

**QUESTIONNAIRE
ON CORPORATE GOVERNANCE PRACTICE FOR ISSUERS**

Business name of the Company:	<u>Komercijalna Banka AD Beograd</u>
Company Headquarters:	<u>Beograd, Svetog Save 14</u>
Company ID number:	<u>07737068</u>
Company Tax ID no.	<u>100001931</u>

Questionnaire instructions :

- When answering a question, a more detailed explanation is required in addition to a yes/no answer.
- If a question was answered based on information gathered from a publicly available Company act, it is required to indicate the location where the act can be read (e.g. the website the act has been published), and if an act which has not been published, indicate the act's full name and the Company body which has adopted it.
- If the answer is grounded on a usual corporate practice, it is required to provide a specific example to demonstrate such answer.

1. Has the Company adopted its own Code of Corporate Governance or has it applied another organization's Code of Corporate governance

Answer:	The Bank accepted the application of the Economic Chamber Corporate Governance Code ("Official Gazette of RS:" No. 99/2012).
Webpage where the applicable Code is publicly available:	www.pks.rs www.kombank.com

2. Have applicable corporate governance principles been incorporated into the Company acts and are there easily available to all stakeholders?

Answer	YES
The most significant acts on corporate governance and the manner in which they have been made available.	<ul style="list-style-type: none"> - Bank's Articles of Association (the consolidated text) No.18100 dated 06.07.2017, published on the webpage of the Business Registers Agency - Terms of Reference of the General Meeting of Shareholders passed on 25.04.2012 file No. 6390/3 - Terms of Reference of the Board of Directors passed on 21.12.2017, file No. 29940/8 - Terms of Reference of the Executive Board passed on 12.12.2017, file No. 29906 - Terms of Reference of the Audit Committee passed on 29.11.2017, file No. 28100/18 - Terms of Reference of the Credit Committee passed on 21.12.2017, file No. 29940/7 - Terms of Reference of the Asset and Liabilities Management Committee passed on 20.02.2018, file No.2510/9 <p>Other general enactments available to the shareholders in the Ban's head office in accordance with the Companies Law.</p>

4. Does the Company publish in its annual reports the information on its business operations' compliance with the corporate governance principles or provide explanations for any departure from the principles, in line with the Article 368 of the Law on Companies?	
Answer:	YES, the Annual Report of the Public Company (ZTK).
ASSEMBLY AND SHAREHOLDERS	
5. does and Invitation for meeting of the Shareholders Assembly include all the prescribed elements and information, including the Shareholders day details and information on shareholder's rights to participate in the activities of the Shareholders assembly and propose items of the agenda, with timeframe for exercising these rights, as well as the description of voting procedures, either by proxy, absentee ballot or electronically?	
Answer:	The invitation contains all the prescribed elements except voting by electronic means, since such voting method has not been provided for by the Bank's Statute.
6. Is the Invitation for meeting of Shareholders Assembly, with all relevant explanations and information submitted to the Stock exchange for the purpose of publishing in the regulated market, i.e. MTP Belex, immediately after its sending (publishing) to the shareholders	
Answer:	YES
Specify whether and how long following the sending of the invitation to shareholders it was submitted to the Stock exchange for the purpose of publication in 2017	YES, on the same day
7. Are the materials for the meeting of the Shareholders Assembly available on the Company website?	
Answer:	NO
Specify how the materials for the meeting of the Shareholders Assembly are available to the shareholders, if they are not available on the Company website.	A shareholder of a shareholder's proxy may in person, or pursuant to the written power of attorney, takeover the materials by all items of the proposed agenda for the Assembly session to be held in the Bank's head office, every working day from 8:00 to 16:00 hours.
8. Has the Company established some of the legally prescribed options for online participation in the Assembly activities, and if so, in which manner?	
Answer:	NO
9. Does the Company publish adopted decisions and minutes of the meeting, immediately, i.e. within prescribed deadlines after the meeting?	
Answer:	Yes
Specify in which manner the Company ensured shareholders and public notification on these issues?	By publicizing of the Bank's webpage, www.kombank.com
10. What materials, decisions and other relevant documents related to the Shareholders' Assembly, if any, are also prepared in English?	
Answer:	Report on determining voting results, Minutes of the session, as well as all decisions made by the Assembly are prepared in English.
11. Has the Company adopted the Shareholder' assembly Rules of Procedure and does this or other Company act set forth rules and procedures which ensure that shareholders are provided with timely answers to all relevant questions concerning the Assembly?	
Answer:	YES

Specify whether the company has ensured and in which manner that all shareholders are continuously provided with information on all applicable rules and procedures.	By publicizing of the Bank's webpage, www.kombank.com
12. Has the Company clearly defined its dividend policy and the procedures and deadlines for its distribution?	
Answer:	YES, Dividend Policy of Komercijalna Banka ad Beograd.
13. Has the Company issued in the previous year restriction on shareholders pre-emptive rights with respect to new issues of the Company's shares?	
Answer:	NO
14. Has the Company established its mechanism for prevention and settlement of possible conflicts between its shareholders and the company?	
Answer:	YES
Specify how shareholders have been notified of these procedures	The Regulation on Prevention of Conflict of Interest, published on the Bank's web site www.kombank.com , in the section "Securities".
15. Is the comprehensive information on the proposed nominees available to the Shareholders' assembly when selecting Board member, particularly the information on any relations to the Company, affiliated parties, competitors and main business partners of the Company?	
Answer:	All necessary data on candidates are submitted to the National Bank of Serbia for prior approval, in accordance with the Banking Law and NBS regulations. The decision of the Assembly does not produce a legal effect without the prior approval of the National Bank of Serbia.
16. Are shareholders enabled to exercise their rights to unrestricted participation in Shareholder's assembly activities and decision-making?	
Answer:	NO, application of the Law on Banks.
Specify the conditions concerning shareholder's participation in the Assembly (e.g. number of shares in their possession)	Shareholders holding at least 1% of voting shares exercise their voting rights directly (or via proxy) on the Assembly sessions. Shareholder holding less than 1% of voting shares may participate in the Assembly session jointly with other shareholders, via mutual proxy, provided that they have the required census of 1%.
BOARD OF DIRECTORS AND EXECUTIVE DIRECTORS	
17. Which governance system has the Company set up?	
One-tier system – Board of Directors (indicate Board members details, with the following indications> executive, non-executive and independent directors, and the information on the Board Chairman)	
Two-tier – system – indicate Supervisory board members details, with the indication of the independent directors, and the information on the Board chairman	Members of the Board of Directors are: <ol style="list-style-type: none"> 1. Mila Korugić Milošević, Chair of the Board; 2. Mirjana Čojbašić, member of the Board; 3. Ljilja Jovanović, member of the Board; 4. Philippe Delpal, member of the Board; 5. Andreas Kligen, member of the Board; 6. Khosrow Zamani, member of the Board; 7. Olivera Matić-Brbora, independent member< 8. Mats Kjaer, independent member.

18. Do the Company acts define in more detail the competence of the Board of Directors, i.e. the Company's Supervisory Board?	
Answer:	YES, if the term "supervisory board" means the Board of Directors.
19. Do the Company Acts define criteria for required expert and professional knowledge and experience, as well as other conditions for appointment of Board members?	
Answer:	NO, these are set forth in the Law on Banks and sub-legal acts of the National Bank of Serbia.
20. Does the Board of Directors prepares the analysis and assessments of the quality and efficiency of its activities minimum once per year, and propose measures and activities for their improvement, notifying shareholders of the above measures?	
Answer:	NO, not applicable for the bank.
21. Are independent directors i.e. independent members of the Supervisory Board under any obligation to inform the Company and its shareholders of all changes which may affect their status in term of independence?	
Answer:	YES, in line with the Article 78 of the Law on Banks.
22. Has the Company adopted a transparent and publically available remunerations policy for the Board of Directors members and is the remuneration amount dependent on their contribution to attaining corporate financial and non-financial results and business goals?	
Answer:	The remuneration policy is adopted by the Board of Directors, in accordance with the Law on Banks. The amount of compensation for the members of the Board of Directors is decided by the Assembly in accordance with the Law on Banks. The amount of compensation for the members of the Executive Board depends on their performance.
23. Has the Company's board; apart from the law-prescribed Audit Commission, formed any other commissions as well, specifically other expert advisory bodies?	
Answer:	YES
Specify the name if the Commission and/or bodies, if any, including the number of members and description of assigned tasks, as well as Company's acts which stipulate appointment of these bodies and their competence.	In addition to the Audit Committee, the Bank has also established: Asset and Liabilities Management Committee, Credit Committee and Compensation Committee.
24. Are the remunerations which are paid to the Company's Commission members included in remunerations policy for the Company's Commission member, i.e. determined within the framework defined by the Company's assembly	
Answer:	YES, determined by the decision of the Bank's Assembly establishing the compensation/remuneration for the members of the BoD and Audit Committee.
25. Do the Company's acts clearly define the authorizations and responsibilities of the executive directors?	
Answer:	YES, if the tern "Executive Directors" means the Executive Board of the Bank.
Specify the Company acts which regulate these issues. In case of companies with a one-tier system, state the manner and the acts which set border between the tasks and authorities of executive and non-executive directors. In case of a two-tier system, state if the executive board is formed.	Bank's Statute.

<p>26. Do the Company acts set the criteria which define the required expert and professional knowledge and experience, as well as other requirements that a persons must meet to be appointed to and executive director?</p>	
<p>Answer:</p>	<p>NO, the criteria for appointment of some members of the Bank's bodies are established by the Law on Banks and sub-legal acts of the NBS, unless under the term "executive directors" means the Bank's Executive Board.</p>
<p>27. Has the process of work evaluation of executive directors by non-executive directors of the Board of Directors, or by Supervisory Board, been established and is applied, I case of two-tier System.</p>	
<p>Answer:</p>	<p>YES, if the term "executive director" means the Bank's executive board.</p>
<p>28. Do the remunerations for the Executive Board members comprise the fixed and variable parts (bonuses, motivation, etc.) depending on their performance in achieving financial and non-financial results and the Company's assets?</p>	
<p>Answer:</p>	<p>YES</p>
<p>29. Does the Company have efficient mechanisms to provide accurate, timely, comprehensive and egalitarian reporting to the company's board member by the executive directors, specifically, which procedure is applied when reporting to the non-executive directors and / or members of the supervisory board on all issues relevant to the business operations, financial status, and potential risks to the Company's assets</p>	
<p>Answer:</p>	<p>The method of reporting of the Bank's bodies is defined by the Law on Banks and NBS Regulations. In addition to the mandatory regulatory reporting of the Bank's bodies and management, the Bank also regulated the internal reporting system and the reporting dynamics.</p>
<p>30. Do the executive directors report to the Company's board on the issues under Art.146 of the Law on Companies, specifically in term of giving qualitative opinion and analysis of important issues which significantly impacted Company's operations in the reporting period, including the view and analysis of significant Company's business risks and future long and short term perspective of the Company?</p>	
<p>Answer:</p>	<p>YES, if the term "executive director" means the Bank's executive board, and the term "Company's board" means the Bank's Board of Directors. The manner of reporting is regulated by the Law on Banks, the NBS regulations and internal acts of the Bank, or the Statute. Article 416 of the Law on Companies does not apply to banks.</p>
<p>Indicate issues that have been reported to the Company's board.</p>	<p>Amount other, the Bank's Executive Board, in line with the Bank's Statute:</p> <ul style="list-style-type: none"> proposes to the Board of Directors the business policy and strategy of the Bank, as well as the strategy and policy for risk management and capital management strategy of the Bank; Implements the strategy and policies for risk management and capital management strategy of the Bank by adopting risk management procedures, i.e. identifying, measuring and assessing risks, and ensuring their implementation and reporting to the Board of Directors in relation to these activities; Analyses the risk management system and at least quarterly reports the Bank's Board of Directors on the level of risk exposure and risk management.
<p>31. Does the Company have the function of the corporate secretary and, if yes, specify the assigned duties and responsibilities?</p>	
<p>Answer:</p>	<p>The Bank has appointed a corporate secretary whose jurisdiction is the preparation of meetings of the Bank's Assembly, the Board of</p>

	Directors, keeping records and keeping the documentation prescribed by the law and the Bank's Articles of Association.
SUPERVISION AND CONTROL	
32. Is there the Audit Commission in the company?	
Answer:	The Law on Bank clearly defines the Audit Committee as a body of the Board of Directors with specified composition and competencies.
Specify the composition of the Audit Commission, and if the Commission's Chairman is and independent Chairman/member of the Supervisory Board, as well as if at least one member of the Commission is and authorized auditor appointed by the Company's Assembly)	Members of the Audit Committee are: 1. Mats Kjaer, Chairman 2. Milena Kovačević, Member 3. Andreas Klingen, Member
33. Are there any bodies and/or persons appointed for the activity of internal audit?	
Answer:	YES, Internal Audit, Compliance and Risk Management Division.
Specify the Company act governing these issues and specify requirements for appointing the person in charge of these tasks, as well as the data of the person discharging these duties and the person who fulfils the requirements defined for and internal auditor in compliance with the law.	Head of Compliance: Snežana Ristović Required conditions by the regulation on organization and job classification in Komercijalna Banka ad Beograd: to possess appropriate qualifications, knowledge and experience, as well as professional and personal qualities, to know and monitor changes in laws, by-laws and internal acts of the bank, to know the rules of the profession, good business practices and business ethics of the bank, as well as having the knowledge and ability to assess their mutual compliance and their impact on the bank's operations. Head of Internal Audit: Gordana Bradić Required conditions by the regulation on organization and job classification in Komercijalna Banka ad Beograd: to possess appropriate qualifications in accordance with the Law, knowledge and experience, as well as professional and personal qualities, to know and monitor changes in laws, by-laws and internal acts of the bank, to know and monitor the application of accounting policies and financial reporting; to verify the implementation of risk management policies, to know and evaluate the policies and processes in the Bank, with a view to their further improvement. Gordana Bradić is an authorized internal auditor (Chamber of Authorized Auditors of RS), and Certified Internal auditor (Global Institute of Internal Auditors). Head of Risk Management Division: Marija Bogdanović Required conditions by the regulation on organization and job classification in Komercijalna Banka ad Beograd: to possess appropriate qualifications, knowledge and experience as well as professional and personal qualities, management skills, ability to organize and ensure the adequacy and improvement of the risk management system, organize identification, measurement, mitigation, monitoring, control and reporting activities in the risk management risk management responsibilities.
34. Do the Company acts more specifically regulate the issues under Art. 452 of the Law on Companies	
Answer:	YES
Specify the manner in which the mutual rights and obligation of the persons responsible for internal audit and the Audit Commission/Company's board are regulated, notably in the field of reporting.	Bank-level acts, as well as the acts that individually regulate the internal supervision operations.

35. Are there any mechanisms and rules for performing supervision and control established at the Company level, as well as the activity indicators that should suggest to the Internal Audit that the preventive audit and control need to be performed

Answer: YES, by internal regulations.

36. Does the system of Internal Audit include the insider information affairs?

Answer: YES, by internal regulations.

37. Does the External Auditor of the Company inform the Audit Commission on the issues under Art. 453 of the Law on Companies.

Answer: YES, in accordance with the Law on Banks, Art. 52, 53 and 54 - Audit Committee. The National Bank of Serbia shall establish and publish a list of auditors that may audit on the basis of the criteria it prescribes. Prerequisites for carrying out audit tasks for the Bank:

- The external auditor may perform at most five consecutive audits of the regular annual financial statements in the bank ,
- In the same year, the external auditor cannot audit the financial statements of the bank and provide consulting services to the bank, nor can it audit for the business year in which it provided such services,
- The auditor must be independent of the Bank (criteria listed in Article 54, paragraph 2))

Specify the methods of communication between the External Auditor and the company's audit commission.

According to the Terms of Reference of the Audit Committee as of 29.11.2017, as follows:

- Discusses with the external auditor of the Bank, the annual audit of the financial statements of the Bank - Article 2, paragraph 2, and item 7 of the Terms of Reference.

38. Does the External Auditor prepare a separate internal document of the Company's board (letter for management) comprising key shortfalls identified during the procedures of control, Company's accounting and operative procedures, including the suggestions for their improvement?

Answer: Yes, after the audit has been completed, the external auditor prepared the document called "the letter to management", and the bank's bodies get to know its contents when adopting the financial statements, "Analysis and annexes" with analysis of operation and calculated financial ratios.

39. Does the External Auditor attend the meetings of the Shareholders Assembly where the reports on performed audits and company's financial reports are reviewed?

Answer: Yes, the external auditor attends the meetings of the Assembly, the Board of Directors and the Audit Committee of the Bank, at which the financial statements for the previous business year are considered in accordance with the Law on Banks.

TRANSPARENCY AND PUBLICITY

40. Does the company have a clearly defined and publically accessible disclosure policy which defines principles, rules and procedures of reporting to shareholders, relevant authorities, public and other interested parties?

Answer: YES

41. Does the company publish its business reports including the report of the External Auditor in compliance with the law, by-laws, and regulations of the Stock-exchange

Answer: Yes, Annual Report of the Public Company, Quarterly Report of the Public Company (Law on Capital Market).

42. Do the company's business reports include all law-prescribed elements, notably elements prescribed under Art 289 of the Law on Companies and Article 50 of the Law on Capital Market?

The answer should include all elements specified in the aforesaid articles.	Yes, the Annual Report of the public company contains the elements prescribed by Article 289 of the Law on Companies and Article 50 of the Law on Capital Markets.
43. Apart from information defined in the Law on Capital Market, does the Company establish and immediately publish the data which may impact the price of shares of the Company and the shareholders' status	
Answer:	YES
Specify data on the published information in compliance with the Law on Capital Market (e.g. changes in the major equity; acquisition/disposal of own shares etc.) as well as other data that may influence the price (e.g. business news, shareholders agreement, court proceedings for refuting shareholders; decisions of the Company, etc.)	In 2017, no other data was published that would have an impact on the price, as there were no such data to publish.
44. Are the updated data in the Company's insiders publically accessible, including data on the number of Company's shares/ratio of shares owned by them?	
Answer:	YES
Specify the data that are accessible and the location at which they can be accessed	Data on the ownership structure of the Bank are publicly available on the website of the Central Registry, Securities and Clearing House, and the largest shareholders are informed in writing about the obligation of keeping insider information.
45. Does the Company publically announce the biographical data of the member of the Company board, members of the Audit Commission, and person responsible for internal supervision of business?	
Answer:	NO, the Bank applies the Law on Banks and NBS regulations.
Specify where these data are published	
46. Does the company publically announce the data on transactions with affiliated persons and deals with persons having special authorisations?	
Answer:	Yes, the Bank publishes data on relations with related parties in accordance with the Law on Banks, the Accounting Law and the Law on Capital Market.
Specify where these data are published.	On the Bank's website, www.kombank.com , in the External Auditor's Report, Annual Report of the Public Company, Quarterly Reports (Law on Capital Markets).
47. Does the Company report to the public on individually paid remunerations and other financial and non-financial rules and benefits gained by the holders of coordination, management and supervision functions in the company, as well as by the Company's board's Commission members?	
Answer:	YES, in accordance with Articles 77 and 78 of the Law on Banks (Decision of the Assembly)
Specify where these data are published	On the Bank's website , www.kombank.com
48. Does the Company use its own internet page to publish all relevant information?	
Answer:	YES - External Auditor's Report, Financial Statements, Annual Report of the Public Company, Quarterly Reports of a Public Company (Law on Capital Markets)

Indicate the internet page address	www.kombank.com
49. Is the Company's internet page organized in manner as to enable simple access to information relevant to investors?	
Answer:	YES
Specify the manner in which the investor informing process is organized (e.g. does the internet page contain special contents for investors that can be accessed from the home page of the company?)	Special content organized on the page called "the securities".
50. Is all relevant investment information published in the English language as well?	
Answer:	Yes, all relevant reports and information on the Bank's website are published simultaneously in Serbian and English.

STATEMENT – It is hereby stated that the Executive Board of the Bank agreed with responses contained in this Questionnaire and that the answers to the questions from this Questionnaire are, in their best knowledge, true, therefore may be publicly announced on the website of the Belgrade Stock Exchange a.d. Belgrade.

Member of the Bank's EB
Miroslav Perić

Chairman of the Bank's EB
Vladimir Medan, PhD

Full name of the legal representative
(Own hand signature)