.

The Bank is required to publish data on the Bank's risk management strategy and policies, the Bank's equity, the Bank's capital adequacy, as well as other data, *i.e.*, information, in accordance with regulations of the National Bank of Serbia.

The Bank is not required to publish data and information that is not material, then data and information whose publication could adversely affect the competitive position of the Bank on the market, as well as data and information representing a banking secret within the meaning of the Law.

Article 84

The Bank is required to submit, to the competent register, for the purpose of publishing, information contained in documents prescribed by applicable regulations.

XVI STATUS CHANGES, RESTRUCTURING OF THE BANK, TERMINATION OF THE BANK

Status changes

Article 85

Status changes to the Bank include:

- merging the Bank with another bank/banks,
- merging the Bank with another bank or merging another bank to the Bank.

Article 86

The Assembly decides on status changes, upon a proposal of the Board of Directors.

The proposal referred to in Paragraph 1 of this Article must contain everything that is decisive for the decision on a status change that is to be implemented, in particular an analysis of the economic justification, as well as an analysis of the consequences on the financial market situation and the protection of shareholders' rights.

The proposal referred to in Paragraph 1 shall be delivered to the shareholder in the manner established by the Rules of Procedure of the Assembly in accordance with the Law.

Restructuring of the Bank

Article 87

Restructuring of the Bank is carried out in accordance with the Law and by-laws of the National Bank of Serbia.

Transparency of work

Article 88

The Bank shall cease its operations:

- 1) Revocation of work permit,
- 2) Voluntary termination of work in accordance with the Law,
- 3) Status changes.

Voluntary termination of work

Article 89

In case of the cessation of the conditions, or the economic interest, for the Bank's operations, the Assembly, upon a proposal received from the Board of Directors, will decide on the termination of the Bank's operation, in which case the Bank will submit a request to the National Bank of Serbia for approval to the decision of the Bank's Assembly on termination of its operations in accordance with the Law.

XVII TRANSITIONAL AND FINAL PROVISIONS

Legal effect

Article 90

These Corporate By-Laws shall enter into force on the eight day from the day of its publication on the Bank's notice board, but not before receiving consent of the National Bank of Serbia to the text of the Corporate By-Laws.

Article 91

With entry into force of these Corporate By-Laws the Bank's Corporate By-Laws dated January 26, 2021 shall cease to produce effect.

Number: 91/22-2
Novi Sad, 31.01.2022.

PRESIDENT OF THE ASSEMBLY
Zdenka Radičević



