

Pursuant to Article 12 of the Statute of the Agroindustrijsko komercijalna Banka "AIK BANKE" a.d. Beograd (hereinafter: the Bank) the Assembly of the Bank, at its regular meeting held on 30 April 2019 has adopted the

**S T A T U T E**  
**OF THE AGROINDUSTRIJSKO KOMERCIJALNA BANKA "AIK BANKA" A.D. BEOGRAD**  
**(REVIEWED TEXT)**

**I GENERAL PROVISIONS**

Article 1

Agroindustrijsko komercijalna banka "AIK BANKA" incorporated company Belgrade (hereinafter: Bank) was founded according to the Law on Banks and other Financial Institutions (Official Gazette of the Federal Republic of Yugoslavia No. 32/93 ... and Official Gazette of the Republic of Serbia No. 72/03, 61/05 and 101/05) which is registered at the Commercial Court in Nis, Registration Insert No. Fi 7343/93 transferred to the Business Registers Agency under No. BD (Cyrillic) 2946/2005 on 1 March 2005.

By the Amendments to the Statute, which came in force on 7 October 2010, the compliance of business activities, organization and acts of the Bank to the Law on Banks (Official Gazette of the Republic of Serbia 107/2005 - hereinafter: the Law) was conducted.

By the Amendments to the Statute, which came in force on 27 May 2011, the compliance of organization and acts of the Bank to the Law on Amendments to the Law on Banks (Official Gazette of the Republic of Serbia 91/2010) was conducted.

By the Amendments to the Statute, which came in force on 14 May 2012, the compliance of the Statute of the Bank to the Law on Companies (Official Gazette of the Republic of Serbia 36/211) and Law on Amendments to the Law on Companies (Official Gazette of the Republic of Serbia No. 99/2011) - hereinafter: Law on Companies was performed, and the registration of the Statute is done according to the Law on Registration.

By the Amendments to the Statute, which came in force on 30 May 2014, the Amendments to the Statute, suggested by the Management Board, were adopted.

The Amendments which came into force on 29 June 2015, refer (among others) to the change of registered office of the Bank and compliance to the Law on Amendments to the Law on Banks (Official Gazette of the Republic of Serbia 14/2015)

Amendments to the Statutes that came into force 6 October 2016 refer to the manner of taking over materials for the Bank's Assembly meeting, the quorum for the work and decision-making of credit boards and the provision of risk management, internal audit and control procedures at the banking group level.

Amendments to the Statute that came into force on 15 January 2019 relate to the harmonization of this act with the change of legal form from public to non-public joint stock company, which change was implemented on the basis of the Decision of the Securities Commission No. 1 / 1-102-4254 / 3-18 dated 28 December 2018 on deleting the Bank from the Register of Public Companies

Article 2

The Bank uses stamps, seals and can also have signets in its business activity.

Stamps, seals and signets are unified in content, shape and size.

The content, form, size and manner of use are prescribed by the Executive Board of the Bank.

Article 3

The Bank uses its business name in legal transactions (name of the Bank, legal form -Stock Company, place of registered office of the Bank) in Serbian language and Latin alphabet (either as business name, or shortened business name, according to the law and Articles of Association of the Agroindustrijsko komercijalna banka "AIK BANKA" a.d. Beograd).

Business letters and other documents (including the ones in electronic form) of the Bank addressed to third persons contain: business name or shortened business name, registered office address, mail address if different from the registered office address, company number and tax number of the Bank.

## II BANK ORGANIZATION AND WAY OF CONDUCTING BUSINESS

### Article 4

The Bank is a public shareholder company with rights, obligations and responsibilities established by Law and other Regulations, Articles of Association of the Agroindustrijsko komercijalna banka "AIK BANKA" a.d. Beograd (hereinafter: Articles of Association), this Statute and other Acts of the Bank.

### Article 5

The Bank is organized to ensure the division of duties, authorities and responsibilities of employees in a way that prevents conflict of interest and provides a transparent and documented process of making and implementing decisions.

The internal organization is determined by the Management Board in accordance with the needs of the Bank.

### Article 6

The Bank's operations are performed at the Bank's level and in the organizational parts and forms of the Bank. The organizational parts of the Bank are formed at the Bank's head office and outside the Bank's head office.

Basic and narrow organizational parts can be formed for the performance of business operations at the Bank's head office:

- main offices,
- sectors,
- independents services,
- services,
- departments and other

For the conduct of business outside the Bank's headquarters, the following organizational forms can be formed:

- branches,
- branch offices,
- counters.

The organizational parts of the Bank are parts of the Bank, which don't have the property of a legal person, have their place of business, persons authorized by employment and representatives, and they perform business with third persons in the name and on behalf of the Bank.

Parts of the Bank with specific authorizations in payment transactions are registered according to the law regulating this matter.

At constitution of parts of the Bank the competent bodies are obliged to comply with the principles of organizational uniformity of the Bank, functionality, efficiency, rationality and profitability.

The Decision of the Management Board on constitution and elimination of a specific organizational form and part of the Bank is rendered according to the Rulebook on Internal Organization of the Bank and, if necessary, is registered Register.

### Article 7

The Bank is obliged to inform the National Bank of Serbia about the opening of branches or other organizational forms at the territory of the Republic of Serbia within 8 days from their opening.

The Bank may establish or acquire a subsidiary in accordance with the Law on Bank.

The Bank can open branch offices and other organizational forms abroad, as well as representative offices.

The opening of the organizational parts of the Bank abroad is conducted upon approval of the National Bank of Serbia.

#### Article 8

The Bank performs business activities for the purpose of making profit.

The Bank acts in legal transactions (business activities) according to the Law and Acts of the National Bank of Serbia and other regulations: in its own name and on its behalf, in its name and on behalf of other persons, in the name and on behalf of other persons.

The Bank performs business activities according to the Law, the Articles of Association, this Statute, policies and strategies of the Bank, as well as procedures and established business policy, as not to endanger its liquidity (and solvency), capital adequacy ratio and other mandatory performance indicators of the Bank, and others.

### III DECISION MAKING IN THE ASSEMBLY AND ISSUES DECIDED UPON BY THE ASSEMBLY

#### Article 9

The Bank is managed by the shareholders proportional to their amount of investment in the share capital of the Bank, according to the Articles of Association and this Statute.

#### Article 10

The bodies of the Bank are the Assembly, Management Board, Executive Board and other boards of the Bank, respectively Audit Board, Assets and Liabilities Management Board and Credit Boards.

#### Article 11

The shareholders constitute the Assembly of the Bank.

A shareholder may directly participate in the work of the Assembly, as well as represented by assignees, according to the Law.

All issues related to the operating principles of the Assembly (convening, invitation of shareholders, decision making, making of minutes of meeting) and making decisions, as well as shareholders' participation in the work of the Assembly, directly or represented by assignees, will be regulated by the Law on Companies, this Statute and the Rules of Procedure of the Bank's Assembly.

The Assembly of shareholders can be attend and participated in the work by the President and / or other members of the Executive Board of the Bank, members of the Management Board of the Bank, as well as the Bank's auditor.

#### Article 12

Assembly of the Bank:

- 1) Adopts the Business Policy and the Strategy of the Bank, which define the business objectives of the Bank for a period of at least three years;
- 2) Renders the Statute of the Bank and adopts Amendments to the Articles of Association and the Statute of the Bank;
- 3) Adopts the Annual Statement of the Bank and decides on use and disposition of gained profits, respectively covering of losses;
- 4) Decides on increase of the capital of the Bank, respectively on capital investments in another bank or other legal persons, as well as on investment amount in fixed assets of the Bank and investment property;
- 5) Decides on conditional increase of capital of the Bank based on conversion of the convertible bonds and warrants to shares,
- 6) Appoints and dismisses the President and Members of the Management Board of the Bank and decides on the rewards for the members of the Management Board;
- 7) Decides on status changes and termination of the Bank's activities;
- 8) Appoints and dismisses an external auditor;
- 9) Renders Rules of Procedure for its work and decides on other issues, according to the Law and this Statute;

The Assembly of the Bank is not to assign the decision making from Paragraph 1 of this Article to another body of the Bank.

#### Article 13

The Assembly meetings can be regularly and extraordinary (regular and extraordinary meetings of the Bank's Assembly).

A representative of the National Bank of Serbia can attend the meeting of the Bank's Assembly and can address the shareholders at that meeting.

The Shareholders' Day is the day when the list of shareholders who are entitled to participate in the work of the Assembly's meeting is determined and falls on the tenth day prior to the meeting.

The list of shareholders from the preceding Paragraph of this Article of the Statute is determined by the Bank, based on the excerpt of the Unique Record of the Shareholders of the Bank at the Central Depository and Clearing House of the Republic of Serbia.

The shareholder from the list from the previous Paragraph, who after the Shareholders' Day assigns his shares to a third person, retains the right to participate in the work of that meeting of the Assembly, upon shares he possessed on the Shareholders' Day.

The Shareholders' Day of a meeting not held is valid for the repeated meeting.

#### Article 14

The regular meeting of the Assembly is once a year, at latest within six months after the end of each business year.

The Management Board of the Bank within the period from the previous Paragraph renders a decision on the date, time and place of the regular Assembly meeting and convenes the meeting of the Assembly.

The National Bank of Serbia may request certain issues to be included in the agenda of the regular Assembly meeting.

#### Article 15

Besides the regular meeting, the Bank can convene an extraordinary Assembly meeting.

The National Bank of Serbia may request certain issues to be included in the agenda of the extraordinary Assembly meeting.

#### Article 16

The Management Board of the Bank convenes the Assembly meeting of the shareholders of the Bank and prepares decision suggestions.

As a rule, the Assembly is held at the Bank's headquarters, unless the Management Board decides otherwise, whereas it can be held in other organizational forms of the Bank.

Making invitations to shareholders for the meeting of the Assembly and placing materials at disposal is done in accordance with applicable laws, this Statute, and the Rules of Procedure of the Bank's Assembly. Bearing in mind that the Bank is a non-public joint-stock company, the Bank's Assembly can be maintained using the provisions of the applicable laws for non-public joint-stock companies.

The invitation for the shareholders for the Assembly meeting is sent to persons who are shareholders of the Bank on the day, when the Management Board has made the decision on convening the Assembly, respectively the date of the decision of the court (if the Assembly meeting is convened upon a court order), in a way and in terms stipulated by the Law.

The Management Board of the Bank is obliged to notify the National Bank of Serbia on the date of its holding and the agenda of the Bank's Assembly within the deadline for informing the members of the Bank's Assembly.

The Assembly may decide and discuss only the items on the agenda.

The amendment of the agenda with additional items is done upon suggestion of the shareholders who owe at least 5% of the shares with voting rights, in writing, under the condition that other conditions and procedure regulated by the Law on Companies are fulfilled.

The shareholders may vote in writing, without attending the meeting- The Bank may enable the participation in the work of the Assembly by electronic means, according to the Law on Companies, more closely regulated by the Rules of Procedure of the Assembly of the Bank.

#### Article 17

An extraordinary meeting of the Assembly may be convened upon written request:

1. Of the Management Board or another body of the Bank, which is authorized to convene an extraordinary meeting of the Assembly by this Statute,
2. Of the shareholder of the Bank with at least 10% of the Bank's shares with voting rights.

To the procedure of convening an extraordinary meeting of the Assembly, the regulations of the Law on Companies are applied.

An extraordinary meeting may also be held without convening of shareholders and submitting materials in accordance with the provisions of the Law on Companies, if all shareholders with voting rights are present upon all items of the agenda and if no shareholder opposes it.

The provisions of the Law on Companies apply to the procedure of convening an extraordinary meeting of the Bank's Assembly.

The Management Board is obliged to convene an extraordinary meeting of the shareholders' Assembly of the Bank:

- 1) When the Bank becomes undercapitalized,
- 2) Upon request of the internal audit of the Bank or the Committee for Monitoring of Activities of the Bank,
- 3) Upon request of the National Bank of Serbia,
- 4) Always when deemed as necessary.

For an extraordinary meeting of the Assembly, the following must be prepared and made available to the shareholders: proposal text for each decision, which making is proposed along with an explanation, text of a contract or other legal transaction, which conclusion is being proposed for approval, ballot paper, detailed description of each issue proposed for discussion, along with explanation or statement by the Management Board of the Bank.

#### Article 18

Each ordinary share entitles to one vote.

The Articles of Association of the Bank determines the cases where the shareholders of priority shares are entitled to vote together with shareholders of ordinary shares.

The quorum for the Assembly meeting makes the simple majority of the total number of votes of a class of shares upon an issue in question, except in cases, where by this Statute a large majority is determined.

The quorum also includes the votes of the shareholders, who have voted in absence (in writing) or by electronic means.

The quorum of the meeting of the Assembly is determined prior to the beginning of the work of the meeting and is to be maintained during the work - duration of the Assembly.

In the regular and extraordinary meeting of the Assembly the decisions are made by simple majority of votes of the present shareholders, who are entitled to vote upon an issue in question, except in cases when it is determined by legal provisions large majority.

All issues of the agenda are generally publicly voted, but it is permissible to envisage a secret ballot by the Rules of Procedure of the Assembly or the decision of the Assembly, which only applies to the concrete (that) meeting of the Assembly. The voting procedure is regulated by the Rules of Procedure of the Assembly.

#### Article 19

(deleted)

#### Article 20

Meetings of the Assembly shall be chaired by a person elected by the Assembly at the meeting of the Assembly.

The President of the Assembly once elected performs this function at all following meetings of the Assembly, until the election of the new President, according to the Statute and the Rules of Procedure of the Bank's Assembly.

At the latest within 3 days from the date of held meeting of the Assembly, the Bank is obliged to publish on its web site with the duration of at least 30 days the made decisions and voting results upon all items of the agenda, voted for by the shareholders.

The Law on Companies stipulates in details the right to contest the decision of the Assembly, the consequences of filing a lawsuit for contesting of the Assembly's decision, consequences of the court decision terminating the Assembly's decisions and other.

#### **IV ISSUES DECIDED UPON BY OTHER BODIES OF THE BANK, COMPOSITION AND PROCEDURE OF DECISION MAKING OF THESE BODIES AND THE MANDATE OF THE MEMBERS OF THOSE BODIES**

##### **1. ADMINISTRATIVE BODIES OF THE BANK**

###### **Article 21**

The Administrative Bodies of the Bank are the Management Board and the Executive Board.

The members of the Management Board and Executive Board of the Bank are responsible for the business activities of the Bank to comply with the law, regulations and acts of the National Bank of Serbia, as well as the acts and procedures of the Bank, according to duties and responsibilities of the Management Board, respectively Executive Board, stipulated by the Law on Banks, regulations rendered, based on the Law on Banks, this Statute and internal acts of the Bank.

A representative of the National Bank of Serbia can be present at the meetings of the Management Board and the Executive Board of the Bank, as well as the Committee for Monitoring of the Business Activities of the Bank, Credit Boards and Assets and Liabilities Management Board and may address the members of these boards.

###### **A. Management Board**

###### **Article 22**

The Management Board of the Bank consists of at least 5 (five) members, including the President, from which one third make persons independent from the Bank.

The members of the Management Board must be elected from persons with good business reputation and corresponding education, stipulated by the National Bank of Serbia.

At least three members of the Management Board must have adequate experience from the field of finances.

At least one member of the Management Board of the Bank must be fluent in Serbian and have his place of residence in Serbia.

###### **Article 23**

The President and the other members of the Management Board are appointed by the Bank's Assembly for a period of 4 (four) years, with the provision that they perform the duty of President and members of the Management Board until entry into office of the new elected member/members of the Management Board, upon previously obtained approval of the National Bank of Serbia and after expiration of the four year mandate, and at longest for 3 months.

The members of the Management Board may be appointed again - re-elected.

Candidates for members of the Management Board are proposed by the present Management Board, along with mandatory consultations with the major shareholder of the Bank.

Article 23 a)

The Assembly of the Bank makes the decision on dismissal of the members and the President of the Management Board.

A member of the Management Board and / or the President or the entire Management Board shall be relieved by a decision of the Assembly at a regular meeting of the Assembly, in case the Bank, in accordance with the financial statements, discloses a loss in operating activities (unless the same result is covered by the reserves for estimated losses, or is a result of a significant and unexpected deterioration of the macro-economic environment and other unforeseen situations), and the Bank's Assembly estimates that the same loss was due to the illegal, unprofessional or irrelevant work of a member of the Management Board and / or the President of the Management Board, or the entire Management Board. The violation of the duties detailed in the Law on Companies and this Statute provides the basis for relieving of the members of the Management Board of the Bank, provided that if the number of members of the Management Board falls below the statutory minimum, the Assembly of the Bank will not relieve this person until it appoints a new one, in the manner that the term until the appointment of a new one cannot be longer than 3 months.

The Assembly may relieve the member of the Management Board before the expiration of his/her mandate pursuant to the proposal of representatives of majority shareholders in case of change of ownership structure, as well as on suggestion of the Management Board in case that majority of Management Board members evaluates that the member whose relieving is suggested was not sufficiently active or that he/she did not sufficiently contribute to the work of Management Board, either through irregular presence at the meetings, non-participation (in a constructive way) in discussions and decision making or through untimely declaration in case of written meetings from the scope of work of the Management Board and in other cases when the Management Board evaluates that the particular member does not contribute in accordance with his knowledge or experience to the activities of the Management Board or the requirements of business or organization are such that they require a person with different qualifications.

Article 23 b)

Every member of the Management Board may resign from the membership, by submitting a written resignation to the Management Board and the President of the Assembly about which the Bank informs the National Bank of Serbia within the legal deadline.

The President of the Management Board may resign from the position of president, in which case he stays the member of the Management Board, but can resign from membership in the Management Board, in which case he ceases to be the President of the Management Board.

The membership of the Management Board (any member and president) on termination of the mandate or their resignation shall cease on the day when the Bank's Assembly by its Decision relieves them from those duties, taking care to ensure continuity in the work of the Management Board. If by submitting a resignation or by expiring the term of office of a member of the Management Board, the number of members of the Management Board falls below the statutory minimum, the Bank's Assembly will not relieve this person until it appoints a new one, but the deadline before the appointment of the new one should not be longer than 3 months.

Except in above mentioned cases, the mandate of a member of the Management Board expires (for the president and the members) by execution of order of dismissal by the National Bank of Serbia, if the National Bank of Serbia finds that that person doesn't meet the requirements set by the Law or acts in opposition to the provisions of Law, respectively bears responsibility for irregularities in business activities of the Bank, as well as if the Bank does not enable the National Bank of Serbia to perform the control of creditworthiness and legality of its operations.

If a member of the Management Board of the Bank is charged with a criminal offense which makes him unfit for performing this function, the National Bank of Serbia may temporarily prohibit the person from performing this function in the Bank until the completion of criminal proceedings, and if he has been convicted for this criminal offense in a legally binding manner he ceases to perform that function on the day when the verdict becomes final.

In the event of a significant deterioration of the financial position of the Bank or more serious violation of the laws, regulations of the National Bank of Serbia and other regulations or the Bank's Statute, when it considers that the measures of early intervention from the Law are insufficient to remedy such situation with the Bank, the National Bank of Serbia may order the dismissal of all or members of the management bodies of the Bank, or the dismissal of other persons in a managerial position in the Bank, regardless of the fulfilment of other conditions for dismissal of the members of the management bodies referred to in paragraph 4 of this Article.

With the decision from the previous paragraph of this Article, the National Bank of Serbia may for the person from that paragraph:

- 1) prohibit or restrict the performance of any activity of the Bank;
- 2) prohibit or restrict the direct or indirect exercise of voting rights in the Bank;
- 3) require to dispose of the direct or indirect property held by the Bank within the deadline set by the Bank;
- 4) prohibit the performance of a function in any bank or member of a banking group or participate in performing activities in the Bank or a banking group without the prior approval of the National Bank of Serbia.

The Bank is obligated to notify the National Bank of Serbia on changed circumstances concerning the fulfilment of conditions for appointment of members of the Management Board and the Executive Board.

The Bank is obliged to inform the National Bank of Serbia about dismissal or resignation of the member of the Management Board within 10 days from the date of dismissal or resignation, stating reasons thereof.

A member of the Management Board of the Bank cannot be a member of the Executive Board of the Bank.

#### Article 24

Management Board of the Bank:

1. Convenes meetings of the Assembly of the Bank;
2. Prepares decision proposals for the Assembly of the Bank and is responsible for implementation of those decisions;
3. Adopts general terms and conditions of policies and strategies of the Bank and submits them to the Bank's Assembly for adoption;
4. Determines General Terms and Conditions of the Bank and their amendments;
5. Elects and dismisses the President and the members of the Executive Board of the Bank;
6. Elects and dismisses member of the Audit Board, Credit Board, Assets and Liabilities Management Board and other boards of the Bank, as well as head of organizational unit, in whose competence is the compliance of the business activities of the Bank and internal auditing;
7. Determines the amounts to which the Bank's Executive Board may decide on the placement and borrowing of the Bank and decide on the Bank's placement and borrowing exceeding these amounts;
8. Gives prior approval to the Bank's exposure to each individual or group of related parties exceeding 10% of the Bank's capital, or to increase this exposure to more than 20% of the Bank's capital;
9. Monitors the performance of the Executive Board of the Bank;
10. Adopts the plans and programs of internal auditing of the Bank and its performance methodology;
11. Implements the system of internal controls in the Bank and monitors its efficiency;
12. Adopts the Strategy and policies for risk management, as well as Strategies of capital management of the Bank;
13. Considers the reports of internal and external auditing on auditing results, as well as reports on

**AGROINDUSTRIJSKO KOMERCIJALNA BANKA "AIK BANKA" AD BEOGRAD**

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activities and performance of internal auditing, and approves the annual report on risk management adequacy and internal control of the Bank;

14. Adopts quarterly and yearly reports of the Executive Board of the Bank on business activities of the Bank, including reports on risk management and submits to the Assembly of the Bank the financial statement for final adoption;
15. Renders Rules of Procedure for its performance, for the performance of the Board for Monitoring Business Activities of the Bank, Credit Boards and Assets and Liabilities Management Board of the Bank;
16. Adopts the recovery plan of the Bank;
17. Informs the National Bank of Serbia and other authorities about ascertained irregularities in the Bank's performance;
18. Determines internal organization, respectively organizational structure of the Bank which provides division of duties, competences and responsibilities of the employed members of the Management and other persons in managerial positions within the Bank, in a way preventing the conflict of interests and providing transparent and documented process of making and implementing decisions,
19. Adopts policy on wages and other income of the Bank's employees,
20. Performs other business activities according to this Statute.

The Law on Banks and Decisions of the National Bank of Serbia closely regulate the conditions that should be met by the potential members of the bodies elected by the Management Board, the appointment procedure and others.

#### Article 25

The Management Board makes decisions in meetings. The meetings of the Management Board may be regular or extraordinary.

The meetings of the Management Board of the Bank are held as needed, and at least once in three months.

The meetings of the Management Board of the Bank are held in the headquarter premises of the Bank or other organizational parts of the Bank in the territory of the Republic of Serbia.

The quorum for the work of the meeting of the Management Board and the quorum for making decisions is the majority of all members of the Management Board. The work quorum must be provided for the entire duration of the meeting of the Management Board.

A decision is considered to be adopted/made, if the majority of all members have voted in favour of this decision.

Regular meetings may be quarterly and conference meetings, and may be held except for the physical presence of all members and the use of audio communication or audio-visual communications, so that all persons participating in the meeting can be heard and talk to each other, provided that this is not objected by any of its members in writing.

Extraordinary meetings of the Management Board may be held, except under physical presence of all members and use of audio communication or audio-visual communication, in a manner that all persons participating in the meeting may be heard and can talk to each other, provided that no member opposes to this, in writing.

Persons who participate in this way in the meetings of the Management Board are considered to be present.

The Management Board is obliged to inform the National Bank of Serbia on the date of the meeting and the agenda of a regular and extraordinary meeting of the Management Board, within the term foreseen for informing the members of the Management Board of the Bank.

The Rules of Procedure of the Management Board regulate more closely the issues of the work of the Management Board, the preparation, convening of meetings of the Management Board, the delivery of materials, the holding of meetings of the Management Board, the decision-making process of the Management Board and the keeping of minutes of meeting at the meeting of the Management Board, its contents, signing and submitting to the members of the Management Board.

The Bank is obliged to send along with the annual financial report to the National Bank of Serbia, also the report on the total number of held meetings of the Management Board of the Bank and place of their holding.

#### Article 26

Each member of the Management Board has one vote.

The decisions of the Management Board are registered in the Book of Decisions.

### **B) Executive Board**

#### Article 27

The members of the Executive Board of the Bank are elected by the Management Board. The Executive Board of the Bank has at least 2 (two) members, from whom one is the President of the Executive Board and the others are members of the Executive Board (hereinafter: other members of the Executive Board).

The President and other members of the Executive Board of the Bank are elected for the period of 4 (four) years with the possibility of re-election.

Members of the Executive Board of the Bank must be employed by the Bank for an indefinite and full-time work.

The members of the Executive Board of the Bank must have a good business reputation and adequate qualification stipulated by the National Bank of Serbia.

At least one member of the Executive Board of the Bank must be fluent in Serbian and have his place of residence on the territory of the Republic of Serbia, and all members of the Executive Board must have their place of residence on the territory of the Republic of Serbia.

A member of the Management Board cannot be a member of the Executive Board of the Bank.

To appointment and dismissal of members of the Executive Board, regulations from the Law on Banks, referring to the appointment and dismissal of the members of the Management Board are applied accordingly.

#### Article 27a)

The Management Board makes the decision on dismissal of the Executive Board (other members of the Executive Board and the President or only some of the other members of the Executive Board or only the President) in case when the Assembly of the Bank does not adopt the annual financial report of the Bank. The Management Board may issue the decision on dismissal also when the Bank's annual or periodic statements of accounts or reports on operations for the month / months does not meet the Bank's Financial Plan and long-term development strategy of the Bank, or when due to certain flaws in the work of the Bank, there is a risk that the Bank suffers financial losses or the National Bank of Serbia imposes appropriate measures, or a considerable reputational risk occurs for the Bank.

The Management Board may dismiss the President and/or member of the Executive Board before the expiration of the mandate, in case that majority members of the Managing Board evaluate that the subject member does not contribute in accordance with his/her knowledge and experience to the operation of the Bank, or the requirements of business or organization became such to require a person with different qualifications.

#### Article 27b)

The President and the members of the Executive Board may resign to the function they perform about which they are obliged to inform the Management Board of the Bank in writing, stating the reasons for their resignation and taking care to ensure continuity in the work of the Executive Board.

Membership in the Executive Board of the Bank, upon termination of the mandate or resignation, shall cease on the day when the Bank's Management Board by its decision releases them from that duties, taking care to ensure continuity in the work of the Executive Board.

In the event of resignation or dismissal of a member of the Executive Board, the member continues to perform his duties until the appointment of a new member of the Executive Board, if necessary for the maintenance of the prescribed minimum number of members of the Executive Board and continuity of business operations, and for a maximum of 3 months.

In the event that the President of the Executive Board of the Bank resigns as President of the Executive Board of the Bank and / or membership of the Executive Board, the Management Board will adopt the resignation at the first subsequent meeting and elect one of the other members of the Executive Board of the Bank as President of the Executive Board or appoint a new, and the former president will be dismissed from the position of the president / member or appointed as a member of the Executive Board of the Bank in the event of resignation as president, not a member.

The Bank is obliged to inform the National Bank of Serbia about dismissal or resignation of the members of the Executive Board within 10 days from the date of dismissal or resignation, stating reasons thereof.

The Bank is obliged to inform the National Bank of Serbia on the changed circumstances regarding the meeting of conditions for appointment of members of the Executive Board of the Bank.

#### Article 28

The Executive Board of the Bank organizes and monitors the daily the business activities of the Bank.

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

The Executive Board of the Bank:

- 1) Implements the decisions of the Assembly of the Bank and the Management Board of the Bank,
- 2) Suggest to the Management Board the business policy and strategy of the Bank, as well as the Politics of risk management and Strategy of capital management of the Bank;
- 3) Implements the business policy and strategy of the Bank by making adequate business decisions;
- 4) Decides on placements and borrows of the Bank up to the amount determined by the Management Board of the Bank,
- 5) Decides, with the prior approval of the Bank's Management Board, of any increase in the Bank's exposure to a person related to the Bank and shall notify the Bank's Management Board thereof
- 6) Implements the strategy and politics of risk management, as well as the strategy of capital management of the Bank by adopting procedures for risk management, respectively identification, measurement and assessment of risk and providing of their application, reports to the Management Board about these activities;
- 7) Analyses the risk management system and at least once in three months informs the Management Board on the risk exposure level and risk management;
- 8) Provides for all employees to be familiar with regulations and other acts of the Bank, regulating their work obligations,
- 9) Provides security and regular monitoring of information technology and treasury operations of the Bank,
- 10) Informs the Management Board on all course of actions not in accordance with the regulations and other acts of the Bank,
- 11) At least once during the business quarter submit to the Bank's Management Board an overview of the Bank's business activities, balance sheet and profit and loss account,
- 12) notifies the Management Board of the Bank and the National Bank of Serbia without delay of any deterioration in the financial position of the Bank or the existence of a risk of such deterioration, as well as other facts that may significantly affect the financial position of the Bank,
- 13) Renders its own Rules of Procedure,
- 14) Decides on all issues which are not within the competence of the Assembly and the Management Board.

The Executive Board of the Bank may be elected by other bodies, commissions, committees and the like, whose election and appointment are not within the competence of the Management Board, and in accordance with the Rulebook on Internal Organization.

#### Article 29

The President of the Executive Board represents the Bank.

At concluding of legal affairs and undertaking of legal actions from the competence of the Executive Board, the President of the Executive Board is obliged to provide the signature of one member of that Board (co-signature), with the provision that that persons also are obliged to state their function in the Bank along with the signature.

The President of the Executive Board convenes meetings of the Executive Board and is their chairman, and organizes the performance of the Executive Board.

The quorum for the work of the meeting of the Executive Board and the decision quorum is the majority of the total number of all members of the Executive Board, if the Executive Board's Rules of Procedure define that decisions are made by the majority of votes of all members. The quorum for the work of the Executive Board meeting and the decision quorum shall be the presence of all members of the Executive Board, if the Rules of Procedure of the Executive Board define the decisions to be made unanimously.

The Rules of Procedure of the Executive Board of the Bank define the manner of decision making of the Executive Board: unanimously or by majority of votes of the total number of all members.

The simultaneous application of both methods of decision making from the previous paragraph of this article is not possible. The change of the decision-making method referred to in paragraph 5 of this Article must previously be regulated by appropriate amendments to the Rules of Procedure of the Executive Board of the Bank.

By the Rules of Procedure of the Executive Board, the manner of work of this body is determined more closely.

#### **Obligation on informing the Assembly of the Bank on the incomes of the managing bodies**

#### Article 30

The Assembly of the Bank at least once a year considers the written information on all salaries and benefits and other incomes of the members of the Management Board and the Executive Board and on all contracts between the Bank and the members of that boards and other persons connected to that members, and which consequence is material gain of that persons, as well as the proposal of the Management Board of the Bank on salaries, benefits and other material gain of those persons for the following year.

## **2. OTHER BOARDS OF THE BANK**

#### Article 31

The Bank establishes a Board for monitoring of the Bank's business activities (Audit Board), Credit Boards and the Assets and Liabilities Management Board.

#### **Board for monitoring of the Bank's business activities (Audit Board)**

#### Article 32

The members of the Audit Board are elected by the Management Board, for a period of no more than 4 (four) years, with the possibility of re-election (re-naming).

The Board for the monitoring of the Bank's business activities consists of at least 3 (three) members, from whom one is the President of the Board, and others are members of the Audit Board.

At least two members of the Audit Board are members of the Management Board of the Bank, who have adequate experience from the field of finances, and at least one member must be a person, independent from the Bank.

The Management Board makes the decision on dismissal of the members and the President of the Audit Board.

Article 32a)

The Audit Board supports the Management Board in monitoring the performances of the Executive Board of the Bank and the Bank's employees.

The Audit Board is obliged to:

- 1) Analyse financial statements and other financial reports of the Bank, which are submitted to the Management Board of the Bank for consideration and adoption,
- 2) Analyse and approve proposals of the Bank's strategies and policies in relation to risk management, the Bank's capital management strategy and the internal control systems that are submitted to the Bank's Management Board for consideration and adoption,
- 3) Analyses and monitors the application and adequate implementation of the adopted strategies and policies for risk management, strategy of capital management of the Bank, as well as conducting the systems of internal controls,
- 4) At least once a month reports to the Management Board about its activities and ascertained irregularities and proposes the way in which those irregularities are to be corrected, respectively advance strategies and policies for risk management, strategy for capital management of the Bank and system of conducting internal controls,
- 5) Upon proposal of the Management Board or the Executive Board of the Bank or external auditor considers investments and activities of the Bank,
- 6) Proposes to the Management Board and the Assembly of the Bank an external auditor of the Bank,
- 7) Considers together with the external auditor of the Bank annual auditing of financial reports of the Bank,
- 8) Proposes to the Management Board of the Bank to include certain issues connected to external and internal auditing to the agenda of the meeting of the Assembly.

The Audit Board is obliged to propose to the Management Board relief of observed irregularities, when it estimates that the Bank's business activities are contrary to the law, another regulation, statute or other act of the Bank, or comes to this conclusion based on auditing reports, and to schedule an extraordinary meeting of the Assembly, when it ascertains that the observed irregularities may have serious consequences to the business activities of the Bank.

Article 32b)

The Audit Board makes decisions in meetings.

The Audit Board meetings are held as necessary, and at least once a month. At least once in three months, the meetings are held in the headquarters of the Bank.

The quorum for the meeting of the Audit Board and the quorum for decision making is the majority of the total number of all members of the Audit Board. The quorum must be provided for the duration of the meeting.

Each member of the Audit Board has one vote.

A decision shall be deemed adopted/made if the majority of the total number of all members voted for it.

The Audit Board can hold its meetings through conference calls or other audio and visual communication equipment, so that all persons participating in the meeting can be heard and talk among themselves.

By the Rules of Procedure of the Audit Board, the issues of convening meetings, keeping of minutes in meetings and other matters of importance to the work of the Audit Board of the Bank are determined more closely.

**Credit Boards**

Article 33

The Bank has the following Credit Boards:

- Credit Board for the Corporate and Public Sector
- Credit Board for Retail and SMEs

Each of the Credit Boards has at least two members, one of whom is the chairman, and others are members of the Credit Board. The composition of the Credit Board is defined precisely by the Rules of Procedure of Credit Boards.

Credit Board for Corporate and Public Sector are: managers of the organizational part of the Bank in charge of credit risk management and managers of organizational units in charge of dealing with clients. As deputy members of this credit board may be appointed: other managers of the organizational parts of the Bank in charge of dealing with clients and employees from the organizational part of the Bank in charge of credit risk management.

The Credit Board for Retail and SMEs consists of: managers of the organizational part of the Bank in charge of retail banking and small and medium enterprises and managers of the organizational part of the Bank in charge of credit risk management (Retail and SMEs). As deputies, employees from the organizational parts of the Bank, in charge of credit risk management (Retail and SMEs), and employees from the organizational parts of the Bank in charge of retail banking and small and medium enterprises may be appointed.

Presidents, members of the credit boards and their deputies, as well as limits on the decision of credit boards are established by the Management Board of the Bank.

For a member of the credit committee, a person may be appointed who has enough experience and expertise to make the right decision on approving placements.

Members of the Credit Board shall be elected for an indefinite time, until the decision on their dismissal and / or appointment of new members.

#### Article 33a)

The **Management Board** of the Bank decides on the limits that can be decided by the Credit Committee for Corporate and Public Sector and the Credit Committee for Retail and Small and Medium Enterprises, respectively above which limits, it is a decision within the competence of the Executive Board of the Bank or the Management Board of the Bank.

The **Credit Board for Corporate and Public Sector** and the **Credit Board for Retail and SMEs** forward proposals for decisions on placements exceeding the limits determined in accordance with the previous paragraph to the Executive or the Management Board for decision-making.

The Management Board may determine by its act which employees, in their function, can decide on existing and new placements within the established limits.

#### Article 33b)

The Credit Board decides in meetings.

Meetings of the Credit Board may be regular and extraordinary meetings.

Regular meetings of the Bank's Credit Boards are held at least once a week.

Regular meetings of the Credit Boards are convened according to the predefined calendar of meetings of credit boards agreed with the chairman of the Credit Board. The calendar of meetings is defined at the beginning of the calendar year for the current year.

Extraordinary meetings are meetings that are not included into the calendar and are held as required, with the agreement of the Chairman of the Credit Board.

The Credit Board may hold its meetings with the exception of the physical presence of members and the use of audio or audio-visual means of communication, in which case the members of the Credit Board who so communicate consider themselves present at the meeting, but are obliged to sign the decision made by the Credit Board.

The quorum for work and the quorum for deciding of each credit board is the presence of all members of the credit boards personally (including telephone, SMS, e-mail, fax, video calls) or by a deputy with the right to vote.

The Rules of Procedure of the Credit Board define the manner of decision making: unanimously or by a majority of votes of the total number of all members, with a mandatory positive vote of the chairman of the Credit Board, whereas if the deputy is present instead of the president, the decision should be voted for by the Deputy President of the Credit Board to be adopted.

The simultaneous application of both methods of decision making from the previous paragraph of this article is not possible.

The change of the decision-making method referred to in paragraph 8 of this Article must previously be regulated by appropriate amendments to the Rules of Procedure of the Credit Boards.

The Rules of Procedure of the Credit Boards of the Bank regulate issues of rights and obligations of credit board members, convening and delivering materials for meetings, holding meetings, deciding on meetings, keeping records at meetings of Credit Boards, its contents, signing decisions, keeping records on decisions of the Credit Boards, etc.

### **Assets and Liabilities Management Board**

#### Article 34

The Asset and Liability Management Board has at least 5 members, one of whom is the Chairman of the Asset and Liability Management Board, and others are members of the Assets and Liabilities Management Board.

The members of the Assets and Liabilities Management Board are members of the Executive Board of the Bank and employees of the Bank, according to the function they perform, and who are appointed by the resolution of the Management Board of the Bank.

The Management Board appoints by its decision the members of the Assets and Liabilities Management Board to an indefinite time, until the rendering of the decision of the Management Board of the Bank on their dismissal and / or appointment of new members.

#### Article 34a)

The Assets and Liabilities Management Board: traces the exposure of the Bank to risks arising from the structure of its balance sheet assets and obligations and off-balance sheet items, proposes measure for interest risk management and liquidity risk management, and performs other business activities determined by the acts of the Bank and regulations of the National Bank of Serbia.

#### Article 34b)

The Assets and Liabilities Management Board decides at its meetings.

Meetings of the Assets and Liabilities Management Board may be regular and extraordinary.

Regular meetings of the Assets and Liabilities Management Board are held at least once a month.

For holding a meeting of the Assets and Liabilities Management Board and making decisions, the presence of the majority of all members of the Assets and Liabilities Management Board is required, with the obligatory presence of at least one member of the Executive Board.

The Assets and Liabilities Management Board can make decisions or propose measures to the Executive Board. A decision is deemed to be adopted/made if the majority of the total number of all members has voted in favour of that decision.

Each member of the Assets and Liabilities Management Board bears one vote.

By the Rules of Procedure of the Assets and Liabilities Management Board, following issues are determined more closely: the convening of meetings and their preparation, work in the meetings, keeping minutes of the meetings of the Assets and Liabilities Management Board, its content, manner of submission and reporting.

## **V RIGHTS, OBLIGATIONS AND RESPONSIBILITIES OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE EXECUTIVE BOARD AND OTHER PERSONS WITH SPECIAL AUTHORIZATIONS AND RESPONSIBILITIES**

#### Article 35

Persons with special authorizations and responsibilities in the Bank are, except the President and other members of the Executive Board of the Bank, also managers of branches and other organizational parts and organizational forms within the Bank, according to the Rulebook on Internal Organization of the Bank and members of the Bank's Boards.

The Articles of Association, this Statute and the Rulebook on Internal Organization of the Bank are regulating in details the rights, obligations and responsibilities of persons with special authorizations within the Bank.

#### Article 36

The members of the Management Board and the Executive Board of the Bank and persons with special authorizations and responsibilities of the Bank have (legally provided) the right to perform business activities, determined by the Law, the decisions of the National Bank of Serbia, this Act and other acts of the Bank, and authorizations to conduct their business activities legally and scrupulously, according to the Laws and the Acts of the National Bank of Serbia and the Bank.

The members of the Management Board and the Executive Board of the Bank are obliged to submit a statement (with the data, within one month from the date of taking office, and after that (if the data changes within one month from the date of the knowledge about that change) to the Management Board of the Bank from the Law and the decisions of the National Bank of Serbia) in order to prevent the conflict of interest.

The Management Board is obliged to submit the data from the above paragraph to the Assembly of the Bank at least once a year.

The Management Board and the Executive Board of the Bank are obliged to take measures to prevent unlawful or inappropriate actions and effects which are harmful or not in the best interest of the Bank and its shareholders and performed by persons having significant or controlling participation in the Bank.

The Management Board of the Bank is responsible for the accuracy of all reports on the operations, financial condition and results of the Bank's operations sent to the shareholders of the Bank, the public and the National Bank of Serbia.

The Management Board of the Bank is obliged to convene an extraordinary session if the National Bank of Serbia requests it to consider certain issues.

The Bank's Executive Board is responsible for maintaining the Bank's liquidity and solvency.

The Executive Board is responsible for the performance of the business (for the realization of the given business plans by the Board of Directors).

#### Article 37

The bodies of the Bank and all employees at the Bank conduct a range of procedures and principles as a permanent process, representing internal control, in a way based on this Statute and Decision on establishment and implementation of the system of internal control in the Bank.

The Head of the organizational unit for control of business activities compliance of the Bank, is obliged to immediately inform the Executive Board and the Audit Board of the Bank about identified omissions referring to business activities compliance.

The Head of the organizational unit, in whose competence is the internal audit, is entitled to directly address the Management Board, whenever he deems it to be necessary, and he is authorized to propose convening of the Audit Board, whereof he informs the Management Board of the Bank, and if the meeting of that Board is not held, he informs the Assembly of the Bank thereof at the first following meeting.

The Head of the organizational unit, in whose competence is the internal audit, is responsible for efficient, continuous, regular and quality performing the function of internal audit and efficiently implementation of the programs and operational yearly plans of that audit.

## **VI MEASURES AND RESPONSIBILITIES OF THE BANK'S BODIES FOR PROVISION OF LIQUIDITY AND SOLVENCY OF THE BANK**

#### Article 38

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

1. By effort to increase the deposit, by recapitalization and acquiring of other sources,
2. By more efficient collection of due claims,
3. By sale of short-term securities and other securities,
4. By other measures and actions.

#### Article 39

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If the conducted measures referred to in the Paragraph 1 of this Article do not provide the liquidity of the Bank, the Bank will undertake other measures according to the regulations, namely:

- Borrowing from other persons,
- Postponing the payment term of due obligations
- Postponing the maturity of undue obligations,
- Conversion of currency to RSD and vice versa,
- Stopping of loan approvals and disbursements,
- Stopping of payment from its gyro account and accounts from the parts of the Bank,
- Withdrawal of placements and collection of undue obligations,
- Stopping of guarantee issuing and other forms of warranties,
- Stopping of issuing Letter of Credits and other instruments of payments
- Undertaking other measures for adjustment of inflow and outflow

Other Boards of the Bank (Credit Board and other) and other persons must not endanger by their proceedings (actions, business activities and other) the liquidity and solvency of the Bank.

## **VI A) RISK MANAGEMENT**

### Article 39a)

The Bank identifies, measures and estimates risks to which it is exposed in its business activities and manages these risks.

The Bank is obliged to form a special organizational unit, in which competence the risk management is.

The risk management is adjusted to the size and organizational structure of the Bank, range of its activities and type of activities which the Bank is conducting.

The bank stipulates by its acts the strategy and policies for risk management, strategy of capital management, procedures for identification, measurement and assessment of risk, as well as risk management, according to the regulations, standards and code of practice.

The acts from the previous paragraph of this Article contain:

1. Provisions by which the functional and organizational separation of risk management activities and regular business activities of the Bank is provided.
2. Procedures of identification, measurement and risk assessment,
3. Procedures for risk management,
4. Procedures by which the control and consistent implementation of all internal acts of the Bank referring to risk management is provided.
5. Procedures for regular reporting of the Bank's bodies and the regulatory body of the risk management.

## **VII WAY OF CONDUCTING THE INTERNAL CONTROL AND INTERNAL AUDIT OF THE BANK**

### **Internal control system**

#### Article 40

The Bank is obliged to establish and implement the system of internal controls in a way which enables a continuous monitoring of risks, to which the Bank is or can be exposed in its business activities, and which specially consist of:

- 1) function of risk management;
- 2) function of business compliance;
- 3) function of internal auditing.

#### Article 41

The internal control of the bank is a permanent process which includes a range of proceedings and principles conducted by: The Bank's bodies, all employees of the Bank in the way referred to in this Statute and other internal acts of the Bank on establishing and implementation of the internal control systems.

#### Article 42

Efficient carrying out of the business activities of the Bank and the integration of the internal control system in all activities of the Bank is enabled by:

- 1) forming of such organizational parts which by its size, competence, organizational and qualification structure correspond to the range and type of business activities performed by the Bank;
- 2) a clear definition of tasks, powers and responsibilities of bodies and employees of the Bank, as well as ways of informing about their work and activities from their range of activities;
- 3) separation of powers and responsibilities of the employees of the Bank in a manner which ensures effective control of the Bank's operations risks;
- 4) establishing adequate vertical links (relations of subordination) between the bodies and employees of the Bank, as well as between larger and smaller organizational units of the Bank;
- 5) establishing of appropriate horizontal links (relations of coordination) between organization parts and persons in charge of various aspects of the business activities of the Bank.

#### Article 43

The Bank is obliged for the procedures of internal control to:

- arrange, implement, develop and integrate in a manner providing continuous monitoring and measurement of risks that may adversely affect the achievement of established business objectives of the Bank,
- develop in such a way as to allow a timely assessment of existing and new risks, including risks that are not controlled and risks beyond the Bank's control (external risks), as well as their control to reduce the negative impact on the operations and solvency of the Bank to a minimum,
- integrate the procedures of internal control in all daily tasks at all organizational levels.

#### Article 44

The Bank establishes reliable information systems, including electronic processing of standardized and to organs of the Bank and employed persons in the Bank accessible data covering all relevant areas of its operations and enable the provision of full, timely and accurate:

- financial and other data necessary for the carrying out of the business activities of the Bank and to make adequate business decisions,
  - information on the compliance of the Bank's regulations and business policy acts,
  - information on market conditions and external events significant for business decisions of the Bank.
- The Bank also establishes full control over its information systems.

#### Article 45

The systems of internal control within the Bank are regulated by the Policy on internal control systems and other acts of the Bank.

### **Control function of business activities compliance of the Bank**

#### Article 46

The control function of business activities compliance of the Bank is within the competences of a special organizational unit of the Bank.

The organizational unit in which competence the business activities compliance of the Bank is, is obliged to at least once a year identify and assess the main risks of that compliance and propose plans for management of that risks, and the Head of that organizational unit is obliged to compose a report thereof and submit it for adoption to the Executive Board, as well as to send it to the Audit Board of the Bank.

The person with special authorizations and responsibilities (Head of the organizational unit) in whose competence is the compliance control of the business activities of the Bank, is responsible for the identification and monitoring of risks compliance in the business activities of the Bank and for that risk management, which especially includes risk of sanctions of a regulatory body and financial losses, as well as reputational risk, which can occur as a consequence of omission of compliance of business activities to the Law and other regulations, business standards, procedures in prevention of money laundering and financing of terrorism, as well as to other acts by which the business activities of the Bank are regulated.

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All employees of the Bank are obliged to, upon request of the employees in the organizational unit for compliance control of business activities, at any moment, to enable the insight to documentation they possess and to give them the necessary information.

The organizational unit for compliance control of the business activities is obliged to compose a monitoring program of business activities compliance of the Bank, which specially includes the working methodology of that organizational unit, planned activities, way and terms of composing reports, way of controlling of that compliance, as well as the training plan of the staff.

The Head of the organizational unit referred to in the paragraph 1 of this Article is appointed and dismissed by the Management Board of the Bank.

The Head of the organizational unit from paragraph 1 of this Article and the employees of that organizational unit are independent in their performance and solely conduct business activities from the competence field of the organizational unit for compliance control of the business activities.

## Function of internal audit

### Article 47

The internal audit in the Bank is conducted by a special organizational unit whose basic tasks towards the Management Board are:

- To give independent and impartial opinion on issues which are subject to the audit,
- Conduct advisory activities directed to advancement of the existing system of internal controls and business activities of the Bank, as well as
- To assist the Management Board in achieving of its goals, applying a systematic, disciplined and documented approach to valuation and advancement of the existing way of risk management, control and management of the processes.

The organizational unit referred to in the paragraph 1 of this Article has at least one employee with title, stipulated by regulations from the field regulating audit and other regulations from that field.

The Bank is obliged to conduct the function of internal audit according to the regulations, which regulate the basic principles of organization and performance of the internal audit of the Bank.

### Article 48

The Head of the organizational unit, competent for the internal audit, is appointed and dismissed by the Management Board of the Bank.

The Head of the organizational unit referred to in the paragraph 1 of this Article prepares a program of internal audit and determines the methodology of its performance, and especially the manual for the performance of internal audit, way and terms of composition and submission to the competent authorities of the Bank reports on internal audit, way of tracking of recommended activities for relief of irregularities and failures assessed in the business activities of the Bank, as well as the way and responsibility for the composition, use and keeping of documents on performed activities of the internal audit according to the annual plan.

The Head informs the Management Board on the results of the conducted audit.

The employees within the organizational unit of this Article cannot perform managerial or other tasks from the activity of the Bank, nor can they participate in the elaboration of acts and other documentation, which can be subject to internal audit.

### Article 49

Internal audit of the Bank:

- 1) Evaluates the adequacy and reliability of the system of internal control of the Bank and functioning of the compliance control of business activities of the Bank;
- 2) Provide the risks to be identified and controlled in an adequate way;

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- 3) Ascertains the weaknesses in the business activities of the Bank and its employees as well as cases of failure in conducting the obligations and abuse of authority and prepares proposals for relief of those weaknesses, as well as recommendations for their prevention;
- 4) Holds meetings with the Management Board of the Bank and the Audit Board of the Bank;
- 5) Regularly prepares reports on activities of internal audit and submits them to the Management Board, as well as to the Audit Board of the Bank.

#### Article 50

The employees in the organizational unit of internal audit are entitled to insight into all documents of the Bank, its subsidiaries and members of the same Bank group without limitation, to monitor the business activities of the Bank and participate in the meetings of the Management Board of the Bank and its Boards.

Upon request of the employees in the organizational unit from paragraph 1 of this Article, the employees of the Bank are obliged to submit written explanations regarding the weaknesses and mistakes in their performance, as well as to eliminate them.

The organizational unit from paragraph 1 of this Article submits the reports on its work to the Audit Board of the Bank and to the Management Board.

#### Article 51

For the purpose of conducting the annual audit of its financial statements, the Bank engages every year an external auditor (Auditing company), whereof it informs the National Bank of Serbia within 15 days from the date of appointment.

The report on conducted audit is considered by the Audit Board of the Bank undertaking activities and measures for which it is authorized by the Law and the Statute, and the report is submitted to authorized bodies and is published in a way stipulated by the law.

The bank is obliged to submit to the National Bank of Serbia along with the financial statement, the annual report on adequacy of risk management and internal control of the Bank, whose content (of the reports) and terms of submission closely stipulates the national Bank of Serbia, as well as other reports whose content and form is stipulated by the National Bank of Serbia.

### VIII AUTHORIZATION TO SIGN AND REPRESENTATION OF THE BANK

#### Article 52

The Bank is represented and presented by the President of the Executive Board of the Bank.

The President of the Executive Board represents and presents the Bank also in business activities with foreign countries.

The President of the Executive Board represents the bank after registration and publishing of registration without special authorization.

In absence of the President of the Executive Board the Bank is represented and presented by a member of Executive Board, authorized by the President of the Executive Board of the Bank.

At conclusion of legal affairs and conducted legal actions from the competence of the Executive Board, the President of the Executive Board is obliged to provide the signature of one member of that Board (co-signature), with the provision that those persons also are obliged to state along with the signature their function in the Bank.

The President of the Executive Board of the Bank together with the signature of another member of the Executive Board can issue to another person a written authorization for representation of the Bank.

The authorization from the above paragraph of this Article contains conditions for issuing and authorization limitations of the assignee.

The Executive Board may with the appropriate Rulebook on authorization for signing, regulate more precisely authorizations of employees in the bank in relation to the signing of acts, by which obligations for Bank are being created or taken over and generate legal effect for it, as well as the way of signing.

#### Article 53

The representative of the Bank is obliged to act according to the limitations of his authorizations, which are stipulated by regulations, depending on type of representation and acts of the Bank or decisions of governing bodies.

The authorization limitations of the representative cannot be shown towards third persons, except the authorization limitation of the representative for the purpose of mandatory co-signature, if registered according to the Law on Registration.

The representative of the Bank who exceeds his authority is responsible for damage brought upon the Bank by exceeding his authorizations, except in case when he has acted according to the decision of the governing body of the Bank.

The registered data in connection with persons authorized to represent the Bank, oblige the Bank even when there are irregularities in their election, and upon which third persons can refer to, except if the Bank does not prove that the third persons knew or must have known about that.

The representative of the Bank cannot without special authorization of the Management Board act as a second contract party and conclude contracts with the Bank, and on behalf of a third person, in his own name and on behalf of a third person, nor in the name and on behalf of a third person.

#### Article 54

Parts of the Bank, within business activities conducted by that parts, represent and present the heads of those parts (assignees upon employment), except when they are represented and presented by the President of the Executive Board or a person - member of the Executive Board, authorized by the President of the Executive Board.

#### Article 55

The Bank is represented by assignees by employment.

The assignees by employment of the Bank are the employees, who are, on the basis of Rulebook on organization and classification of jobs, distributed to business activities, which conduction is in connection with conclusion and fulfilment of contracts and who by the very distribution to those business activities are authorized to conclude standard contracts on money deposits, savings deposits, current account, bank account, foreign currency account and other, are obliged to provide the performance of the contract. Such authorizations may be more precisely regulated by the Rulebook on authorizations for signing.

The assignees by employment give authorizations according to paragraph 2 of this Article, based on regulations and instructions for conducting business activities of retail operations and with civil legal entities.

The assignee upon employment is responsible for damage inflicted to the Bank by exceeding of limitations of his authorizations, except in case if he has acted according to the decision of the governing body of the Bank or his actions were approved afterwards by that body.

### IX GENERAL ACTS OF THE BANK

#### Article 56

General Acts of the Bank are: the Articles of Association, the Statute, Rule Books, Rules of Procedures, strategies, policies and procedures, programs, methodologies, decisions and other acts rendered by the Bank, and which in general regulate certain issues.

#### Article 57

The Articles of Association and the Statute are the basic general act.

Other general acts: Rule Books, Rules of Procedures, strategies, policies and procedures, programs, methodologies, working instructions, decisions and other acts rendered by the Bank and acting of the employees and bodies of the Bank, and must be in compliance with the Statute of the Bank.

General acts of the Bank, except the working instructions, are rendered by the bodies of the Bank, while the working instructions may be rendered by the persons with special authorizations and responsibilities, like

the managers of particular organizational units. The adoption of the general acts by other persons within their authorizations is possible if it originates from the Law and other regulations, and acts of the Bank.

#### Article 58

Single acts rendered by the bodies of the Bank and authorized persons of the Bank must comply with the Agreement, Statute and general acts of the Bank.

### **X INFORMATION AND DOCUMENTS DEEMED TO BE BUSINESS SECRET OF THE BANK AND WAY OF PROCEEDING WITH THAT INFORMATION AND DOCUMENTS**

#### Article 59

The Bank secret is a business secret.

Bank secrets are deemed to be:

- Information known to the Bank and referring to personal data, financial state and transactions, as well as ownership or business connections of the Bank's clients or other bank,
- Information on balance and turnover in individual deposit accounts,
- Other information which the Bank learns to know during the business activities with the client.

Bank secrets are not deemed to be:

- Public information and data available to interested persons from other sources,
- Consolidated information based on which the identity of a single client is not uncovered,
- Information on shareholders and amount of their share capital of the Bank, as well as information on other persons with shares in the Bank, and information of that share regardless to the fact if they are or are not clients of the Bank,
- Information referring to duly fulfilment of obligations of a client towards the Bank.

#### Article 60

The Bank, the members of its bodies, the shareholders, the employees of the Bank, the external auditor of the Bank, as well as other persons, who due to the nature of the business activities they conduct, have access to information which are deemed to be business secret according to the Law Banka, cannot disclose this information to third persons, nor use them contrary to the interests of the Bank and its clients, nor can third persons be enabled to have access to this information.

The obligation of keeping a bank secret does not expire, even after expiration of status for persons from paragraph 1 of this Article, based on which they have achieved access to information from that paragraph.

The Bank can disclose information on clients deemed to be a bank secret to third persons, only upon written consent of that client, except if it is not regulated otherwise by the law.

#### Article 61

The obligation of keeping a bank secret does not exist if the information are disclosed:

- Upon a decision or request of the competent court,
- For needs of the competent Ministry of Internal Affairs, body responsible for the fight against organized crime and the authority responsible for the prevention of money laundering in accordance with the regulations,
- In connection with a proprietary process, based on a request of the guardian of the property or consular representatives of foreign countries, with submission of adequate written documents, whereby the legitimate interest of these persons is proved,
- In connection with enforcement proceedings on the property by the authorized body,
- To regulatory bodies in the Republic of Serbia for the purpose of conducting business activities from their field of competence,
- To persons who have founded the bank for the purpose of gathering information on the total amount, type and accuracy in fulfilling the obligations of private and legal persons, clients of the Bank,
- To the authorized body in connection with conducting control of payments with legal and private persons, who conduct activities according to the regulations stipulating the payment,

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- To Tax Administration according to the regulations regulating business activities from its competence,
- To a body authorized for activities of the control of foreign currency business activities,
- Upon request of the organization for deposit insurance according to the law regulating the deposit insurance,
- To a foreign regulatory body under conditions provided under the agreement on cooperation, concluded between that body and the National Bank of Serbia.

Excluded from the regulation from paragraph 1 of this Article, the Bank is entitled to disclose information deemed as bank secret to an investigating judge, prosecutor and courts, respectively other bodies conducting public and legal authorizations, solely for the purpose of protection of its own rights, according to the law.

## **XI FINANCIAL RECORDS, REPORTING AND PUBLISHING OF INFORMATION**

### **Article 62**

The Bank is obliged to keep business records and accounting records and to prepare annual financial statements, which truly and impartially reflect its business activities and financial state, with content and in form stipulated by the rules regulating the accounting and auditing, by the Law on banks and regulations of the National Bank of Serbia.

The Bank is obliged to prepare and submit reports to the National Bank of Serbia, for the purpose of evaluation of the state of finances of the Bank and its subsidiaries, upon single and consolidated bases, referring to Bank management, as well as to the business activities of the organizational structures, planned business activity, liquidity, solvency and profitability of the Bank and its subsidiaries.

### **Article 63**

The Bank publishes information on strategy and policies of risk management of the Bank, capital of the Bank, adequacy of the capital of the Bank, as well as other information, respectively information according to the regulations of the National Bank of Serbia.

The Bank does not publish information which are not materially important, information which publishing could negatively influence the competitive status of the Bank on the market, as well as information which are a bank secret in terms of the Law on Banks.

The bodies of the Bank, beside their information of shareholders through their activities within the Assembly, provide conditions for the shareholders to regularly and completely informed about the performances of the Bank and its bodies, about accounting statements, reports on business activities and other significant facts for the business activities of the Bank and realization of rights and obligations of the shareholders according to legal provisions.

The bodies of the Bank are obliged to make available documents which according to the Law and other laws, the Article of Agreement and the Statute must be made available to each shareholder, as well as a previous shareholder for the period when he was a shareholder, upon written request of the shareholder, according to the law, in term of conducting insight and copying at one's own expense, during the working hours.

The obligation from the paragraph above in terms of documents from the previous paragraph, is deemed to be fulfilled, by enabling by the Bank a free access and taking over from the web site of the Bank, without compensation.

The shareholder's right from the paragraphs 4 and 5 of this Article is limited only to the extent in which it is necessary for the purpose of ordinary identification of the shareholder.

The shareholder who in the above mentioned way accesses the acts and documents of the Bank cannot publish them in a way to inflict damage to the Bank and its reputation.

The Bank is obliged to: to publish the complete report of an external auditor on the financial statements of the Bank, including endorsements to the financial statements on its web site presentation, as well as to publish in its web site presentation the quarterly unaudited financial reports, which must include data and information stipulated by the Law within 30 days from the expiration date of the accounting period.

The Bank is obliged to publish the report of the external auditor in shortened form in at least one daily newspaper, which is distributed on the territory of the Republic of Serbia, within 15 days from the date of receiving the report of the external auditor.

Each shareholder is entitled to ask the Bank's bodies questions in writing about the managing of the Bank and business activities of the Bank. The Management Board, respectively the President of the Executive Board must answer to questions addressed to them within 15 working days, and the Assembly must take a stand to questions addressed to it, in the first following meeting.

In executing of rights from this Article, the shareholder cannot disrupt the working process in the Banks and is obliged to pay attention to the provisions of this Statute and to business secret.

If the governing body or the authorized person of the Bank fails to fulfil the obligation from this Article, he will be responsible for the damage thereby inflicted to the shareholders of the Bank.

#### Article 64

The Bank provides risk management procedures and internal audit and internal control procedures that correspond to the activities of the banking group and regularly monitors and updates them.

## XII STATUS CHANGES, TERMINATION OF THE BANK

#### Article 65

The Bank can enter following status changes according to the Law: merger and affiliation.

To the Bank's status changes except for the Law on Banks, also provisions of the Law on Bankruptcy and Liquidation of Banks and Insurance Companies.

The decision on the status changes of the Bank (merger, affiliation) makes the Shareholders' Assembly of the Bank, by 3/4 majority of votes of all shareholders, with voting rights in this case.

The right to vote, the votes of shareholders who have voted in absence and other are regulated by the Rules of Procedure of the Assembly of the Bank.

#### Article 66

The Bank is terminated:

- By gaining approval of the National Bank of Serbia to the decision of the Assembly of the Bank on termination,
- Revocation of license,
- Status change of the Bank.
- In other cases, foreseen by the Law

## XIII AMENDMENTS TO THE STATUTE

#### Article 67

The right to initiative for amendments to the Statute of the bank firstly has shareholder, respectively shareholders with at least 10% of the voting shares of the Bank, and the decision is made by the majority of votes of the present shareholders and the Executive Board and the Management Board of the Bank.

When the Management Board receives the initiative of the shareholders or the Executive Board of the Bank with the proposed text, or when it itself makes the initiative, it will prepare the text for the Assembly and send it to all shareholders, within the term stipulated by this Statute for convening the meeting of the Assembly, where it will be decided on the change, respectively amendment to the Statute.

The proposal of the text given along with the initiative by persons from paragraph 1 of this Article needs not to be identical, even in no part of it, to the proposal submitted to the Assembly by the Management Board, with the provision that the Management Board is obliged to explain in that meeting of the Assembly, wherein and why the text is different from the proposal presented by the Management Board in the meeting for decision, with regard to the text given along with the initiative for modification and/or amendment.

## XIV TRANSITIONAL AND FINAL PROVISIONS

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Article 68

The Statute of the Bank and/or amendments to the Statute of the Bank become effective upon obtaining approval of the Statute and/or amendments to the Statute of the Bank by the National Bank of Serbia.

The amendments to the Statute of the Bank and the reviewed text of the Statute of the Bank are registered according to the Law on Registration.

Article 69

This consolidated text contains the Basic Text of the Statute of 29 September 2006, all amendments and that came into force on 7 October 2010, on 27 May 2011, on 14 May 2012, on 30 May 2014, on 29 June 2015, on 23 December 2015, on 6 October 2016, amendments, adopted by the Assembly of Shareholders of the Bank on 27 April 2018, which came into force on 18 May 2018 and amendments adopted by the Bank's Assembly at its meeting on 17 December 2018, which came into force on 15 January 2019 and amendments adopted by the Bank's Assembly at its meeting on 30 April 2019, which came into force on 23 May 2019.

“AIK BANKA” a.d. Beograd  
Executive Board

Jelena Galić, Ppresident

Milan Mirkov, Member