

ARTICLES OF ASSOCIATION

ERSTE BANK

JOINT STOCK COMPANY PODGORICA

December 2021

Contents

I GENERAL PROVISIONS.....	3
II STATUS CHARACTERISTICS AND HEADQUARTERS OF THE BANK.....	3
III ACTIVITIES OF THE BANK.....	4
IV SHARE CAPITAL, NUMBER AND TYPE OF SHARES AND CHANGE IN BANK'S CAPITAL	5
Capital and type of shares	5
Capital stock increase procedure.....	5
Capital stock reduction procedure	5
V ORGANIZATION OF THE BANK.....	6
Internal organization of the Bank.....	6
VI CORPORATE GOVERNANCE	6
General Meeting of Shareholders of the Bank.....	6
Supervisory Board of the Bank.....	7
Audit Committee	10
Management Board	Error! Bookmark not defined.
Secretary of the Bank	13
VII KEY POSITIONS HOLDERS	13
VIII CONTROL FUNCTION.....	13
IX REPRESENTATION AND SIGNATURE OF THE BANK.....	14
X BUSINESS BOOKS, INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM, EXTERNAL AUDIT, REPORTING, CLIENT PROTECTION, PROFIT, LOSSES AND RESERVES OF THE BANK.....	14
Business records.....	14
Internal control and internal audit system.....	14
External audit.....	15
Reporting	15
Customer protection.....	15
Profit, loss and reserves of the Bank.....	15
XI APPEARANCE AND LIABILITY IN LEGAL TRANSACTIONS	16
XII SPECIAL DUTIES TOWARDS THE BANK.....	16
XIII TRADE SECRET	17
XIV CARE OF A GOOD BUSINESSMAN/GOOD EXPERT	17
XV DUTY TO REPORT PERSONAL INTEREST	18
XVI DUTY TO RESPECT FORBIDDEN COMPETITION.....	18
XVII GENERAL ACTS OF THE BANK.....	19
XVIII AMENDMENTS TO THE ARTICLES OF ASSOCIATION.....	19
XIX TRANSITIONAL AND FINAL PROVISIONS.....	19

Pursuant to Article 41, paragraph 1, point 1 of the Law on Credit Institutions ("Official Gazette of Montenegro", No. 72/19, 82/20, 008/21), in accordance with Article 114 of the Companies Law ("Official Gazette of Montenegro", No. 65/20), Erste & Steiermärkische Bank d.d., Rijeka, Republic of Croatia, as the sole shareholder of the joint stock company Erste Bank AD Podgorica, registered with the Central Register of Business Entities of the Tax Administration in Podgorica, under registration number 4-0001671 (hereinafter: "Bank"), which has the authority of the General Meeting of Shareholders of the Bank as a joint stock company, in terms of Article 108 paragraph 3 of the Companies Law, on 27 December 2021, adopted the new Articles of Association of the Bank, as follows

ARTICLES OF ASSOCIATION

ERSTE BANK JOINT STOCK COMPANY PODGORICA

I GENERAL PROVISIONS

Article 1

- 1) ERSTE BANK JOINT STOCK COMPANY PODGORICA (hereinafter: "Bank") is a legal entity, credit institution, which has acquired juridical personality under the name Opportunity Bank AD Podgorica (decision of the Commercial Court in Podgorica, Fi.br. 1109/02 of 29 April 2002).
- 2) The Bank changed its name in accordance with the Decision of the General Meeting of Shareholders of 21 July 2009 (certificate on registration of change of data with the Central Registry of the Commercial Court in Podgorica, dated 23 July 2009).
- 3) The Bank is registered with the Central Registry of Business Entities of the Tax Administration of Podgorica (hereinafter: "CRPS") under registration number 4 - 0001671.
- 4) These Articles of Association define and regulate the organization and corporate governance of the Bank and transpose the Law on Credit Institutions ("Official Gazette of Montenegro", No. 72/19, 82/20, 008/21) and the Companies Law ("Official Gazette of Montenegro", No. 65/20).
- 5) The Bank is a joint stock company performing credit, deposit and other banking operations with the aim of making a profit in operations.
- 6) The Bank is a legal entity with rights, obligations and responsibilities determined by applicable regulations, the Memorandum of Association and these Articles.

II STATUS CHARACTERISTICS AND HEADQUARTERS OF THE BANK

Article 2

- 1) The Bank operates under the name: ERSTE BANK JOINT STOCK COMPANY PODGORICA.
The abbreviated name of the Bank is: ERSTE BANK AD PODGORICA.
- 2) The Bank's registered office is in Podgorica, 2A Arsenija Boljevića Street.
- 3) The Bank uses the following logo (graphic symbol) in its operations:

- 4) The Bank's e-mail address is: info@erstebank.me.

Article 3

- 1) The Bank has seals and stamps.
- 2) The content, form, size and manner of use of the Bank's seals and stamps, as well as other issues related to their use shall be determined by a special act of the Bank.
- 3) In legal transactions, official relations and business correspondence with individuals and legal entities, the Bank uses a memorandum containing: logo and name of the Bank, indication that the Bank is a joint stock company, seat of the Bank, tax identification number (TIN), transaction account of the Bank, name of the body with which the Bank is registered and the number under which it is registered, the amount of share capital and paid-in capital of the Bank.
- 4) The Bank shall publish the data referred to in paragraph 3 of this Article on its website.

III ACTIVITIES OF THE BANK

Article 4

- 1) The Bank performs the following activities determined by the decision of the Central Bank of Montenegro on the issuance of work permit, No. 0101-78/1-2002 of 18 December 2002:
 1. accepts deposits and other funds from natural and legal persons and approves loans and other placements from these funds, in whole or in part, for its own account;
 2. issues guarantees and assumes other obligations;
 3. buys and collects receivables;
 4. issues, processes and records payment instruments (including credit cards, travel and bank checks);
 5. international payment transactions;
 6. financial leasing;
 7. trades in its own name and for own account or for the account of clients:
 - with foreign means of payment, including foreign exchange transactions,
 - in currency and interest rate instruments;
 8. collects data, prepares analyses and provides information and advice on the creditworthiness of companies and entrepreneurs and other business issues;
 9. depot business;
 10. safekeeping services.
- 2) The Bank also performs payment operations in the country, in accordance with the decision of the Central Bank of Montenegro No. 01-01-93/1-2003 of 30 December 2003.
- 3) The Bank performs custody and depository operations, in accordance with the approval of the Central Bank No. 0102-3319/5 of 29 July 2014.
- 4) The Bank performs insurance representation activities, in accordance with the approval of the Central Bank of Montenegro No. 0102-6139/3 of 20 November 2014 and with the consent of the Insurance Supervision Agency, No. 03-1101/4/15 of 30 December 2015.

- 5) The Bank performs the activities of a broker, dealer and investment manager, in accordance with the approval of the Central Bank of Montenegro No. 03-3595-3/2016 of 24 May 2016.
- 6) In addition to the activities referred to in the previous paragraph, the Bank may, with the prior approval of the Central Bank, perform activities that are not determined by the decision on issuing work permits and other activities, in accordance with the Law on Credit Institutions.

IV SHARE CAPITAL, NUMBER AND TYPE OF SHARES AND CHANGE IN BANK'S CAPITAL

Capital and type of shares

Article 5

- 1) The share capital of the Bank amounts to EUR 3,000,000.00.
- 2) The capital stock of the Bank amounts to EUR 5,339,000.00.

Article 6

- 1) The capital stock of the Bank consists of 5,339 ordinary shares, each of which has a nominal value of EUR 1,000.00.
- 2) Records and a unique list of the Bank's shareholders are kept with the Central Clearing Company in Podgorica (CKDD).

Capital stock increase procedure

Article 7

- 1) The Bank may increase the capital stock from retained earnings, the Bank's reserves and through a new issue of shares, in accordance with the Law on Credit Institutions, the Companies Law and the Law on Capital Market.
- 2) The decision to increase the capital stock through a new issue of shares is made by the General Meeting of Shareholders by a decision on a new issue of shares and a decision to amend the Articles of Association, in order to change the amount of capital stock.

Article 8

- 1) After the adoption of the Decision on the increase in share capital, amendments to the Articles of Association must be made and registered with the CRPS, after subscription and payment of shares, within 15 days from the date of the decision of the Capital Market Commission confirming the success of the issue.
- 2) Share capital is considered increased on the day of registration of amendments to the Articles of Association with the CRPS.

Capital stock reduction procedure

Article 9

- 1) Capital stock may be reduced based on the decision of the General Meeting of Shareholders, in accordance with the law.
- 2) The decision of the General Meeting of Shareholders on the reduction of capital stock shall be submitted for registration with the CRPS, within 15 days from the date of the decision.
- 3) Capital stock is considered reduced after the amendments to the Articles of Association are registered with the CRPS.

- 4) The decision to reduce the capital stock shall be published in the "Official Gazette of Montenegro".

Article 10

- 1) Before reducing the capital stock, the Bank must perform all actions provided for by law for the protection of rights and settlement of claims of potential creditors.
- 2) When reducing the capital, the Bank must cancel a proportionate number of shares. The number of all shares held by shareholders decreases proportionally to the number of shares held by each shareholder individually.

V ORGANIZATION OF THE BANK

Internal organization of the Bank

Article 11

- 1) The Bank may establish branches, representative offices and other organizational units in the country and abroad, as well as dependent legal entities, in accordance with the Law on Credit Institutions.
- 2) The Bank is established for an indefinite period of time.
- 3) The business year of the Bank corresponds to the calendar year.
- 4) The internal organization of the Bank shall be regulated in more detail by general acts on the organization of the Bank adopted by the Management Board of the Bank, with the consent of the Supervisory Board of the Bank.

VI CORPORATE GOVERNANCE

Article 12

The bodies of the Bank are:

1. General Meeting of Shareholders
2. Supervisory Board
3. Management Board
4. Secretary

General Meeting of Shareholders of the Bank

Article 13

- 1) The Bank is a single-member joint stock company.
- 2) The sole shareholder of the Bank has the authorities of the General Meeting of Shareholders of the Bank and makes all decisions in writing.

Article 14

The exclusive right of the Bank's General Meeting of Shareholders is to:

1. adopt and amend the Bank's Articles of Association;

2. adopt the annual financial statements and the report on the operations of the Bank and the report of the independent external auditor;
3. elect and dismiss members of the Bank's Supervisory Board;
4. elect an external auditor;
5. adopt and implement an adequate policy for the selection and assessment of the fulfillment of the conditions that the members of the Supervisory Board must fulfill individually and together;
6. decide on remuneration to members of the Supervisory Board;
7. make a decision on the disposal of the Bank's assets (purchase, sale, lease, exchange, acquisition or other disposal) value of which exceeds 20% of the book value of the Bank's assets (high value assets);
8. decide on the distribution of profits;
9. decide on the increase and decrease in the Bank's capital, as well as on the conversion of shares of one class to shares of another;
10. make decisions on the issue of bonds, i.e. convertible bonds or other convertible securities;
11. decide on the restructuring and winding down of the Bank;
12. decide on changing the name and seat of the Bank;
13. make a decision on independent or joint establishment of another company or a decision authorizing the management bodies in the company to make a decision on independent or joint establishment of one, more or an indefinite number of companies;
14. decide on other issues within its competence under the Law on Credit Institutions, the Companies Law and other applicable regulations.

Article 15

Supervisory Board of the Bank

- 1) The Supervisory Board is a body that performs the function of supervising the Bank's operations, organization, scope of work and responsibilities, which are determined by the Law on Credit Institutions, other applicable regulations, the Articles of Association and other acts of the Bank.
- 2) The Supervisory Board consists of 5 (five) members chaired by the President, of which at least 2 (two) must be independent in accordance with the Law on Credit Institutions and other applicable regulations.
- 3) The term of office of a member of the Supervisory Board lasts for 4 (four) years, provided that a member whose term of office expires may be reappointed.
- 4) At the first (constitutive) session, the Supervisory Board, from among its members, elects the President and the Deputy President.
- 5) In case of expiration or termination of the term of office in another way, the membership in the committees/bodies of the Supervisory Board member shall cease.
- 6) Employees of the Bank may not be members of the Supervisory Board.

Article 16

Members of the Supervisory Board are obliged to act conscientiously and with the care of a good businessman, i.e. in the interest of the Bank as a whole.

Article 17

- 1) Members of the Supervisory Board are elected by the General Meeting of Shareholders.

- 2) The term of office of the elected member of the Supervisory Board begins at the first session of the Supervisory Board held after the adoption of the Decision of the General Meeting of Shareholders electing such member, unless otherwise decided by the General Meeting of Shareholders.
- 3) A member of the Supervisory Board may only be a person who meets the requirements of the Law on Credit Institutions, bylaws and other regulations, provided he/she receives prior approval from the Central Bank to perform the position of a member of the Supervisory Board.
- 4) The members of the Supervisory Board elect the President of the Supervisory Board and his/her deputy from among themselves.
- 5) The Supervisory Board may appoint committees from among its members, which committees may also include experts in various fields of banking, who will act exclusively in the capacity of advisors. In addition to the above, the Supervisory Board establishes committees in accordance with applicable regulations.
- 6) The Supervisory Board may, with the consent of the Management Board, attend the meetings of the Management Board.
- 7) Members of the Supervisory Board are entitled to remuneration in accordance with the Remuneration Policy.

Article 18

- 1) The Supervisory Board decides on all matters in accordance with the law or these Articles of Association, and in particular on the following:
 1. appointment and dismissal of the President and members of the Management Board;
 2. conclusion of employment contracts with members of the Management Board;
 3. proposal of the external auditor to the General Meeting of Shareholders;
 4. adoption of the annual internal audit plan and internal audit reports;
 5. adoption and periodical reviews of the general principles of the Bank's remuneration policy;
 6. convening sessions of the General Meeting of Shareholders, determining the proposed agenda and proposed decisions for the General Meeting of Shareholders and controlling their implementation;
 7. election and dismissal of the President of the Supervisory Board;
 8. appointment and dismissal of members of the Audit Committee;
 9. considering the annual report on the work of the Audit Committee;
 10. appointment and dismissal of members of the Remuneration Committee, the Risk Committee, the Nomination Committee and other committees established for the purpose of providing professional assistance in supervising the Bank's operations;
 11. considering and taking positions on the findings from the report of the Central Bank and the report of other supervisory bodies on the performed control, within 30 days from the day of submitting the control report;
 12. giving its consent to the Management Board on:
 - goals and general strategy of the Bank,
 - business policy of the Bank,
 - financial plan of the Bank,
 - strategies and procedures for assessing the Bank's internal capital adequacy,
 - policies and procedures for selection and assessment of fulfillment of conditions for members of the Management Board and others,

- persons responsible for conducting business within certain areas of the Bank's operations,
 - remuneration policy in the Bank,
 - act on internal audit and annual work plan of internal audit,
 - the internal organization of the Bank,
 - internal acts of control functions (prior consent),
 - decisions on the appointment and dismissal of persons responsible for the work of control functions and their deputies,
 - additional decisions of the Bank's Management Board for which it is necessary to obtain the consent of the Supervisory Board, are determined by the Rules of Procedure of the Supervisory Board;
13. supervision of:
- implementation procedure and efficiency and effectiveness of the Bank's management system,
 - implementation of the Bank's business policy, strategic goals and risk-taking strategy and policy,
 - implementation of the Bank's remuneration policy,
 - disclosure and communication process,
 - adequacy of procedures and efficiency of internal audit;
14. performing other tasks determined by law and regulations adopted on the basis of law.
- 2) Legal affairs for which it is necessary to obtain the prior consent of the Supervisory Board are determined by the Rules of Procedure of the Supervisory Board.

Article 19

A member of the Supervisory Board shall immediately inform the Central Bank of:

1. his/her election or termination of office in the governing bodies of another legal entity, and
2. legal transactions on the basis of which such member of the supervisory board or one of his/her immediate family members directly or indirectly acquired shares in a legal entity, on the basis of which he/she independently or together with his/her immediate family members acquires qualified share in such other legal entity, or on the basis of which their share is reduced below the limit of qualified share.

Article 20

- 1) The term of office of a member of the Supervisory Board may be terminated:
 1. at personal request - by resignation;
 2. upon the expiration of the period for which he/she was elected;
 3. by the decision of the General Meeting of Shareholders;
 4. when he/she ceases to meet the conditions for election as a member of the Supervisory Board, in terms of the Law on Credit Institutions and the Companies Law, or the conditions for independence in the case of an independent member of the Supervisory Board;
 5. if, without justified reasons, he/she fails to participate in the work of the Supervisory Board and fails to act in accordance with the rights and obligations of a member, in accordance with the Rules of Procedure of the Supervisory Board;
 6. if he/she votes for decisions for which he/she cannot decide due to conflict of interest;

7. if he/she is convicted in a criminal, misdemeanor or other procedure for an act that makes him/her unfit to perform the position of a member of the Supervisory Board;
 8. in other cases provided for by applicable regulations.
- 2) A member of the Supervisory Board may resign in writing before the expiration of his/her term of office, which shall be notified to the Supervisory Board in writing 15 days before the meeting of the Supervisory Board.
 - 3) The resignation referred to in paragraph 2 of this Article shall have legal effect on the day of election of a new member of the Supervisory Board.
 - 4) In case of resignation of a member of the Supervisory Board of the Bank or termination of his/her office in another way, a new Supervisory Board of the Bank shall be elected.

Article 21

- 1) The permanent working bodies of the Supervisory Board are:
 1. nomination committee;
 2. risk committee, and
 3. remuneration committee.
- 2) The members of the committees referred to in paragraph 1 of this Article shall be appointed from among the members of the Supervisory Board of the Bank.
- 3) The committees referred to in paragraph 1 of this Article shall have three members, one of whom shall be appointed the chairman of the committee.
- 4) The work of the committees referred to in paragraph 1 is prescribed by the Law on Credit Institutions, regulations of the Central Bank and the rules of procedure of these working bodies.
- 5) For tasks within its competence, the Supervisory Board may, in addition to the above, establish other committees or other permanent or occasional bodies that assist it in its work, in accordance with the law.
- 6) The composition and scope of the body referred to in paragraph 1) of this Article shall be regulated in more detail by acts of the Bank, in accordance with applicable regulations.

Article 22

Audit Committee

- 1) The Audit Committee consists of at least three members, of which at least one member of the Audit Committee must have knowledge in the field of accounting and auditing and may not be an employee, shareholder or member of the Bank's governing body.
- 2) Members of the Management Board of the Bank may not be elected as a member of the Audit Committee.
- 3) The Audit Committee is chaired by the President, who is elected by the members of the Committee from among themselves at the first (constitutive) session.
- 4) The term of office of the members of the Audit Committee lasts for 4 (four) years.
- 5) The Audit Committee of the Bank performs activities in accordance with the law governing the audit, as follows:
 1. monitors the financial reporting procedure;
 2. monitors the effectiveness of the Bank's internal control and internal audit;
 3. monitors the statutory audit of annual and consolidated financial statements;
 4. monitors the independence of the engaged certified auditors or audit companies, which perform audits, as well as contracts for the use of additional services in accordance with Article 20 of the Law on Audit;

5. makes recommendations to the Bank's General Meeting of Shareholders on the selection of an audit company or a certified auditor;
6. considers plans and annual reports of internal control, as well as other issues related to financial reporting and auditing.

Management Board

Article 23

- 1) The Management Board performs the executive function and is responsible for the management of the Bank on a daily basis and its representation, ensuring that the Bank operates in accordance with the Law.
- 2) The Management Board of the Bank has a President and 2 members.
- 3) The President and members of the Management Board must be employed by the Bank, full time and must manage the Bank's affairs from the territory of Montenegro.
- 4) Only a person who meets the conditions prescribed by the Law on Credit Institutions and the Companies Law and for whom the Central Bank of Montenegro has issued an approval for the performance as President/member of the Management Board shall be elected Bank's President/member of the Management Board.
- 5) The term of office of the President and members of the Management Board is 4 (four) years.
- 6) Upon expiration of the term of office, the President/member of the Management Board may be reappointed.

Article 24

The President/member of the Management Board of the Bank may be removed from office by a decision of the Supervisory Board of the Bank before the expiration of the term for which appointed in the following cases:

1. at personal request;
2. if his/her negligent work has caused damage to the Bank;
3. if he/she acts contrary to the legal regulations and decisions of the Bank;
4. if the Central Bank revokes the approval for performing the position of the President/member of the Management Board of the Bank;
5. in other cases provided for by applicable regulations and acts of the Bank.

Article 25

- 1) The Management Board manages the Bank's affairs.
- 2) The Management Board shall ensure that the Bank operates in accordance with the regulations governing the operations of credit institutions.
- 3) The Management Board shall establish and implement a reliable management system of the Bank in accordance with the Law on Credit Institutions and other applicable regulations.

Article 26

In order to establish and implement an efficient and reliable management system, the Bank's Management Board:

1. determines the goals and general strategy of the Bank;
2. adopts the business policy of the Bank;

3. regularly reviews strategic goals, strategies and policies of risk management, including the management of risks arising from the macroeconomic environment in which the Bank operates, as well as the state of the Bank's business cycle;
4. establishes the basis for the functioning of the internal control system, adequate to the size of the Bank, the complexity of operations and the level of risk taken;
5. adopts the remuneration policy in the Bank;
6. ensures the integrity of the accounting system and the system of financial reporting and financial and operational control;
7. provides oversight of senior management and establishes well-defined, clear and consistent internal accountability relationships that ensure a clear delineation of powers and responsibilities and prevent conflicts of interest;
8. determines the internal organization of the Bank, with the consent of the Supervisory Board;
9. adopts general acts of the Bank, except for acts adopted by other bodies of the Bank;
10. elects and dismisses senior management of the Bank and other persons in accordance with the Law on Credit Institutions and the Articles of Association of the Bank and determines their salaries;
11. adopts an internal act for each control function with the prior consent of the Supervisory Board;
12. appoints and dismisses the person responsible for the work of each control function, as well as his/her deputy, with the consent of the Supervisory Board;
13. adopts ethical standards of conduct for employees of the Bank;
14. approves the introduction of new products and services into the Bank's operations;
15. ensures the implementation of supervisory measures of the Central Bank;
16. periodically, and at least once a year, reviews the effectiveness of the Bank's management system, including the adequacy of procedures and the effectiveness of control functions, and informs the Supervisory Board of its conclusions, and takes appropriate measures to address identified deficiencies;
17. performs other tasks determined by the Law on Credit Institutions and the Companies Law.

Article 27

- 1) The Management Board of the Bank shall, without delay, notify the Supervisory Board in writing if:
 1. the liquidity or solvency of the Bank is threatened;
 2. the conditions for revoking the work permit or approval for the provision of a particular service have been met;
 3. the financial condition of the Bank changes so that some of the capital adequacy indicators fall below the level referred to in Article 134, paragraph 2 of the Law on Credit Institutions;
 4. the Bank exceeds the permitted exposure to one person or a group of related parties referred to in Article 172 of the Law on Credit Institutions, including overdrafts due to reduction of regulatory capital, or other circumstances beyond its control;
 5. measures of the Central Bank or other bodies in the procedure of supervision of the Bank or control have been adopted.
- 2) A member of the Bank's Management Board shall inform the Bank's Supervisory Board in writing without delay:
 1. of his/her election or revocation from the governing bodies of another legal entity, and
 2. legal transactions on the basis of which such member of the Management Board or one of the members of his/her immediate family directly or indirectly acquired

shares in a legal entity, on the basis of which he/she independently or together with members of his immediate family acquires qualified share in such other legal entity, or on the basis of which their share is reduced below the limit of qualified share.

Article 28

Secretary of the Bank

- 1) The Secretary of the Bank performs the following tasks:
 1. organizes the work of the General Meeting of Shareholders, the Supervisory Board and the Management Board of the Bank;
 2. takes care of the preparation and submission of materials for the General Meeting of Shareholders, the Supervisory Board and the Management Board of the Bank;
 3. participates in the drafting of decisions and other acts adopted by the General Meeting of Shareholders, the Supervisory Board and the Management Board of the Bank and submits them for implementation to the competent sectors and services of the Bank;
 4. is responsible for the preparation and keeping of minutes and decisions from the meetings of the General Meeting of Shareholders, the Supervisory Board and the Management Board of the Bank;
 5. submits documentation for CRPS registration, in accordance with the Law on Credit Institutions and the Companies Law;
 6. submits to the Central Bank the documentation for obtaining licenses, approvals and consents in accordance with the Law on Credit Institutions, regulations of the Central Bank and other applicable regulations;
 7. performs other tasks in accordance with the applicable regulations and acts of the Bank.
- 2) The Secretary is appointed and his/her remuneration is determined by the Supervisory Board of the Bank.

VII KEY POSITIONS HOLDERS

Article 29

- 1) Holders of key positions in the Bank are persons who perform functions in the Bank that enable them to have a significant influence on the management of the Bank, and who are not members of the Management Board or Supervisory Board.
- 2) The Management Board determines the holders of key positions and implements adequate policies for the selection and assessment of the fitness and suitability of holders of key positions in the Bank.
- 3) If the Bank assesses that the key position holder does not meet the fit and proper requirements, it shall take appropriate measures to ensure that the key position holders meet the fit and proper criteria.

VIII CONTROL FUNCTION

Article 30

- 1) In order to establish a permanent and efficient control function in all areas of business, the following control functions are established in the Bank:
 1. risk control function;
 2. compliance monitoring function;
 3. internal audit function.
- 2) The Management Board of the Bank, with the prior consent of the Supervisory Board, adopts an internal act for each control function in accordance with the Law and regulations of the Central Bank of Montenegro.

IX REPRESENTATION AND SIGNATURE OF THE BANK

Article 31

- 1) The Bank is represented by the President of the Management Board with one of the members of the Management Board or two members of the Management Board together.
- 2) The President of the Management Board, i.e. the members of the Management Board may, in accordance with their powers, authorize another person to represent the Bank.
- 3) The authorization granted to the attorney-in-fact may be exclusive and special, for a certain job or type of job or legal action. Exceptionally, a general power of attorney may be granted to a lawyer on the basis of a concluded contract on the provision of legal aid.
- 4) The President of the Management Board, or a member of the Management Board, may not issue a power of attorney for representation, or represent the Bank in a dispute in which he/she is the opposing party.

X BUSINESS BOOKS, INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM, EXTERNAL AUDIT, REPORTING, CLIENT PROTECTION, PROFIT, LOSSES AND RESERVES OF THE BANK

Business records

Article 32

The Bank:

1. keeps business records according to the chart of accounts prescribed by the Central Bank;
2. compiles accounting documents, values assets and liabilities, and compiles financial statements in accordance with the Law on Credit Institutions, regulations adopted on the basis of the Law on Credit Institutions, other applicable regulations, international accounting standards and international financial reporting standards;
3. monitors the records of shares with the Central Depository Agency.

Internal control and internal audit system

Article 33

The Bank organizes and implements an internal control system, in accordance with applicable regulations, which includes as a minimum clear principles of delegation of competencies and responsibilities and division of tasks, accounting of assets and liabilities, reconciliation of accounting data, securing Bank's funds and providing independent internal audit and compliance monitoring function.

Article 34

- 1) The functioning of the internal audit in the Bank is organized in a way that ensures the continuity of the internal audit function, accessibility of all activities in the Bank to the audit, independence, objectivity and impartiality of the internal auditor, adequate organization of the internal audit function and timely reporting of internal audit findings.
- 2) The Bank's organizational unit performs the function of internal audit in the Bank.
- 3) The person who manages the organizational unit of the Bank that performs the function of internal audit is appointed by the Management Board of the Bank, with the consent of the Supervisory Board of the Bank.
- 4) A person who manages an organizational unit that performs the function of internal audit, as well as persons who perform tasks in this organizational unit, may not perform other tasks in the Bank.
- 5) The Bank's organizational unit performing the internal audit function submits quarterly reports to the Management Board and the Audit Committee, semi-annually to the Supervisory Board and once a year to the Central Bank.

External audit

Article 35

- 1) The bank shall ensure the audit of annual financial statements and submit them, together with the report and opinion of the external independent auditor to the Central Bank, in accordance with the applicable regulations.
- 2) External audit of the Bank's annual financial statements is performed in accordance with applicable regulations.
- 3) With the approval of the Central Bank, the Bank shall appoint an independent external auditor no later than September 30 of a business year.
- 4) The external auditor submits the audit report, in accordance with the applicable regulations.
- 5) The Bank shall publish the auditor's report in short in at least one daily newspaper every year (balance sheet and income statement from the last audit report on the annual financial statements, together with the opinion of the external auditor).

Reporting

Article 36

- 1) The Bank shall prepare and timely submit to the Central Bank reports and other data, in the form, content and deadlines determined by the regulations of the Central Bank.
- 2) The Bank shall publish data that are important for informing the public about its financial position and operations, in accordance with the applicable regulations and acts of the Central Bank.

Customer protection

Article 37

In order to protect customers and other clients, the Bank shall highlight the general business conditions in a visible place in its business premises, inform and ensure protection of customers and other clients in the manner and through prescribed procedures in accordance with the Law on Credit Institutions and other regulations relating to customer and client protection.

Profit, loss and reserves of the Bank

Article 38

The Bank determines its assets and profits and distributes them in accordance with applicable regulations.

Article 39

The annual financial statements of the Bank are prepared for each business year, in accordance with the applicable regulations.

Article 40

- 1) Any distribution of profits shall be decided by the General Meeting of Shareholders of the Bank.
- 2) The Bank's profit is distributed for the following purposes:
 1. legal and other reserves;
 2. dividends to shareholders;
 3. other purposes in accordance with applicable regulations.

Article 41

The decision on allocation for special reserves is made by the General Meeting of Shareholders of the Bank, in accordance with the applicable regulations.

Article 42

The General Meeting of Shareholders of the Bank may decide not to pay dividends to shareholders for the previous year, but to use retained earnings to increase the total capital of the Bank.

XI APPEARANCE AND LIABILITY IN LEGAL TRANSACTIONS

Article 43

- 1) The Bank, within its activity, independently acts in legal transactions, concludes legal transactions and undertakes other legal actions and legal affairs.
- 2) In legal transactions, the Bank operates in its own name and for its own account, in its own name and on behalf of other persons and in the name and on behalf of other persons.
- 3) The Bank is liable for liabilities in legal transactions with all its assets.
- 4) The Bank's shareholders shall be liable for the Bank's liabilities up to the amount of their share in the Bank's capital stock.

XII SPECIAL DUTIES TOWARDS THE BANK

Article 44

- 1) Special duties towards the Bank include: duty of care, declaration of personal interest, avoidance of conflicts of interest, keeping trade secrets and respecting the prohibition of competition.
- 2) The following shall have special duties towards the Bank:
 1. shareholders who have a significant share in the share capital of the Bank or a shareholder who is a controlling member of the Bank in accordance with the provisions of the Companies Law;
 2. members of the Management Board,
 3. members of the Supervisory Board,

4. representatives,
5. auditors, and
6. liquidation trustee.

XIII TRADE SECRET

Article 45

The following are considered trade secrets:

1. documents and data communicated to the Bank as confidential by certain bodies or organizations;
2. documents and data determined by the Bank's body as a trade secret;
3. data and documents declared by the competent management bodies or public authorities as a trade secret;
4. data considered to be banking secrecy, in terms of the Law on Credit Institutions

Article 46

- 1) The duty of trade secrecy exists in relation to shareholders, members of the Supervisory Board, all employees of the Bank, external auditor of the Bank and other persons who due to the nature of their work have access to documents and data that are considered trade secret, for the duration and after termination of employment with the Bank.
- 2) Persons who come into possession of information that form a trade secret, are obliged to use this information exclusively for the purpose for which obtained and may not make it available to third parties, except in cases prescribed by law.
- 3) Unauthorized disclosure of documents and data that are a trade secret of the Bank in terms of legislation, these Articles of Association and other general acts shall be considered a serious violation of the Bank's interests, and employees shall be held liable for serious breach of their duties.
- 4) Disclosure of data considered a trade secret shall not be considered a violation of a trade secret, if the disclosure of data is in accordance with the exceptions provided for in Article 204 of the Law on Credit Institutions.

XIV CARE OF A GOOD BUSINESSMAN/GOOD EXPERT

Article 47

- 1) Persons with special duties towards the Bank referred to in Article 44 of these Articles of Association, are obliged to act conscientiously and with the care of a good businessman, that is, in the interest of the Bank as a whole.
- 2) The care of a good businessman is considered to be an increased degree of care, knowledge, skills and experience required to perform tasks within their competence in the company.
- 3) If, in addition to the knowledge, skills and experience referred to in paragraph 2 of this Article, the person referred to in paragraph 1 of this Article has additional specific knowledge, skills or experience, they shall be taken into account when assessing the level of care to be exercised (care of a good expert).

XV DUTY TO REPORT PERSONAL INTEREST

Article 48

- 1) Persons with special duties towards the Bank referred to in Article 44 of these Articles of Association shall inform the Supervisory Board of the existence of personal interest or the interests of persons related to him/her in legal transactions concluded by the Bank, or legal action taken by the Bank.
- 2) Personal interest exists in the case of:
 1. Concluding a legal transaction between the Bank and such person or a person related to him/her;
 2. Taking legal action (taking action in court and other proceedings, waiver of rights, etc.) that the Bank undertakes against such person or a person related to him/her;
 3. Concluding a legal transaction between the Bank and a third party, or undertaking legal action of the Bank towards a third party, if such third party entered into a financial relationship with him/her, or a related person and if it can be expected that the relationship affects his/her actions.

Article 49

- 1) Concluding a legal transaction and undertaking legal actions referred to in Article 47, paragraph 2 of these Articles of Association may be approved by a majority vote of all members of the Supervisory Board with no personal interest in such legal transaction or legal actions.
- 2) If all members of the Supervisory Board have a personal interest or the number of members who do not have a personal interest is insufficient to achieve a quorum or due to equal distribution of votes between members of these bodies who have no personal interest and when the President of the Supervisory Board is not present or entitled to vote, the decision on approving the conclusion of the legal transaction is made by the General Meeting of Shareholders.
- 3) In case the Supervisory Board approves the conclusion of the legal transaction in accordance with paragraph 1 of this Article, it is obliged to inform the General Meeting of Shareholders about the details of the issued approval.
- 4) The approval referred to in paragraph 1 of this Article is not required in cases prescribed by the Companies Law.

XVI DUTY TO RESPECT FORBIDDEN COMPETITION

Article 50

- 1) A person with special duties towards the Bank referred to in Article 44 of the Articles of Association may not, without obtaining approval in accordance with Article 49 of these Articles of Association:
 1. have the status of a person referred to in Article 31, paragraph 1, items 1 to 4 of the Companies Law in another bank or a company that has the same or a similar activities (competitor);
 2. be employed in a competitive company;
 3. be otherwise engaged in a competitive company;
 4. be a member or founder in another legal entity conducting the same or similar activities.

XVII GENERAL ACTS OF THE BANK

Article 51

- 1) General acts of the Bank are the Articles of Association, regulations, rules of procedure and decisions made by the bodies of the Bank, which regulate certain issues in a general way.
- 2) The Articles of Association are the basic general act of the Bank.
- 3) Other general acts of the Bank must be in accordance with the Bank's Articles of Association.

XVIII AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 52

- 1) Amendments to these Articles of Association shall be made in the manner and according to the procedure provided for their adoption.
- 2) The initiative for amendments to these Articles of Association may be submitted by:
 1. Shareholder(s) of the Bank
 2. Supervisory Board of the Bank
 3. Management Board of the Bank
- 3) The decision on amendments to the Articles of Association is made by the General Meeting of Shareholders of the Bank, at the proposal of the Supervisory Board of the Bank.

XIX TRANSITIONAL AND FINAL PROVISIONS

Article 53

- 1) These Articles of Association enter into force on the day of registration with the CRPS.
- 2) With the entry into force of these Articles of Association, the Articles of Association of the Bank, consolidated text of March 31, 2021, shall cease to be valid.

For the sole shareholder, Erste & Steiermärkische Bank d.d. Rijeka, Republic of Croatia:

Christoph Schoefboeck

President of the Management Board



Borislav Centner

Member of the Management Board

