

DRAFT

MERGER AGREEMENT

between Podgorička Banka AD Podgorica, Member of OTP Group

and Crnogorska Komercijalna Banka AD Podgorica

This Merger Agreement (hereinafter: Merger Agreement/Agreement), was concluded on _____2020, in Podgorica

between:

1. **Crnogorska Komercijalna Banka AD Podgorica**, with its seat in Podgorica, Moskovska bb, identification number 02239108, represented by Chief Executive Officer Pál Kovács (hereinafter: **CKB BANK Absorbing Bank**)
and
2. **Podgorička Banka AD Podgorica, Member of OTP Group**, with its seat in Podgorica, Bulevar revolucije No. 17, identification number 02136228, represented by Chief Executive Officer Milorad Katnić (hereinafter: **PG BANK Merged Bank**)

hereinafter: **CKB BANK and PG BANK** are jointly referred to as „**Contracting Parties/Banks in the merger process**“, and each one individually as „**Contracting Party**“.

I PREAMBLE

Whereas:

- CKB BANK is the sole shareholder and owner of 100% of shares of PG BANK;
- Boards of Directors of the Contracting Banks in the merging process aligned the Draft Merger Agreement on _____ 2020;
- GSMs of the Contracting Banks in the merger process adopted Merger Agreement and approved implementation of the status change of PG BANK merged to CKB BANK on _____2020 in accordance with the Agreement;

- Banks in the merger process, in accordance with Article 22a of the Law on Business Organizations ("Official Gazette of the Republic of Montenegro", No. 006/02 of 08.02.2002, Official Gazette of Montenegro", No. 017/07 of 31.12.2007, 080/08 of 26.12.2008, 040/10 of 22.07.2010, 036/11 of 27.07.2011, 040/11 of 08.08.2011), hereinafter: Law on Business Organizations, have fulfilled their legal obligations related to publishing of the Draft Merger Agreement and providing an insight into the documents related to the merger;
- All shareholders of both Contracting Parties, in accordance with Article 22a paragraph 8 of the Law on Business organizations, have agreed that the independent expert referred to in Article 22a paragraph 6 shall not examine this draft Merger Agreement;
- PG BANK and CKB BANK, on _____ 2020, sent a written notice to the creditors in accordance with Article 22a paragraph 14 of the Law on Business Organizations;
- PG BANK has fully disclosed to CKB BANK its entire assets and liabilities;

the Contracting Parties shall define their mutual rights and obligations in the following manner:

II SUBJECT OF THE AGREEMENT

Article 1

1.1. The subject of this Agreement is merging of PG BANK to CKB BANK by way of transferring all assets, rights and obligations of PG BANK to CKB BANK.

PG BANK shall cease to exist without implementing liquidation proceedings (hereinafter: **Merger**).

CKB BANK shall continue to exist.

CKB BANK shall continue to operate with the same name, registered activity and seat _____ as a universal successor of PG BANK.

III GOAL AND CONDITIONS OF THE MERGER

Article 2

2.1 Since CKB BANK is the sole shareholder and owner of 100% shares and capital of PG BANK, the Merger is primarily implemented with the aim to:

- increase balance sheet total and strengthen the overall position of CKB BANK at the Montenegrin market;
- ensure competitiveness of the bank;

- increase offer range of banking services of CKB bank, through a unified network of branches, covering greater part of the Montenegrin market;
- have better offer and accessibility that provide for an increase in the number of clients;
- integrated bank management and business rationalization;
- cost optimization through a unified branch network, consolidated marketing costs, integration of sales support functions;
- easier implementation of product and service development;
- consolidated costs of information system development;
- better and more efficient performance of work processes, control of work and improvement of corporate governance;
- comprehensive improvement of overall business in terms of cost-efficiency and profitability.

2.2. Bearing in mind that CKB BANK is the sole shareholder and owner of 100% of the shares and capital of PG BANK, no cash payments shall take place in the Merger process. Following the implementation and registration of the Merger, in accordance with the provisions of this Agreement, the share capital of CKB BANK shall not be increased by the amount of subscribed and paid in capital of PG BANK. The status change, in accordance with Article 22 paragraph 6 of Law on Business Organizations, does not necessitate the replacement of shares and the existing shareholders of CKB BANK shall remain the shareholders of CKB BANK, without any changes.

2.3. After the GSMs of the Contracting Banks in the merger process make decisions on adoption of this Agreement, and the Central Bank of Montenegro passes a decision approving the Merger, and after the Central Registry of Business Entities of Montenegro (hereinafter: "CRPS") issues a decision on the registration of the Merger and the decision on deletion of PG BANK from CRPS, all shares held by CKB BANK in PG BANK shall be entered as cancelled in securities register, at the Central Securities Depository and Clearing Company AD Podgorica (hereinafter: "CKDD"), all in accordance with the Law on Capital Market and Rules of the Montenegrin Capital Market Authority.

2.4. A total of 96,736 ordinary shares that CKB BANK holds in PG BANK shall be canceled, with nominal value of EUR 255.65 per share.

2.5. The Contracting Parties note that legal requirements for the implementation of the status change of merging of PG BANK to CKB BANK are fulfilled and that there are no additional conditions for the lawful implementation of the Merger.

Article 3

3.1. The Contracting Banks in the merger process shall undertake not to change their initial share capital from the date of publishing of the Draft Agreement until the registration of the Merger, that is, they shall not do anything that could affect the financial or business status of the Contracting Banks.

IV PROPERTY AND METHOD OF TRANSFER

Article 4

4.1. Book value of assets of PG BANK, as of _____2020 amounts to _____ euro and book value of liabilities of PG BANK, _____ as of _____2020, amounts to _____ euro.

All of the above mentioned shall be transferred to CKB BANK on the day of the registration of the Merger.

4.2. PG BANK shall transfer to CKB BANK as the Absorbing Bank the following:

- complete property, property and other rights, including all claims, as well as liens and all other rights vis-à-vis third parties in the country and abroad gained until the date of registration of the Merger, in accordance with this Agreement, which CKB BANK, as the Absorbing Bank, shall irrevocably and unconditionally accept;
- all debts and obligations, as well as burdens by third parties and state and other authorities in the country and abroad, until the date of registration of the Merger, under conditions and in a manner defined by the agreements concluded between PG BANK and creditors, which CKB BANK, as the Absorbing Bank, shall irrevocably and unconditionally accept;
- all licenses/permits, approvals and other privileges and exemptions, which have been granted to PG BANK by business partners, government bodies or third parties, unless otherwise stipulated by the regulations governing their granting or otherwise agreed.

4.3. All mutual claims between CKB BANK and PG BANK that have not been settled by the date of registration of the Merger (as defined in Article 8 of this Agreement) shall be canceled.

4.4. The assets and liabilities of PG BANK, after registration of the Merger, shall be transferred to CKB BANK, as follows:

- funds of PG BANK, which on the day of the Merger are found in the accounts of this bank with the Central Bank of Montenegro, shall be transferred to the accounts of CKB BANK opened with the Central Bank of Montenegro. On the day of the Merger, the accounts that PG BANK has opened with the Central Bank of Montenegro shall be closed;
- ownership right and pledge on movable property - fixed assets, small inventory and other shall be transferred to CKB BANK on the basis of accounting balance, in accordance with this Agreement, and PG BANK agrees that it shall register in the pledge registers and other public registers, the corresponding rights in favor of CKB BANK, without any further consent or involvement of PG BANK and its authorized representatives;
- all rights on real estate, without exception and restrictions related to ownership, shall be transferred to CKB BANK, so CKB BANK shall be authorized to register the rights in favor of CKB BANK, and PG BANK shall agree to that, in the competent real estate cadasters and other public real estate registers, on all real estate on which PG BANK has a title without any further consent or involvement of PG BANK and pursuant to this Agreement, which at the same time represents

clausula intabulandi.

- all rights, obligations, responsibilities and benefits stipulated in the contracts concluded by PG BANK and that have not been fully implemented shall be transferred to CKB BANK, which shall enter into the said contracts instead of PG BANK, unless otherwise agreed;
- intellectual property rights, copyrights and other related rights and other rights of PG BANK shall be transferred to CKB BANK pursuant to this Agreement, in accordance with the legal regulations governing this area, in the manner prescribed for the transfer of the appropriate type of rights;
- permits, licenses, approvals and other similar rights granted to PG BANK shall be transferred to CKB BANK pursuant to this Agreement, in accordance with the law, and with the obligation of PG BANK to hand over all documents required for the transfer, if necessary for the transfer and/or use;
- PG BANK's debts and other liabilities to any third party, including without limitation the creditors and sub-contractors of the contracts concluded by PG BANK, as well as the related fiscal obligations of PG BANK, shall be transferred to CKB BANK by virtue of law, in accordance with this Agreement;
- rights and obligations arising from all received or given security instruments (guarantees, promissory notes/bills of exchange, etc.) and obligations arising from the insurance contracts shall be transferred to CKB BANK in accordance with this Agreement;
- all other rights, including but not limited to property and/or claims, etc. not listed herein, shall be transferred in accordance with positive legal regulations.

4.5. All assets and liabilities of PG BANK shall be transferred to CKB BANK on the date of registration of the status change of Merger (as defined in Article 8 of this Agreement).

4.6. Assets and liabilities that are transferred by the Merger to CKB BANK are given in Annex No. 1 of this Agreement, which forms an integral part thereof. The GSMs of Contracting Parties may, if necessary and/or at the request of the competent authority, amend Annex No. 1 by the date of registration of the Merger, specifying the list of assets and liabilities.

V AGREED DATE OF MERGER

Article 5

5.1. The agreed date of the Merger is **14.12.2020**.

VI THE DATE ON WHICH THE OPERATIONS OF PG BANK SHALL CEASE AND THE DATE FROM WHICH THE TRANSACTIONS OF PG BANK, FOR ACCOUNTING PURPOSES, SHALL BE CONSIDERED TRANSACTIONS EFFECTED ON BEHALF OF CKB BANK AS THE ABSORBING BANK

Article 6

6.1. The Contracting Parties agree that **14.12.2020** shall be determined as the date when business activities of PG BANK shall cease and the date when transactions of PG BANK shall, for accounting purposes, be considered transactions effected in favor of CKB BANK.

6.2. In regard with provision of Article 86 paragraph 5 of the Law on Business Organizations, agreed date of merger defined in paragraph 1 of this Article, may differ from the date of registration of the Merger in CRPS.

VII EMPLOYEES' RIGHTS

Article 7

7.1. The list of employees of PG BANK as of _____ 2020 which will continue to work in CKB BANK is provided in **Annex No. 2** of this Agreement and forms an integral part thereof.

7.2. CKB BANK shall take over all contracts of employment of PG BANK employees that are not canceled and are valid on the day of registration of the Merger (as defined in Article 8 of this Agreement).

7.3. The GSMs of Contracting Parties shall, by the date of the registration of the Merger (as defined in Article 8 of this Agreement), amend Annex No. 2, or conclude a separate, supplementary annex specifying the list of employees (after it becomes indisputable) of PG BANK to be taken over by CKB BANK after the day of the registration of the Merger, that is, who will be offered conclusion of employment contracts with CKB BANK, in accordance with Article 108 paragraph 10 of the Labor Law of Montenegro ("Official Gazette of Montenegro", No. 74 of 31 December 2019) (hereinafter referred to as the Labor Law).

- 7.4. PG BANK shall be obliged to inform CKB BANK in writing of the rights and obligations of employees arising from employment relations, the employment contracts of whom shall be taken over.
- 7.5. Following the implementation of the Merger, the employees of PG BANK, taken over by CKB BANK, will continue to work in CKB BANK, at the positions prescribed by the Rulebook on Internal Organization and Systematization of Jobs at CKB BANK, in accordance with the needs of the process and organization of work at CKB BANK.
- 7.6. The rights of the employees of PG BANK taken over by CKB BANK, in the period from the date of registration of the Merger (as defined in Article 8 of this Agreement) until the expiry of the Collective Agreement of PG BANK, i.e. for a one year from the date of registration of Merger, shall be regulated by the Collective Agreement of PG BANK.
- 7.7. Provided that no new Collective Agreement is concluded at CKB Bank after the expiry of the Collective Agreement of PG BANK, or after the expiration of one year from the date of the Merger, the Collective Agreement of CKB Bank shall continue to apply to the employees of PG BANK taken over by the CKB BANK, i.e. other documents of CKB BANK regulating the rights, obligations and responsibilities of employees in accordance with the Labor Law.
- 7.8. PG BANK shall be obliged to notify the employees in writing about the transfer of their employment contracts to CKB BANK, no later than 15 days prior to the take-over, in accordance with Article 108 paragraph 5 of the Labor Law.
- 7.9. If an employee of PG BANK opposes the takeover of his employment contract by CKB BANK, PG BANK may terminate his/her employment contract with payment of severance pay in accordance with the Labor Law.
- 7.10. CKB BANK and PG BANK agree that not later than 30 days prior to the registration of the Merger, they will inform the trade unions, i.e. the employees' representatives, of the date of change of employer; reasons for changing the employer; legal, economic and social consequences of changing the employer for employees and any measures envisaged in respect of employees whose employment contracts are to be transferred.

VIII LEGAL CONSEQUENCES OF THE MERGER

Article 8

- 8.1. In accordance with Article 22a paragraph 24, on the day of the registration of the Merger in CRPS (hereinafter referred to as the "date of registration of the Merger") merger shall be deemed as completed, and the following legal consequences shall arise:

- CKB BANK shall be a legal successor of all rights and obligations of PG BANK towards third parties;
- PG BANK shall cease to exist without implementing liquidation proceedings and shares of PG bank shall be canceled;
- all assets and liabilities of PG BANK, as described in Article 4 of this Agreement, shall be transferred to CKB BANK;
- the Chairman and members of the Board of Directors, Chief Executive Officer and Executive Directors of PG BANK shall cease to hold office and powers.

8.2. CKB BANK and PG BANK state that the members of the Board of Directors, Executive Directors, as well as any member of the management teams of the banks involved in the merger process, may be paid a cash award on the basis of their loyalty and commitment to the success of the merger process. Such payment may be disbursed in excess of the yearly performance-based remuneration of the Executive Directors and the members of the management teams.

IX COURT PROCEEDINGS

Article 9

9.1. After the day of registration of the Merger, CKB BANK shall notify in writing all courts and other state bodies before which the proceedings in which PG BANK is a party or participant in the proceedings, on termination of existence and deletion of PG BANK from CRPS due to the merger of PG BANK to CKB BANK, and that in all these proceedings CKB BANK will take the place of PG BANK and take over proceedings, as a universal legal successor.

X DISPUTES RESOLUTION

Article 10

10.1. The banks in the merger process agree to settle any disputes under this Agreement by mutual agreement.

10.2. For the disputes related to this Agreement, which are not settled by mutual agreement between the Contracting Parties, the Commercial Court of Montenegro shall be competent.

10.3. This Agreement shall be governed by and construed in accordance with the law and positive regulations of Montenegro.

XI OTHER PROVISIONS

Article 11

11.1. This Agreement shall enter into force on the day of its conclusion and shall be signed by the authorized persons in accordance with the Law on Business Organizations.

11.2. The text of this Agreement has been adopted, in identical form, by the General Shareholders Meetings of the Contracting Parties / Banks in the merger process.

11.3. This Agreement may be amended in writing only, and all amendments to the Agreement must be certified by Notary, in the same procedure in which the agreement was concluded, i.e. adopted.

11.4. The Contracting Parties agree to jointly and individually undertake all actions necessary for the implementation and application of this Agreement and its objectives.

11.5. The Merger established by this Agreement shall not be implemented and shall not have legal effect established by the provisions of this Agreement prior to the receipt of the decision of the Central Bank of Montenegro on approval of the Merger.

11.6. If the Central Bank of Montenegro does not approve the Merger, this Agreement shall be deemed to have been automatically terminated on the day of receipt of the decision of the Central Bank of Montenegro denying the request for granting approval of the Merger.

11.7. This Agreement is concluded in 8 (eight) identical counterparts, 6 (six) for CKB BANK and 2 (two) for PG BANK.

FOR CKB BANK:

FOR PG BANK