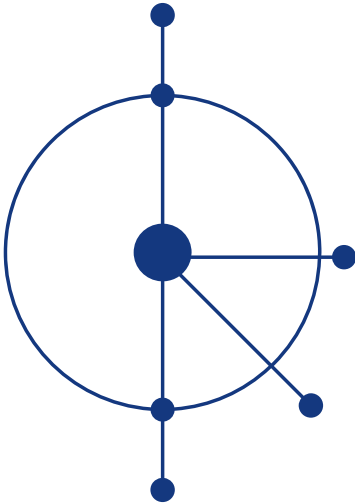
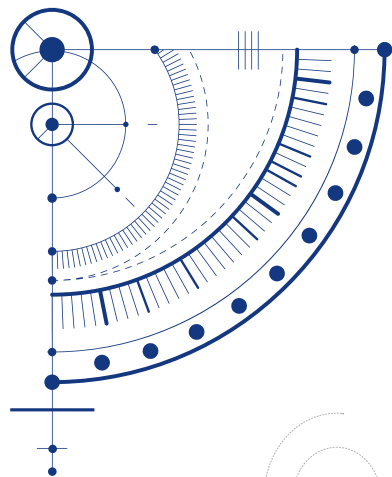


CONTENTS



str.	5	2019 Milestones
str.	9	Financial Results
str.	13	Letter to Shareholders
str.	19	Financial Review
str.	25	Corporate Governance
str.	29	Risk Management
str.	39	Compliance & AML
str.	43	Retail Banking
str.	44	Household Lending Division
str.	45	Alternative Sales and Partnership Banking Department
str.	46	Small Business Banking Department
str.	46	Deposits and Personal Banking Department
str.	47	Digital Banking and Business Performance Department
str.	49	Corporate Banking
str.	53	Investment banking and money market
str.	57	Troubled Assets Management
str.	61	Communication Strategy
str.	65	Technology
str.	69	Other Activities
str.	73	Corporate social responsibility report
str.	81	Corporate governance
str.	89	Human Resources
str.	99	Responsibility toward clients
str.	107	Responsibility towards suppliers
str.	111	Responsibility towards local community
str.	117	Responsibility towards environment
str.	123	GRI index and indicators





February

An innovative loan refinancing campaign titled „One Loan Solves Everything” was launched. Eurobank offered their clients a new loan for refinancing with additional cash.

March

Eurobank was the sponsor of the 26th Kopaonik Business Forum, one of the key economic events in Serbia. President of the Executive Board, Slavica Pavlović, participated in a panel discussion on future growth from the banks' perspective.

April

Eurobank and European Bank for Reconstruction and Development (EBRD) signed a bilateral agreement on a credit line worth EUR 20 million for financing small and medium enterprises in Serbia.

May

Traditional Volunteer Action „Our Belgrade” was held in the suburban area „Stepin lug” near Belgrade with the significant contribution of volunteers from our Bank.

June

The first donation within the Eurobank project „A School Designed for You” was realized in June in the First Economics High School in Belgrade. Owing to the funds raised through the humanitarian Mastercard payment card „Eurobank Big Heart”, the school received a brand new state-of-the-art classroom for statistics and accounting worth RSD 1.4 million.

August

Multifunctional ATMs introduced in the Bank's self-service network. Customers now can make EUR withdrawals and RSD and EUR deposits from/to their personal accounts using new ATMs across the country.

September

As an exclusive partner of Manchester United FC, Eurobank brought one of the most prestigious soccer schools to Serbia. Eurobank won the prestigious VIRTUS Award for the contribution to the local community, for the "Manchester United Soccer School for Children" project held in 2019.

October

Eurobank was the grand sponsor of the "Serbian Economic Summit" for the 15th consecutive time. This conference is one of the key economic events that takes place every year in Belgrade since 2001 drawing together decision-makers, business leaders, and experts, as well as the representatives of the leading political and economic institutions in Serbia.

November

In the presence of representatives of Eurobank and Ministry of education, science and technology, a new electronic language laboratory worth RSD 1 million was opened at the "Stana Milanović" Secondary School of Economics in Šabac. The donation was realised owing to the funds raised through the humanitarian Mastercard payment card "Eurobank Big Heart within the project "A School Designed for You".

December

Humanitarian Christmas Bazaar was held in Eurobank premises, on three locations. In this way Eurobank supported social enterprises and their mission of providing employment opportunities for people facing disadvantages.





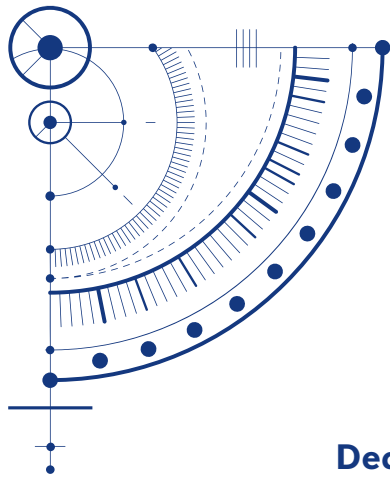


Financial Results

Eurobank a.d. Beograd		in RSD thousand	
INCOME STATEMENT		2019	2018
Net interest income		6.619.775	6.927.383
Net fee and commission income		1.998.638	2.103.105
Profit before tax		73.009	2.573.814
Income tax		-	(318.712)
Net loss from deferred tax assets and liabilities		235.841	(8.289)
Profit after tax		308.850	2.246.813
BALANCE SHEET		2019	2018
Cash and balances with Central Bank		22.869.217	18.922.554
Pledged financial assets		1.833.270	1.523.992
Receivables from derivatives		74.179	51.465
Securities		6.717.417	10.809.118
Loans and receivables from banks, other financial organizations and customers		136.632.247	132.027.309
Investments in associates		34.320	36.075
Intangible assets, property plants and equipment		7942.146	5.538.361
Other assets, current and deferred tax assets		1.099.991	623.619
Total assets		177.202.787	169.532.493
Liabilities from derivatives		80.363	56.127
Deposits and other liabilities due to banks, other financial organizations, Central Bank and customers		120.889.344	115.889.653
Provisions		269.169	226.548
Other liabilities, current and deferred tax liabilities		3.005.798	825.346
Total liabilities		124.244.674	116.997.674
Equity		52.958.113	52.534.819
Total liabilities and equity		177.202.787	169.532.493

INDICATORS	2019	2018
Net interest margin	4,62%	5,08%
Interest income/Total assets	3,74%	4,09%
OPEX/Average assets	3,40%	3,63%
Non-Performing Exposures (NPEs)	5,46%	6,92%
90 Days Past Due Loans (90 dpd)	2,71%	3,77%
NPEs Coverage	44,69%	39,98%
90dpd Coverage	89,98%	73,39%
Common Equity Tier 1 (CET1)	26,20%	28,37%





Dear Shareholders and Partners,

Eurobank Serbia remains on the steady path of expansion, all the while demonstrating the ability to grow balances in an increasingly competitive market driven by all-time low interest rates and an improved economic climate. Our course over 2019 reflects the successful implementation of the Bank's strategic agenda, as well as its well-balanced business model. Despite the effects of the implementation of the Law on conversion of housing loans indexed in CHF, Eurobank ended the year in the green. With the growth in net loans of 7%, and an expansion in deposits of 4%, the Bank is at pace with the dynamics of the sector.

The targets set in the business plan for 2019 were achieved to a significant degree. The Bank devoted a significant part of its operations throughout the year to broader issues that will shape the image of Eurobank Serbia in the years to come. As the sole Greek banking representative in the country, Eurobank remains the flagbearer of the economic cooperation of the two friendly countries and will continue supporting bilateral trade relationships and facilitating companies that operate in Greece, Serbia and the region.

Macroeconomic Developments

The economic environment in 2019 remained largely positive with GDP output growing at same pace as in the previous year, 4.2%. Growth was driven mainly by investments, both private and public, while private spending ensured a steady and stable source of rise. Industrial production showed mixed signals throughout the year, beginning with a steep decline in the first half, mostly due to several one-offs, such as several overhauls of (mainly petroleum) plants, but followed with a strong recovery, especially in the fourth quarter, for a total yearly output of just plus 0.3%. Services, especially trade, IT and tourism came through in 2019, making up for the industrial output stagnation, all contributing double-digit rates of growth. Foreign direct investments further improved, totalling an impressive EUR 3.8bn, signalling strong belief by the foreign investors that Serbia's macroeconomic picture is stable in the medium to long term. The budget was balanced for the third year running, contributing to the drop in the public debt to GDP ratio to ca. 52%, some 20 percentage points lower compared to the period prior to the fiscal consolidation introduction four years ago. Labour market also improved, with unemployment at 9.7% at year end, a drop of 2.2pp vs. the previous year. Average net wages grew 8%, to ca. EUR 500, contributing to increase spending and savings rates alike. The strengthening of Serbia's international position is reflected in the historically low rates on sovereign issues, both dinar and euro denominated debt. As a result, ratings with all three credit rating agencies improved to just one notch below investment grade.

Banking Sector

Officially there are 25 banks operating in the country, although some takeovers had not yet been formalized as of year-end 2019. The sector is well diversified, with the top 5 largest banks occupying just above 55% of the market. Banking business in Serbia is increasingly competitive, as market conditions remain challenging with record-low interest rates in both local and foreign currencies, bringing net interest margins at a decade low of ca. 4.0%. At the same time, the regulatory environment is becoming more demanding with the capital and risk management issues in constant focus. The number of branches remained unchanged at 1,600, while the workforce even added some 1%, to above 23 thousand, indicating that the operational streamlining has eased, and signalling strong trust in the banking business and the country's future in general. Total assets of the banking sector rose 9.0%, to ca. EUR

32.5bn, and stand at 74% of the country's GDP. The efforts to reduce NPLs made in the past five years yielded the sectoral average coming down to a historically low level of 4.1%. This allowed for more aggressive credit policies and remains a good signal for the future period.

**The effect of CHF
conversion law on
profitability**

Eurobank closed its business year with profit before tax of EUR 1.5mn, vs. last year's EUR 18.0mn, following the CHF conversion direct loss amounting to ca. 15.0mn due to the large share of mortgage CHF loans in the Bank's total exposure. However, this market wide action also removed a long pending issue. Excluding the CHF effect, Eurobank managed to stay on course with the strategic plans made over the last few years. Operating expenses remained in check although they marked a slight annual increase of 3.5%, while increasingly focusing on technology and expansion of digital branches.

**Corporate and
Retail Banking**

Eurobank continued to support retail and corporate customers, as well as the economy. Through its network of 80 branches and 5 business centres in key business, cultural and historical locations, the Bank continues to provide services to 500,000 accounts of retail and corporate customers. As the demand for loans increases, the Bank increased its loan book by ca. 4% year-on-year, improving performance in the majority of business lines.

In the wholesale segment, the Bank focused on attracting adequate liquidity and also provided favourable financing for large, medium and small enterprises. The "pre-approved" campaign was utilized in the SME segment to boost volumes, while strong cooperation with international finance institutions covers more than a quarter of the total funding in this segment. Overall, SME segment added ca. EUR 23m to the totals, marking an increase of 14% YoY. The Bank's Large Corporate managed not only to preserve its positions but also gain market position in an increasingly competitive segment.

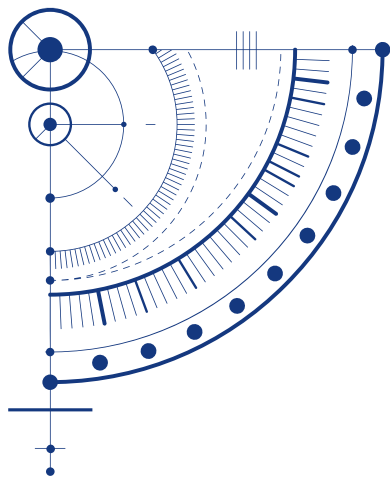
Eurobank's strategic commitment to providing strong support to the economy and foreign trade in partnership with IFIs has been recognized by two international awards. Trade Facilitation Programme (TFP) of the European Bank for Reconstruction and Development (EBRD) awarded Eurobank as the Most Active Issuing Bank in Serbia for 2019. In addition, Eurobank was awarded as the 2019 Best Issuing Bank of Central Europe Award for its partnership in the Global Trade Finance Program (GTFP) by the International Finance Corporation (IFC), a member of the World Bank Group.

The household segment continued its strong rise, mainly in the consumer segment, where the Bank achieved a loan book expansion of 13%, in addition to an already very strong base from previous years.

Digital Trends

Digital technologies have become an inseparable part of banking products and services and Eurobank has positioned itself among the leaders in the Serbian market when it comes to the development of innovative solutions and user-friendly e-platforms.

Following a successful implementation of the instant payment system via e-banking and m-banking apps, enabling Bank customers to initiate transactions on digital channels 24/7, Eurobank took steps to further upgrade this functionality by including payments at points of sale by Quick Response (QR) code scanning.



In parallel, digitalization has prompted the development of innovative solutions for core banking services, including the upgrade of the Bank's ATM network with multifunctional devices offering various options for depositing and withdrawing funds in domestic and foreign currencies in several locations across the country. As always, Eurobank is keeping up with the latest trends that expand cashless payments, helping address the issue of shadow economy and enabling business transparency.

Corporate Social Responsibility (CSR)

Eurobank identifies corporate social responsibility as an integral part of its business strategy and strives to continually develop our relationship with all stakeholders: customers, shareholders, local communities and business partners. The Bank selects CSR projects aligned with its strategically defined areas of community support: education, culture, environmental protection, equality and health. So far, the Bank has invested more than EUR 4,5m into various CSR projects and initiatives in Serbia.

The CSR programme "A School Designed for You" was successfully implemented during 2019 with the support of the Ministry of Education, Science and Technological Development. The programme, based on Eurobank affinity "Big Heart" MasterCard, contributes to an important charitable goal — equipping and modernizing of high school classrooms in secondary schools in Serbia. The donations worth RSD 2.4 million were realized in the "First Economic High School" in Belgrade and "Stana Milanović" School of Economics in Šabac, while high school students were also able to learn through internships and lectures held by Eurobank employees countrywide.

As an exclusive partner of Manchester United FC in the area of issuing payment cards, Eurobank brought one of the most prestigious soccer schools to Serbia, enabling 96 children to learn from world-renowned coaches. Children of Bank customers, partners, and employees, as well as boys and girls from the homes for children without parental care had a chance to attend the soccer school whose mission is not only to develop children's sports skills, but also nurturing their team spirit and helping them grow self-esteem. For the Manchester United Soccer School project, Eurobank received the prestigious philanthropy "VIRTUS Award" for the contribution to the local community in 2019. For 13 years now, the "VIRTUS Award" for the contribution to the local community is granted for exceptional achievements in helping resolve issues or meeting the needs of the community, city or region where the winning company operates.

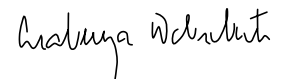
Environmental protection is one of the key pillars of corporate social responsibility and sustainable development in Eurobank. In accordance with this strategy, Eurobank made the decision to upgrade its car fleet and has gradually switched to hybrid vehicles thus directly reducing the consumption of fuel, and consequently the CO2 emission. This is another confirmation of the Bank's continuous efforts to support the key initiatives aimed at reducing the negative environmental impact, including the reduction of greenhouse gas emissions, recycling practices and the implementation of principles of "green procurements".

Dear Shareholders and Partners,

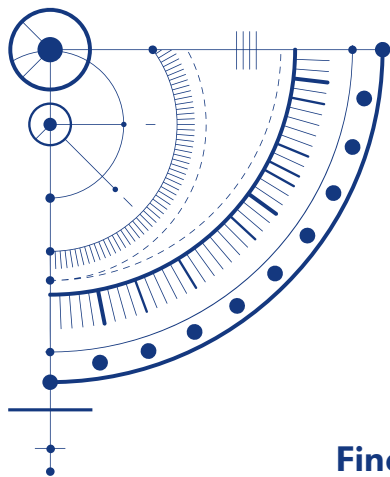
Over the course of 2019, Eurobank Serbia once again demonstrated both its significant resilience and constant commitment to advancement. We are dedicated to nurturing the relationship of mutual respect with our clients, expanding both our capacity for cooperation and the ability to create and offer innovative products. Sustaining our forward momentum and capitalizing on opportunities, our Bank will continue to strive for a stable long-term growth and financial excellence.

Michalis Louis
President of the Board of Directors

Slavica Pavlović
President of the Executive Board







Financial Review

Economic growth reached cca. 4.3% in 2019, which is a record-high increase over the last ten years' period. The main growth generators were a strong domestic demand and improved investments, both private and public. On the production side, growth was diversified with the positive contribution of all categories, primarily services and housing construction.

CPI remained low and stable, ending the year at 1.9% annually. As a result of a low inflation rate, NBS was given room to ease up on the monetary policy, with three quarter point cuts, to end the year at 2.25% (Key policy rate).

The fiscal situation has improved over the past three years, and the state budget showed a mild surplus of 0.3% for the full year 2019. As a result, the public debt to GDP is now at 52%, and is expected to further decline in the coming period.

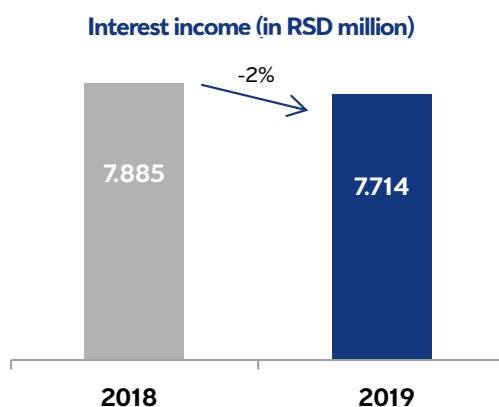
Industrial production rose by a light figure of 0.3%, while the processing industry showed an even slower growth rate of just 0.2%. Imports rose a bit faster than exports, for a rise of trade deficit total of 18% YoY, to cca. EUR 6.4 billion. The current account deficit stood at 5.5% at the end of 2019.

FDIs rose significantly in the previous two years, with a total of EUR 3.7 billion for full year 2019, while remittances showed a continuing stable performance at EUR 2.8 billion. Labor force survey showed a reduction of a full 3 pp year on year to 9.7% in the fourth quarter of 2019, with cca. 320 thousand unemployed persons at the year end. The average salary is closing in on 58 thousand dinars which represents a 7% real growth, yet with large discrepancies in the regional distribution.

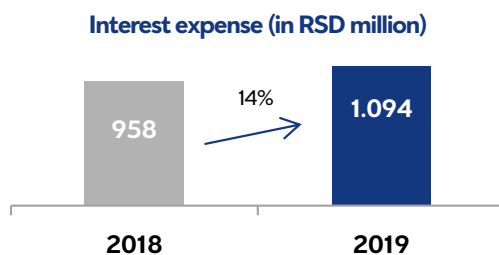
Solid economic growth, ranging in the area of 4% is expected in the next two years, which is also the medium-term realistic target. The growth should be further spurred by the recovery of the demand, both domestic and foreign, growth in investments, especially public, as well as with the rise of local spending.

Operating revenues

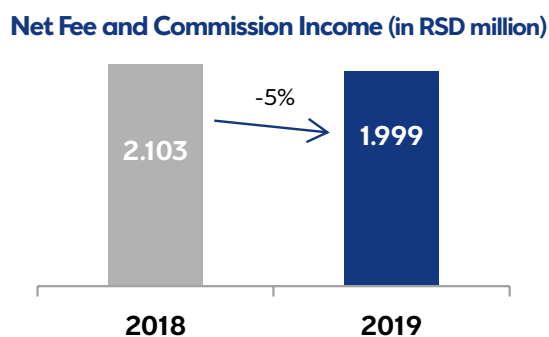
Although the credit portfolio of the Bank grew in 2019 vs. 2018 the interest income decreased by RSD 172 mil (2%). The drop in revenue is due to the decrease of the KPR (local RSD rate), which affected a large portion of the Bank's assets. Also, at the same time there had been pressures on the interest rates due to high level of competition in the market.

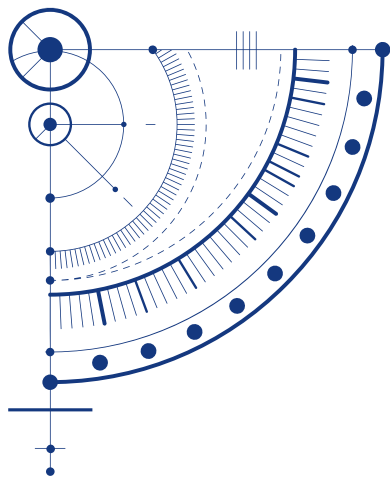


Interest expense rose in 2019 on the back of the rise in the deposit base year on year, as the liquidity ratios needed to be kept at an adequate level. Total deposit levels and borrowings from other financial institutions rose by 14% year on year in 2019.



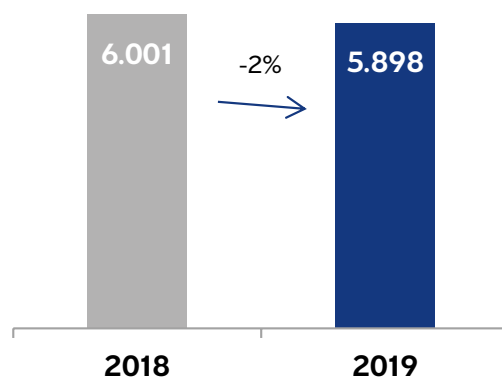
Fees and Commissions Income in the 2019 went down by 5% year on year. The drop is mostly a consequence of the higher Fees and Commissions expense compared to previous years.





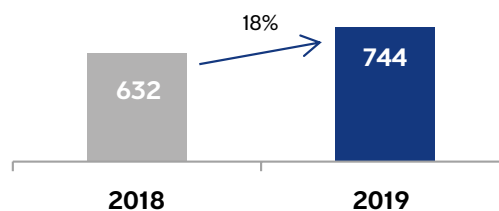
Operational expenses declined in 2019 by 2% year on year after firm control of costs were implemented over the last three years.

Opex (in RSD million)



In 2019 the Bank recorded a slight rise in provision expense in 2019, booking provisions worth RSD 112 mil higher than in 2018.

Impairment charges (in RSD million)



Derecognition loss As of 25th April 2019, the Parliament of Republic of Serbia has adopted the Law on the Conversion of Mortgage Loans Indexed in Swiss Francs. Pursuant to the aforementioned Law, the banks were obligated to offer the conversion of the remaining debt indexed in CHF into debt indexed in EUR within 30 days of the Law coming into effect. The conversion also envisaged a 38% haircut of the converted debt amount and the application of interest rate as per the bank offer valid on 31 March 2019 for EUR indexed loans.

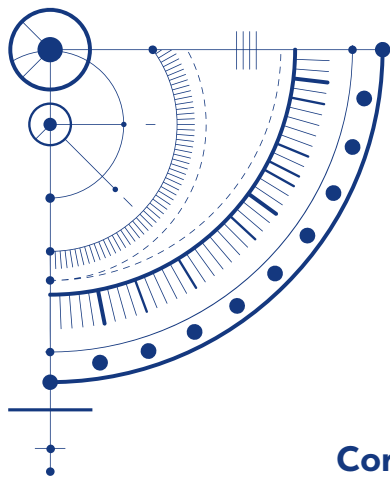
The Republic of Serbia has undertaken to reimburse 15% of the debt amount obtained through conversion while 23% was the Bank's loss. The Bank is also entitled to tax credit of 2% of the amount of the remaining debt at conversion date (outstanding principal plus due but not collected interest). Regarding the tax and accounting treatment of the debt reduction, the Bank recorded it in its books as tax recognized expenditure pursuant to the corporate income tax law.

Net derecognition loss based on CHF Mortgage Loans conversion program as at 31 December 2019 amounted RSD 2.1 billion.

Net Result As of 31 December 2019, the Bank recorded net gains of RSD 309 million despite the expense incurred post application of the Law on the conversion of CHF denominated mortgage loans.

Capital adequacy As at 31 December 2019, the capital adequacy (CAD) ratio of the Bank was 26.20% as compared to the prescribed ratio of 8% (as at 31 December 2018: 28.37%). It is necessary to note that retained earnings of the Bank amounting to RSD 11.8 billion were not included in the calculation of CAD, as they have not been distributed yet. Including the retained earnings into CAD would increase the stated CAD ratio by app. 8.4 percentage points.





Corporate Governance

Eurobank Serbia is doing business in compliance with the locally required governance model established by the country's financial regulator, the National Bank of Serbia, in the Law on Banks. The Bank strives to ensure sustainable growth of our business activities, while at the same time fostering a relationship of mutual trust with the communities within which we operate.

The management bodies of the Bank are the Board of Directors and the Executive Board. The ultimate body of the Bank is the General Assembly consisting of the Bank's shareholders.

The General Assembly appoints the members of the Board of Directors in line with the provisions of the local regulations. The Board of Directors is comprised of eight members including the president, whereas one third of the membership is constituted of independent members. The main responsibility of the Board of Directors is to ensure compliance with the regulations of the National Bank of Serbia, internal acts of the Bank and best practice of the Group in achieving long term business success of the Bank.

The Executive Board, as the management body appointed by the Board of Directors, is comprised of five members including the President as at year end 2019. The Executive Board also appoints its functional committees which serve to assist the Executive Board in various businesses areas, wider risk related matters, compliance and AML/CFT issues, staff conduct and monitoring, IT and procurement operations, and the like. One of the main responsibilities of the Executive Board is to oversee the daily operations of the Bank and ensure the overall organisation of the Bank is adequately supported and that it meets the business strategy and goals of the Bank.

Executive Board Eurobank a.d.

Slavica Pavlović – President

Predrag Janković – Member

Vuk Zečević – Member

Dušan Mihailović – Member

Milan Vičentić – Member

Board of Directors Eurobank a.d.

Michalakis Louis – President

Theodoros Karakasis – Independent Member and Vice President

Stavros Ioannou – Member

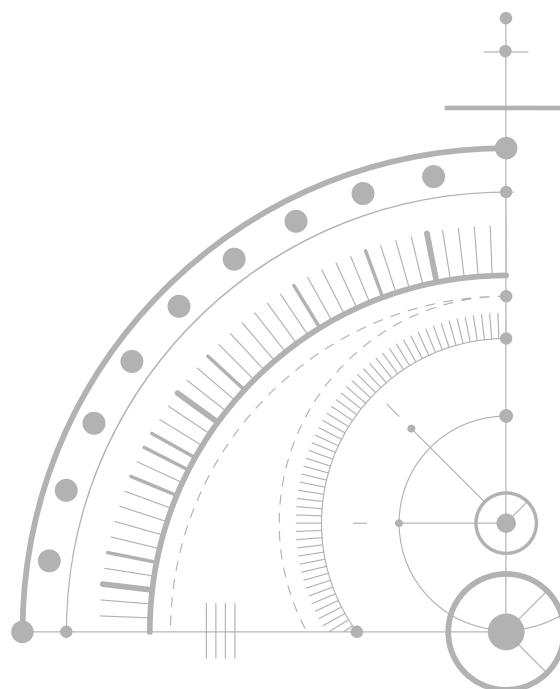
Angelos Tsichrintzis – Independent Member

Ivan Vujačić – Independent Member

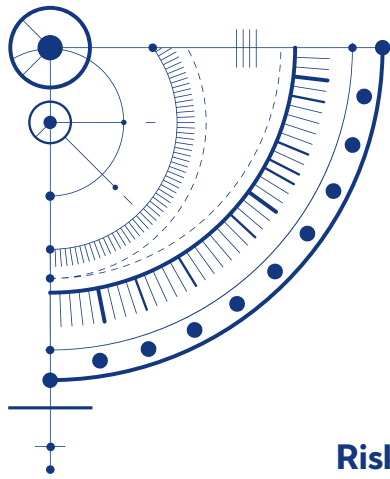
Anastasios Nikolaou – Member

Michail Vlastarakis – Member

Konstantinos Vouvounis – Member







Risk Management

Basics of risk management process

Risk taking is an integral part of banking business. To ensure adequate management of risks, the Bank defined policies, models, methodologies and processes, aiming to identify all risks at an early stage, assess their impact on the realization of goals and establish a framework that enables effective control and management of risks. Risk management framework is established in compliance with the Law on Banks, the regulations and requirements of the National Bank of Serbia, Basel Standards, International Financial Reporting Standards (IFRS/IAS), policies and guidelines of the parent bank and best banking practice. Risk management system is established by the Bank's Board of Directors and monitored, other than by the Board of Directors alone, by the following Bank's bodies: Audit Committee, Risk Committee, Executive Board, Operational Risk Committee, Assets and Liabilities Committee and Troubled Assets Committee. Functioning of the risk management system is regulated by the adopted internal policies, guidelines and procedures for each materially important risk type and independently assessed by Internal Audit function.

Risk management system has been designed in accordance to the size and organizational structure, nature, scope and complexity of Bank operations i.e. its risk profile.

With regards to the organizational structure of the Bank and basic principles of risk management, the risk management system is established and continuously improved in order to ensure the clearly defined competences and responsibilities, transparent and consistent lines of communication and exchange of information, and separation of risk taking activities from risk management activities.

Strategic framework for risk management is determined by Risk Management Strategy, Capital Management Strategy and Risk Appetite Policy. Principles and rules are further regulated by individual risk management policies, operationalized and implemented through guidelines, procedures and methodologies.

Main risk management goals of the Bank are to secure in long term the adequate capital level of the Bank in order to cover all materially significant risks that the Bank is or may be exposed to in its operations and to increase economic value for shareholders, to optimize capital utilization through system of risk limits, allocation of total internal capital requirements and strategic planning. Moreover, the risk management system has been conceived to ensure that all risks are identified, measured and controlled in a timely manner and reported to appropriate decision making bodies.

In the course of 2019, the Bank continued to enhance the risk management system by improvement of internal documents, methods and processes in a light of harmonization with guidelines and policies of the Parent Bank, as well as with the amendments to the domestic and international (EU) regulations and recommendations of the Internal and External Audit.

In the course of 2019, actions were taken in terms of further improvement of technical implementation, data management and processes related to credit portfolio reporting and expected credit losses (ECL) calculation in accordance with the International Financial Reporting Standard 9 (IFRS 9).

In addition, the activities were performed which are closely connected with the implementation of the IFRS 9, which also have their independent role in improvement of the risk management function in the Bank. In concrete terms, it concerns the validation and recalibration of the models for the assessment of Probability of Default – PD, which have a crucial role in the impairment calculation process according to IFRS 9, as well as in the procedure of Internal Capital Adequacy Assessment Process (ICAAP).

The Bank continued with efforts aiming to improve data management, which represents a basis for risk analysis, modelling and reporting. In the course of 2019, significant improvement was achieved in the field of credit risk monitoring and reporting (e.g. credit portfolio reports, monitoring of Consumer portfolio quality etc.).

**Risk Management
framework**

Risk management processes include Bank's boards and committees, competent units responsible for identification, measurement and assessment, monitoring, limiting and reporting and control, as well as risk taking units.

The Risk Committee (RC) is a committee of the Board of Directors (BoD) and its task is to assist the BoD to ensure that the Bank has a well-defined risk and capital strategy in line with its business plan and an adequate and robust risk appetite.

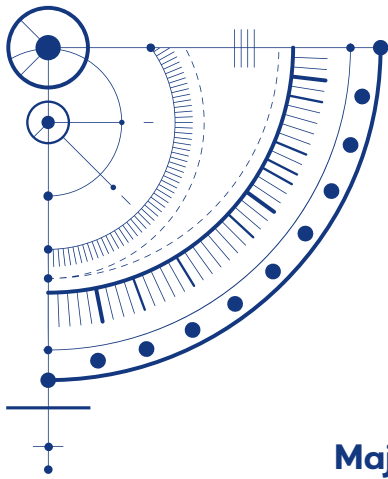
The RC assesses the Bank's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels and ensures that the Bank has developed an appropriate risk management framework with appropriate methodologies, modelling tools, data sources and sufficient and competent staff to identify, assess, monitor and mitigate risks.

The Bank's Risk Management Division which is headed by the Chief Risk Officer (CRO), operates independently from the business units and is responsible for the monitoring, measurement and management of risks, with the focus on credit, market, operational and liquidity risks. It is comprised of the Credit Risk Department, the Credit Control Department, the Market Risk Department, the Operational Risk Department, the Risk Modelling Department, the Integrated Risk Management Department and the Data Management Unit.

Risk management process is comprised of several phases:

- risk identification;
- risk measurement and assessment;
- limitation and mitigation of risk;
- risk monitoring and risk control;
- risk reporting.

The process is entirely based on the documented policies, guidelines and procedures that are regularly reviewed in terms of their comprehensiveness, accuracy and quality.



Major financial risk management policies

Liquidity risk Liquidity risk is the negative effects risk on financial result and capital due to inability of the Bank to settle its due obligations. Liquidity risk occurs due to:

- withdrawal of the existing funding sources as well as due to inability to attract new sources (funding liquidity risk) or
- difficulties in conversion of assets into liquid assets due to market disruptions (market liquidity risk).

In order to ensure cautious liquidity risk management, within its Market, Counterparty and Liquidity Risk Management Policy, and in accordance with the Group liquidity risk management guidelines, the Bank defined liquidity risk management specifying the manner of liquidity measurement, monitoring, and management. The Policy includes projections of cash flows, minimal liquidity levels, functions involved in liquidity risk management, liquidity risk monitoring and review functions, limit monitoring roles and responsibilities, escalation procedure for limit breaches, etc. In addition, in order to ensure an efficient process of managing liquidity risk and stable functioning of the Bank in circumstances requiring increased monitoring and liquidity management, within the Methodology – Contingency Business Plan, the Bank has defined:

- procedures for identifying possible liquidity problems;
- list of indicators for early detection of possible problems related to the Bank's liquidity;
- the process of reporting, communication, the way of accessing available or potential sources of liquidity;
- persons and relevant Bank bodies responsible for identifying problems related to the Bank's liquidity;
- persons and relevant Bank bodies responsible for making decisions in such situations.

The goal of Bank's liquidity risk management is to ensure:

- that necessary liquidity management policies and procedures are established and implemented;
- sufficient liquid assets and adequate liquidity enabling a cautious carrying out of operations and settlement of Bank's due obligations;
- high quality of liquid assets enabling the Bank to successfully face a funding crisis;
- regular monitoring and control of the interbank financing capability, stability and diversity of the deposit base, total liquidity status of the Bank and external market environment;
- regular daily and continuous monitoring of the liquidity position through banking operations;
- assessment of Bank liquidity adequacy in crisis through stress testing;
- fulfilment of regulatory requirements.

Liquidity risk measurement includes assessment of the risk under normal market conditions and under stress scenarios. Scenarios, which are defined based on historical data and case studies, should allow the bank to evaluate the potential adverse impact these factors can have on its liquidity position. Liquidity risk is monitored through a set of short term limits. Following the NBS

methodology, the Bank has defined minimum level of liquidity expressed in terms of short term liquidity ratio and liquidity coverage ratio. For internal methodology purposes, limits are defined in terms of acceptable levels of short term liquidity mismatches.

According to internal methodology for the liquidity gap, the Bank projects future cash flows (including future interest) of assets/liabilities and off-balance items and allocates them into time buckets according to contractual maturity dates. The Bank calculates early repayment/withdrawal rates taking into account statistical analysis based on historical experience. For all items without contractual repayment schedule, the Bank allocates cash flows into time buckets according to statistical analysis, trend, seasonality and unpredictability factor. Assessment of the deposits stability is based on both statistical analysis and Basel committee guidelines.

The Assets and Liabilities Management Committee (ALCO) regularly monitors and analyzes the Bank's operational liquidity, while the Treasury Division performs operational liquidity management at the daily basis.

Credit risk Credit risk is the risk of financial loss due to an obligor's failure to fulfil their obligations to the Bank. The Bank is exposed to credit risk mainly in terms of loans and placements to customers and off-balance sheet items, but also in respect of exposure to banks and securities.

Given that the granting of a loan is a core activity of the Bank, credit risk is the primary risk that the Bank is exposed to.

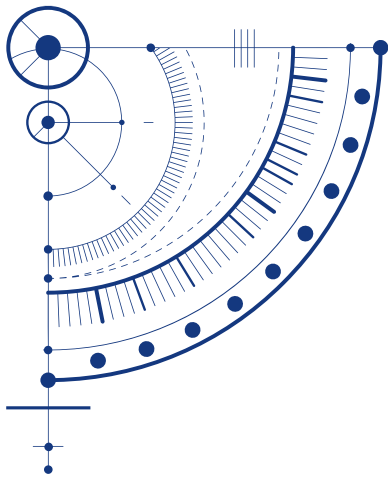
The Bank applies the best international practices concerning credit activities, and has a well-defined credit approval process, independent review of the granted loans and an efficient credit risk management function.

The main objectives of credit risk management are:

- Maintain sound credit-granting standards;
- Monitor and control credit risk;
- Properly evaluate new business opportunities;
- Identify and manage problem credits.

To properly manage its credit risk, the Bank has formed an organizational structure that is well suited for the volume, type and complexity of activities the Bank engages in. This structure provides that the defined goals and credit risk management principles are adhered to, while also ensuring the independence of organizational units with risk control and management function (the Risk Management Division) from organizational units with risk taking function.

The following departments of the Risk Management Division are included in credit risk management: Credit Risk Department, Credit Control Department, Collateral Management Department, Risk Modelling Department and Integrated Risk Management Department.



Credit risk management processes include the main Bank's bodies: Board of Directors, Executive Board, Audit Committee, Risk Committee, Credit Committees, Troubled Assets Committee etc.

The Bank has established in its internal documents, specifically in the Risk Management Strategy and policies and procedures, the responsibilities of said organizational units and bodies within the Bank in the credit granting process, as well as in the process of monitoring and managing the granted credits and managing the credit risk arising from those activities.

The Bank manages the credit risk at the level of the entire credit portfolio, as well as at the level of individual clients and transactions.

The Bank measures the credit risk at the level of individual clients and transactions, by assessing the client's financial situation, i.e. their creditworthiness, where the type of the indicators used depends on the type of the client and the specific nature of the client's business and legal status. Other than assessing the client's financial situation, i.e. the client's creditworthiness measured through quantitative indicators, the Bank uses a number of qualitative indicators, such as the business sector in which the client operates, the client's credit history, the quality of management, relationship with the client to date, etc.

The Bank assesses the credit risk at the level of the entire portfolio by monitoring credit risk indicators, calculating expected credit losses in accordance with IFRS 9, as well as by establishing the capital requirement for credit risk coverage in accordance with internally defined methodology. To investigate the impact of negative developments arising from credit risk exposure, the Bank also conducts stress tests for credit risk, where the Bank includes the impact of potential events or future changes in economic conditions, as well as stress scenarios related to development of main credit risk parameters, the delinquency rate and the loss caused by the failure to meet the obligations toward the Bank.

For the measurement of impairment on exposures held at amortized cost in accordance with the IFRS 9, the Bank uses expected credit loss (ECL) model. A loss allowance is recognized for expected credit losses and it is measured at each reporting date.

The main elements which constitute the framework of IFRS 9 implementation in the Bank are:

- Definition of default,
- Stage allocation criteria,
- Differentiation between collective and individual assessment,
- Expected Credit Loss (ECL) measurement.

Within credit risk, the Bank is exposed to the following sub-categories of credit risk: foreign-currency induced credit risk, concentration risk, residual risk and interest-rate induced credit risk. Accordingly, the Bank controls and manages the aforementioned risks parallel to managing the credit risk.

Market Risk The Bank is exposed to market risks that arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

Foreign exchange risk The Bank is necessarily exposed to foreign exchange risk, i.e. to the risk of changes in FX rates since it operates with different foreign currencies. Daily FX transactions cause the possible loss to the Bank due to uncertainty of the FX rate at which an open FX position can be closed, as well as in terms of negative effects of the revaluation of net open FX positions in individual currencies in the event of adverse movements in foreign exchange rates.

In order to protect the Bank's equity and financial result the Bank identifies, measures, monitors and manages exposure to foreign exchange risk on a daily basis.

The Bank manages the exposure to foreign exchange risk in a manner that ensures compliance of currency structure of its assets and liabilities with the limit prescribed by the National Bank of Serbia, as well as with the limits prescribed in the internal acts enacted by the Bank's management and Risk Committee.

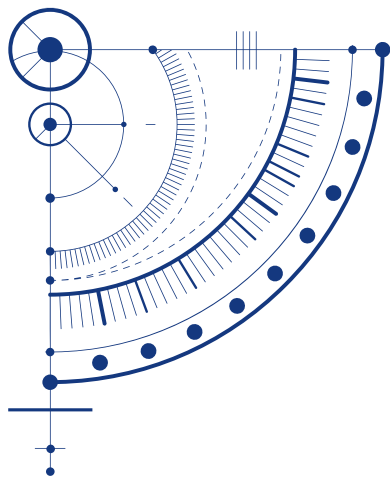
Interest rate risk Interest rate risk is defined as Bank's exposure to adverse movements in interest rates which can cause negative effects on Bank's earning and economic value of capital. Interest rate risk could come in the variety of forms, including reprising risk, yield curve risk, basis and optionality risk.

In order to protect the Bank's equity and financial result the Bank identifies, measures, monitors and manages exposure to interest rate risk on monthly basis, in total and per all major currencies.

In measuring and assessing interest rate risk the Bank applies the following techniques:

- Gap analysis of interest rate risk
- Scenario analysis
- Stress testing
- Analysis of embedded options.

According to internal methodology for the interest rate gap, the Bank projects future cash flows (including future interest) of assets/liabilities with fixed interest rate and off-balance items and allocates them into time buckets according to contractual maturity dates. For items with a floating interest rate, principal and future interest (only the part maturing until the next re-pricing date) is allocated according to re-pricing date. The Bank calculates early repayment/withdrawal rates taking into account statistical analysis based on historical experience. For all items without contractual repayment schedule, the Bank allocates cash flows into time buckets according to statistical analysis, trend, seasonality and unpredictability factor. Assessment of the deposits stability is based on both statistical analysis and Basel committee guidelines.

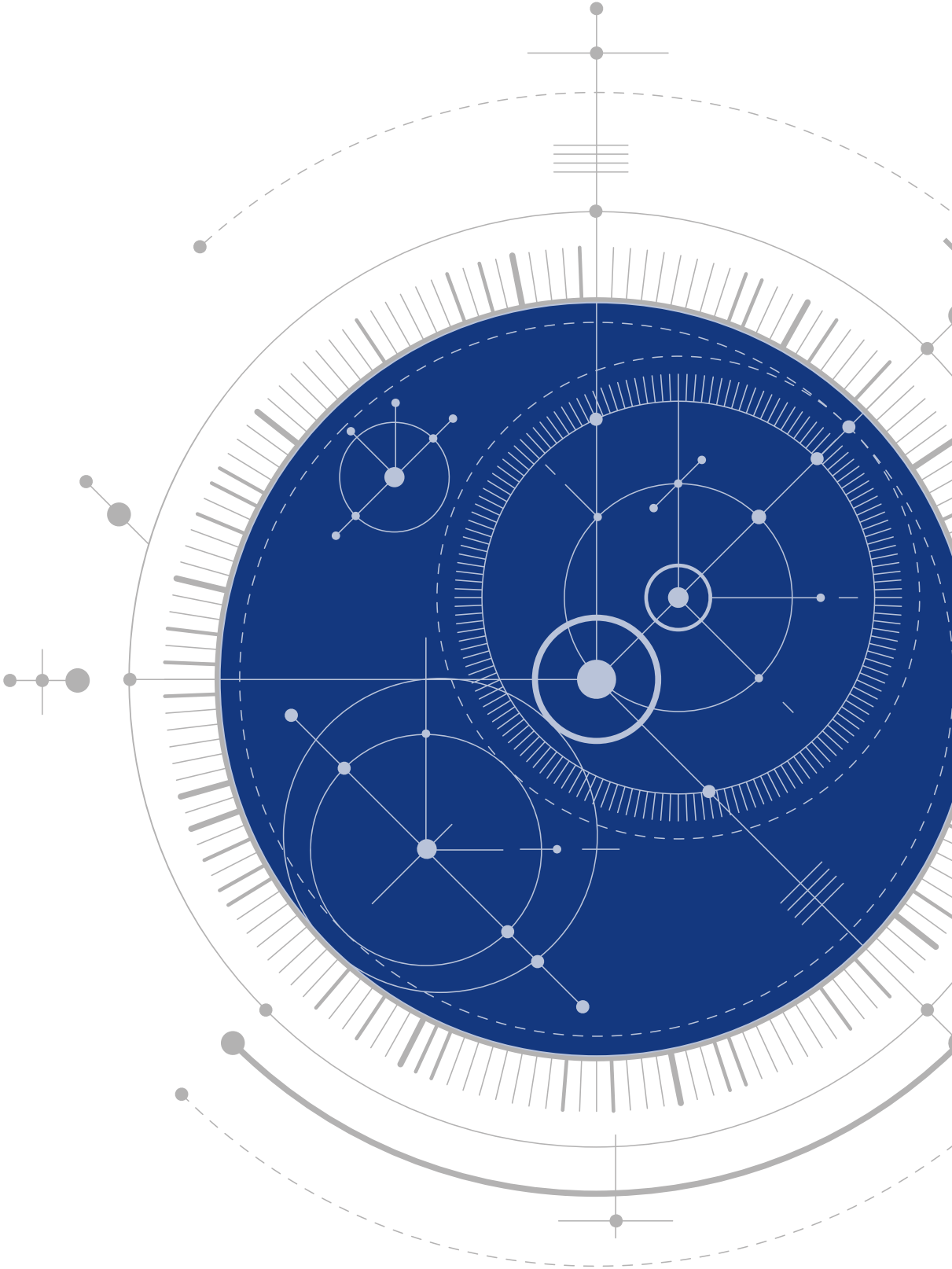


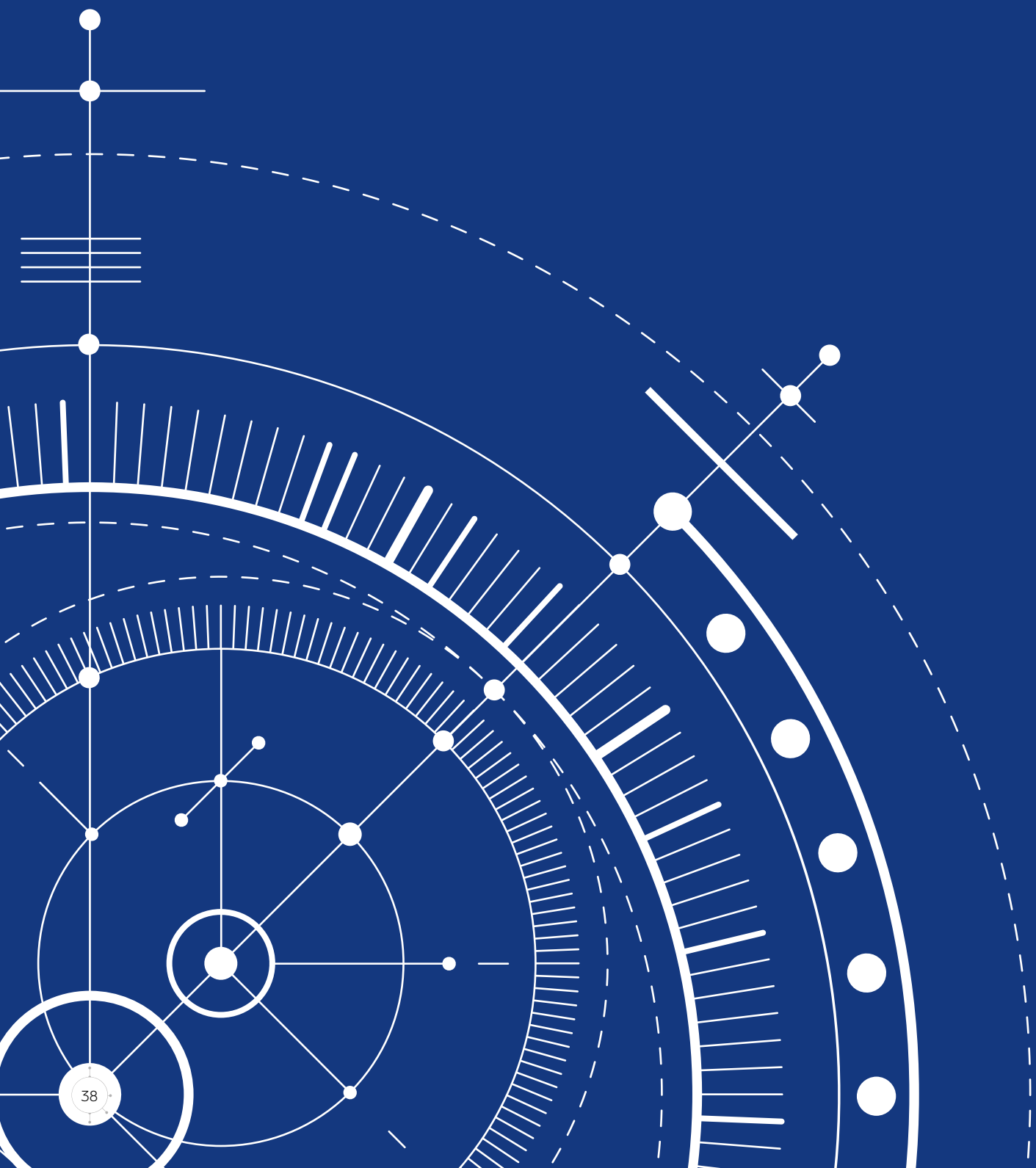
Operational risk

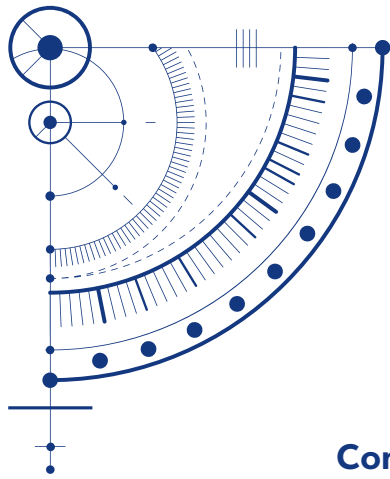
Operational risk is the risk of possible negative effects on the financial result and capital of the bank caused by human error, inadequate internal procedures and processes, inadequate management of the information management of the information system and other systems in the bank, as well as by unforeseeable external events and includes legal risk. Legal risk is the risk of adverse effects on the bank's financial result and capital arising from court or out-of-court proceedings relating to the bank's operation (contracts and torts, labour relations, etc.).

Operational risk processes consist of risk identification, exposure assessment (including measurement and valuation), control management and risk mitigation, operational risk reporting and performance improvement applying following operational risk methods: Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRI), Operational Risk Events Management, Operational Risk Reporting, Operational Risk Capital Charge Calculation and Allocation and Operational Risk Stress Testing.

The Bank includes in its risk management system all risks that arise from outsourcing activities and from launching of new products and services.







Compliance & AML

The Compliance Department is established with the approval of the Audit Committee and the Board of Directors (BoD) of the Bank as a permanent function and independent function. The Head reports directly to the Audit Committee (AC) of the Bank, to the Eurobank Group Compliance and for administrative purposes to the CEO.

The AML Department is established as a separate organizational Unit with the approval of the BoD. It is a permanent function and independent from the Bank's business activities. The Head of the AML Department is the Money Laundering Reporting Officer (MLRO) of the Bank. He/she has a direct reporting line to the CEO and to the Eurobank Group Compliance. The MLRO reports periodically to the AC and BoD of the Bank regarding AML activities and related risks.

The mission of Compliance and AML Departments is to promote, within the Bank and the Group subsidiary companies based in Serbia, an organizational culture that encourages ethical conduct through integrity and a commitment to compliance with Laws and regulations as well compliance with Group standards.

The main objective of Compliance and AML Departments is to ensure that the Bank has established an adequate system of internal controls that allows it to operate in accordance with the ethical set of values as set in its Code of Professional Conduct and in compliance with applicable laws, regulations and internal policies and Group standards.

More specifically, Compliance and AML departments are mandated to:

- Provide advice to the Board of Directors, Executive Board and Senior Management on the bank's compliance with applicable laws, rules and standards and keeping them informed of developments in the area,
- Issue policies, procedures and other documents in order to provide guidance to staff on the appropriate implementation of applicable laws, rules and standards,
- Provide guidance to staff on the appropriate implementation of applicable laws, rules and standards through issuance of policies and procedures and the design of training programs,
- Review new products and service lines and advise on potential compliance and ML/FT risks,
- Develop a robust compliance and AML/CFT risk identification and assessment framework.
- Support and challenge, if required, business line management regarding the completeness and accuracy of the compliance and AML/CFT risk management activities,
- Monitor and test whether staff effectively applies the particular internal processes and procedures aimed at achieving regulatory compliance, report on potential breaches and required improvements and follow up on implementation,
- Review staff accounts in order to monitor staff adherence to internal policies and the Code of conduct and/or to detect indications of fraudulent activity,
- Monitor timely submission of reports to Regulators and report any delays and fines for any alleged breaches of regulations to the AC,
- Fulfil any statutory responsibilities and liaise with regulators and external bodies on AML/CFT and compliance issues.

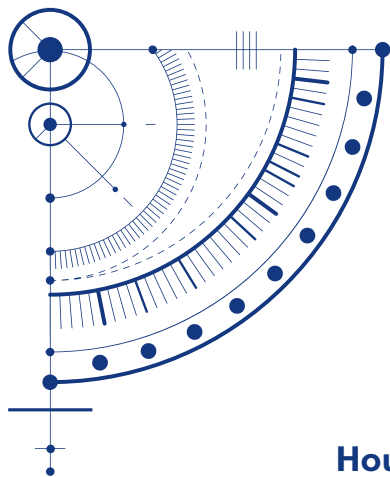
In 2019, Compliance and AML Departments focused on the following:

- Financial crime (including laws and regulations concerning anti-money laundering and financing of terrorism), implementing relevant monitoring system upgrades and enhancements and adopting the changes of relevant legislation in necessary policies and processes, and monitoring their implementation.
- Enhancing the processes of internal controls on adherence to ML/TF activities and risks by conducting the planned internal control reviews of client files validity and on-site reviews of business units.
- Implementing the new AML/CFT RA Methodology relevant for measuring risk exposure and identification of new ML/FT risks.
- Providing continuous AML/KYC training material through classroom sessions to new employees, account officers and Branch and Corporate managers, Merchant and DSA employees as well as obligatory annual e-learning training and testing of all relevant Bank staff in accordance with the training program and plan.
- Continue the development and documentation of the Bank's methodology for Compliance Risk Assessment (CRA) at a Bank level
- Develop or update internal policies regarding the professional conduct of the Bank's personnel, such as, among others, the Anti Bribery and Corruption Policy
- Enhancement of communication with the Supervisory Authorities, through system solution for monitoring timely submission of regulatory reports
- Training regarding the Role of compliance and persons responsible for compliance.

For 2020, Compliance and AML Departments shall place emphasis on the following:

- Fully aligning the Bank with the regulatory changes that will come into force in 2020, including, among others, the changes in legislation concerning Anti-Money Laundering (incorporating adopted legislation changes in relation to the 4th and 5th AML Directive and FATF recommendations), and the regulations related to FATCA, payment services, consumer protection, advertising and electronic documents storage.
- Further development and documentation of the Bank's framework for Compliance Risk Assessment (CRA)
- Further certification of the AML staff and new expert trainings in relation to Siron AML functionalities/scenarios.
- Automation of internal acts governance through system solutions of notifications on the changes in regulations and monitoring of adequacy and accuracy of internal acts
- Developing or updating internal policies regarding the professional conduct of the Bank's personnel, such as, among others, the Code of Professional Conduct, Conflict of Interest Policy and Policy on External Engagement
- Expanding the training curriculum in order to enhance the personnel's knowledge on issues of AML/KYC and regulatory compliance.



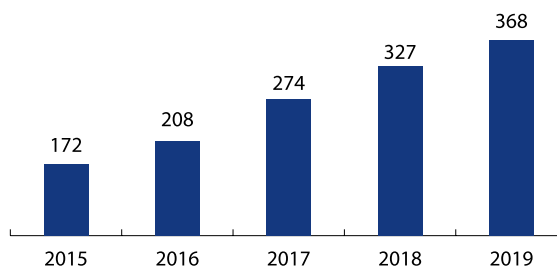


Household Lending Division

During 2019, the Household Lending Division continued to record successful business results. In the competitive market environment, Eurobank once again proved to be a major player in the field of cash loans and credit cards.

Sales of cash loans in 2019 achieved record-high results in the Bank's history. During the year, Eurobank disbursed loans in the amount of EUR 208 million, which is 14 percent more compared to 2018. Eurobank closed the year with a consumer loan portfolio of EUR 368 million, achieving 13 percent increase versus previous year.

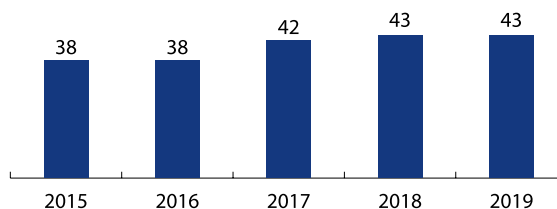
**Consumer Loan Portfolio
(million euro)**



The new marketing campaign "One Loan Solves Everything" with an attractive loan offer contributed that Eurobank once again stand out from the competition and confirmed the Bank's position among the clients' top-choice banks in the area of cash loans. The campaign was on air in three bursts during the year and contributed that nearly 23 thousand new customers apply for a cash loan in Eurobank during 2019. Competitive and transparent lending conditions, an efficient approval process and a high level of service to clients, characterize Eurobank cash loan business.

In the credit card area, Eurobank has confirmed its position as one of the most active banks in the market. During the year, the total number of credit cards in the bank portfolio grew by 6 thousand compared to the previous year, and the value of the credit card portfolio at the end of the year was EUR 43 million. Eurobank ended the year with a market share of 20 percent in the total number of credit cards in Serbia.

**Credit Card Portfolio
(million euro)**



Eurobank is one of the pioneers and leaders on the market in the field of financing purchase of consumer goods through credit cards. The possibility of purchase in installments without interest is one of the synonyms for Eurobank cards, for which the bank is known on the market. Long-time successful cooperation with leading retail chains of white goods has resulted in sales of 41 thousand credit cards through this channel in 2019.

Keeping up with new technologies, the Bank has developed an application for split of transactions into instalments, which can be downloaded for free from the Google and Apple online stores and used simply and easily on all mobile phone devices.

For the sixth year in a row, Eurobank continued to develop a successful business relationship with the football club Manchester United. As the exclusive partner of the football club, during 2019 the Bank brought one of the most prestigious football schools to Serbia and enabled students to learn from the best and gain practical and theoretical football knowledge. At the official start of Manchester United football school in Serbia, Eurobank hosted trainers Robin van der Laan and Paul Neary and football legend at Old Trafford, Wes Brown. A unique opportunity to participate in a world renowned school was provided to young talents and coaches from all over the country. In the area of mortgage loans, during 2019, Eurobank continued its several-year trend in sales growth and disbursed loans in the amount of 12 million euro. The year closed with a mortgage loan portfolio of EUR 116 million. During 2019, special attention was paid to developing cooperation with the Bank's corporate partners and financing purchase of apartments from the Bank's project financing. Business growth and maintaining loan portfolio quality are imperatives for further development of the housing loan segment. In the segment of current accounts, Eurobank continued to grow its customer base and ended the year with over 125 thousand active current accounts. Continuous growth is a result of the high quality content of the current account packages, as well as the comprehensive offer of other products for private individuals.

Alternative Sales and Partnership Banking Department

Alternative Sales Channels recorded a steady level of sales with a slight increase, placing EUR 30.2 million through independent channels and acquiring 47,000 clients, out of which almost 32,000 were new clients for the Bank. Through dependent channels an additional € 28.8 million was placed. In total, an achievement of EUR 59 million in disbursements represented an increase of 98% vs. 2018.

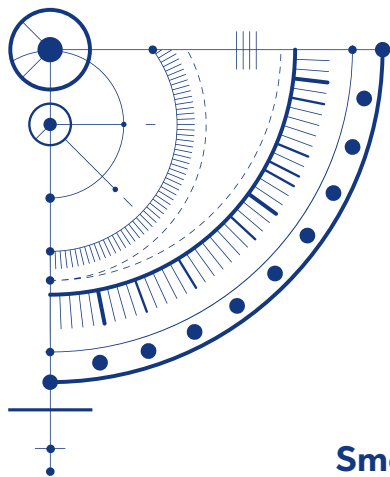
Through a partner network of retail outlets, € 13 million was disbursed. Eurobank continues to be among the market leaders in consumer durables financing, ranking second with a market share of around 25%.

DSA team of Mobile Bankers is consisted of 90 sales agents, who mediated the acquisition of about 8,000 clients (3,000 of which were approved for loans) during the year, with a disbursement of EUR172 million.

Telemarketing department team consisting of 9 members managed to contact around 190,000 clients with a special offer in 2019 and mediated the disbursement of over € 25 million, an increase of 48% compared to 2018.

In 2019, Bankassurance achieved excellent results. Significant revenue was generated; totalling almost € 1.2 million. This result was achieved owing to the extraordinary cooperation and support of the partner insurance company through the implementation of planned actions and promotions, as well as the exceptional work and dedication of about 190 employees of the Bank authorized to perform insurance business.

Eurobank Serbia will continue developing alternative sales channels in the future aiming to provide quality service to its customers, wherever necessary.



Small Business Banking Department

In 2019, Eurobank continued to be one of the most active banks in the small businesses segment.

During 2019, SBB disbursed loans in the amount of EUR 78 million achieving growth by 20% relative to 2018. The growing trend had positive impact on the increase in performing volumes by 10% compared to the previous year.

Also, SBB continued to provide special support to the production sector of our economy by re-participating in the "Program of Support to Small Businesses for Purchasing Equipment" in cooperation with the Ministry of Economy and the Serbian Development Agency. In 2019, Eurobank disbursed 5 million euros of loans through this Program ranking the fourth out of eight financial institutions in terms of realization of the total funds from this Program. In order to upgrade its lending process and to meet the needs of our clients, SBB further improved credit approval criteria by increasing maximum amounts per loan product and relaxing other credit criteria.

In 2020, SBB plans to continue with increasing its lending activity, performing volumes and consequently increase in market share. SBB will strive to strengthen the product offer through a range of sales campaigns and sales activities, as well to further enhance the credit process. The range of activities is planned in order to provide more efficient support to business needs of our customers through increased credit support to our economy and Eurobank market share in this customer segment.

Deposits and Personal Banking Department

In accordance with Bank management decisions, the Deposits and Personal Banking Department successfully managed to decrease the interest expense and maintain solid level of market share. Activities in 2019 were focused on defending the existing portfolio and gathering new funds.

In order to collect new deposits, a special deposit action was launched for clients who deposit new funds. In accordance with the Bank's strategy focused on continuous growth and improvement of banking products and services, a new product titled "EuroStep – 25 months in dinars" was introduced in November 2019, as an offer for the "Savings Week". In this action, which lasted until the end of December, a significant amount of new deposits was collected. Matured term deposits were renewed at lower rates reducing financing expenses.

Digital Banking and Business Performance Department

Digital Banking and Business Performance Department continued with digitizing banking products and improving existing Digital services.

On-line services Within the internet banking segment, the on-line loan application and disbursement process was launched via mobile banking, with no need to visit a branch or print any paper. With more than 120 disbursed on-line loans during the pilot phase and with change of credit policy, this service will soon be available to a large number of our customers. With the implementation of this project, Eurobank also introduced the use of e-documents to our clients.

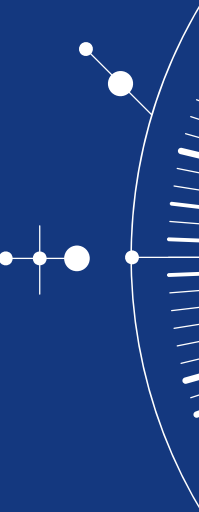
ATMs Continuing implementation of Instant Payments Solution with National Bank of Serbia, a new Scan and Pay service is available in our mobile application. Our users are now able to scan complete payment details from IPS QR code on a specific bill (i.e. EPS, Telekom and other utility companies) instead of entering them manually. In addition, a new option, allowing our customers to use IPS QR code payments at any point of sale in the country marked with IPS QR logo is created and will be available upon completion of the pilot phase with the National Bank Serbia, thus allowing our clients to use their mobile phone instead of payment cards.

Digital Signage As a result of constant improvements of digital services and branch network sales results, the total number of digital transactions reached 2.7 million, which is a 30% growth compared to the previous year, while the total turnover exceeded RSD 3 billion. At the same time, transactions made by payment institutions exceeded 9.5 million, which is almost a 30% increase compared to the previous year.

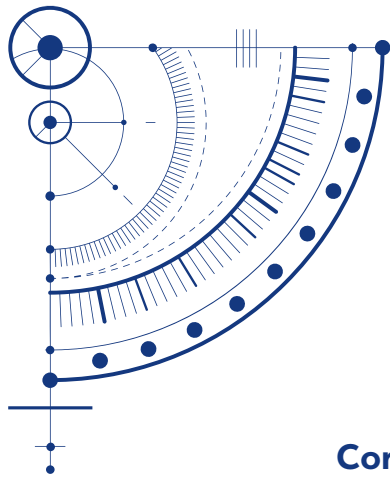
Communication with customers Size of our self-service network remained the same as in the previous period, with 139 deployed ATMs at EOY processing 3.42 million transactions, which represents a 7% increase vs. last year. Eurobank implemented new transaction types, allowing our PI customers to make EUR withdrawals and RSD and EUR deposits from/to their personal accounts, as well as credit card payments. Our LE customers can now make daily turnover cash deposits, thus increasing the number of cash transactions that can be performed outside branch offices. In addition, new monitoring solutions will allow for improvement in our self-service network availability and cutting of response and resolution times for reported problems.

We continued with the implementation of Digital Signage solution in redesigned branches, with two 24/7 zones, enabling our customers to communicate with our staff via video-link, outside branch hours.

Via all communication channels, our Contact Centre replied to over 233K of customer requests. An increase in use of new customer communication channels was recorded (over 7 thousand chat conversations), as well as customer migration to IVR services (with more than 39 thousand requests), which allowed us to keep high average customer satisfaction mark of 4.66, with SLA remaining at around 90%.







Corporate Banking

Despite a fiercely competitive market, the Corporate Banking Division had a very successful business year. Performances across all business areas were further improved to a significant extent.

SME segment Regarding the SME segment, Eurobank continuously increased loan volumes despite very strong market competition. Volumes of ACR loans were increased by 11% (EUR 18 million), reaching EUR 184 million in 2019, while volumes of issued DBD products rose by 35% (EUR 10 million) reaching EUR 38 million. The volume of deposits stabilized at EUR 55 million, while sourcing from IFIs financing covers 60% of the entire SME portfolio. The active „Pre-Approval Campaign” during 2019, enabled disbursements of funds towards 42 clients in the amount of EUR 12,2 million. The business was preserved through our key and most valuable clients, as refinancing by other Banks took a rather small and acceptable toll in the amount of EUR 3 million.

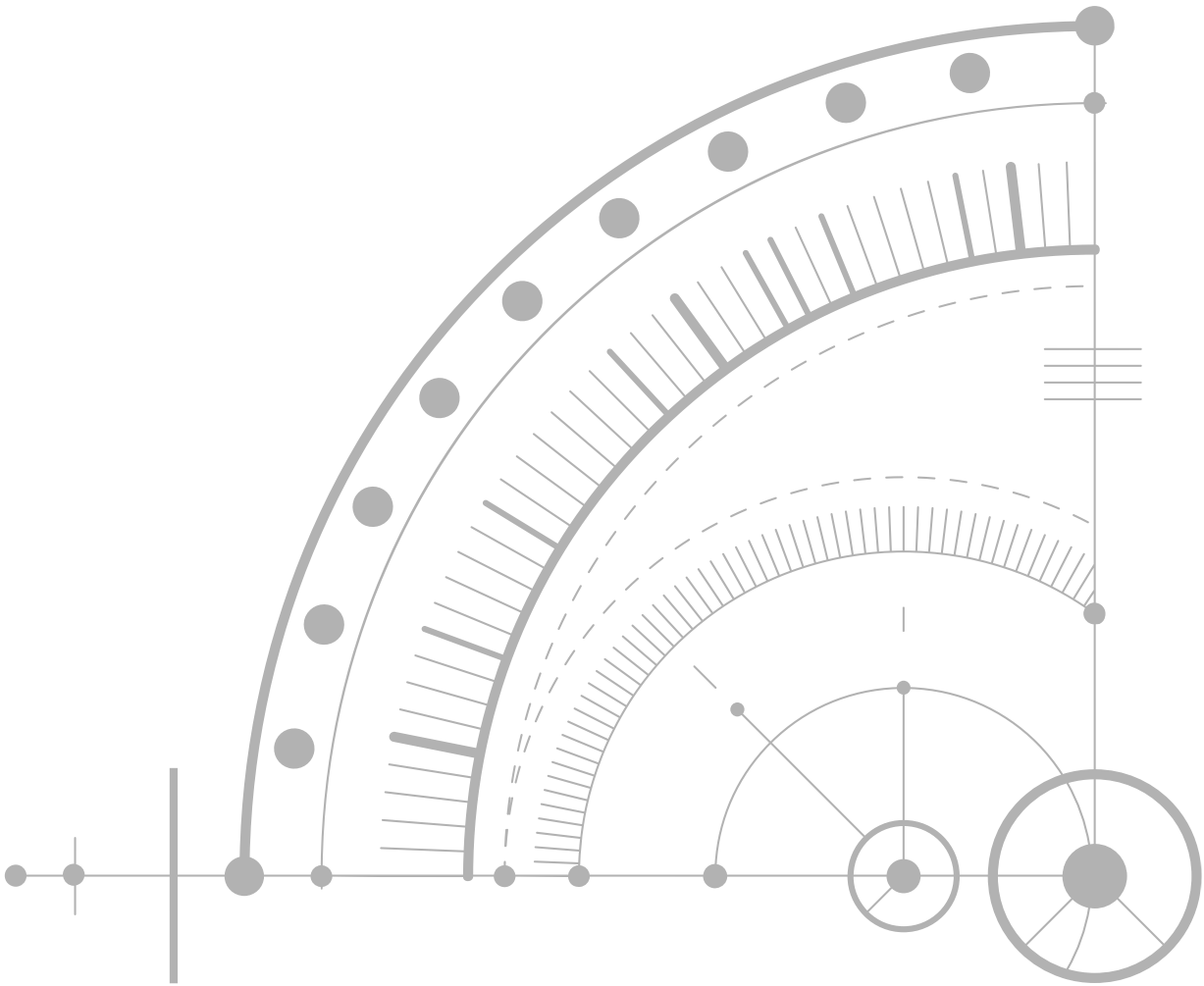
We achieved 112% of the budgeted commission income and around 89% of the budgeted ROA which represents an acceptable overall result having in mind the fierce competition on the local banking market, decreasing of RSD base rate and our current risk appetites.

Large Corporate segment Large Corporate continued with growth of volumes of performing loans fourth year in a row, achieving outstanding success as at year end 2019 with the expansion of 89% comparing to end of 2015. Significant prepayments (c. EUR 27 million) in Q4 together with revolving volume reduction (c. EUR 10 million), strongly affected year-end volume, but overall budgeted figures were in place. Those prepayments together with repayments resulted by 2 big M&A transactions were compensated by strong new production. Strategy was to additionally expand on existing premium clients, penetrate on multinationals cooperating with our Group and to continue with attractive projects in real estate segment.

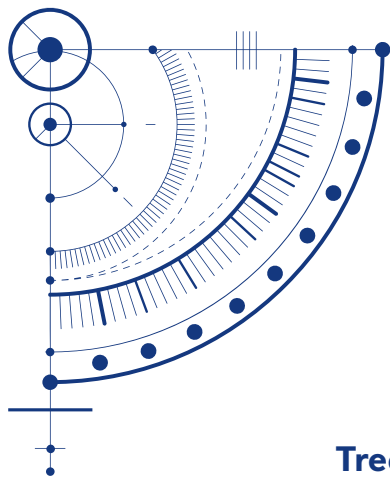
On profitability side, big pressure was placed on the loan income side. Strong competition led to deviation comparing to budget (-3%). However, good quality of portfolio and funding helped surpass the targeted bottom line for 2%.

Deposit gathering was very successful and realized with caution. During periods of overpriced liquidity, volumes were reduced. However, the year was finished with a surplus of 17% compared to the budget.

IFIs During 2019, the bank further actively used its limit under the EBRD's Trade Facilitation Program of EUR 100 million to support trade (export/import) activities of the corporate clients. Following our extensive participation in EBRD's Trade Facilitation Program, Eurobank was once again awarded the title of the Most Active Issuing Bank in Serbia in 2019 by EBRD.







Treasury Division

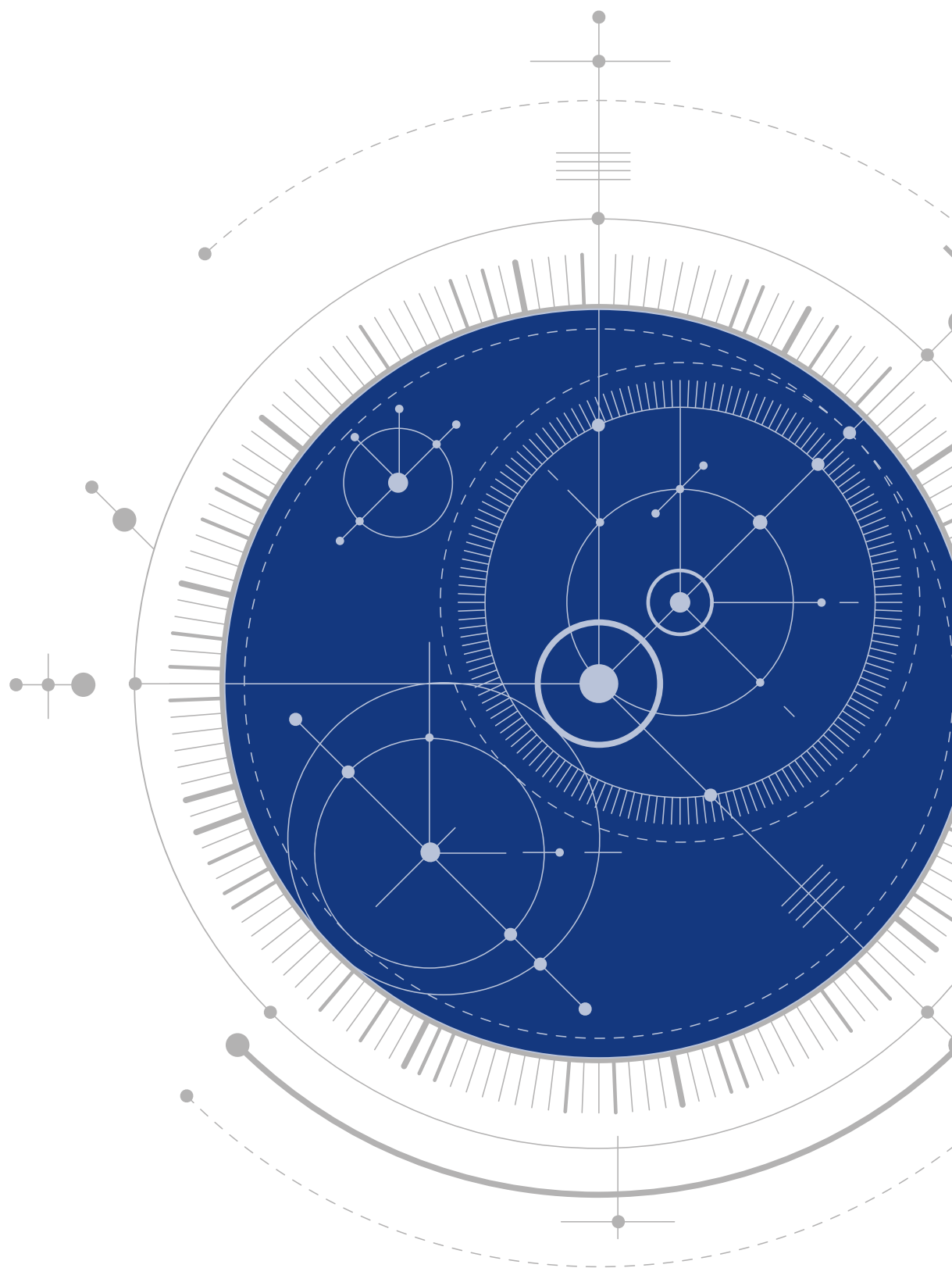
The year 2019 was very successful for the Treasury Division. The main priority was to ensure liquidity, sustain profitability, decrease the risk and develop further client-oriented operations, continuations and further development of cooperation with IFIs.

Eurobank continued in 2019 with a very clear and strong development strategy primarily based on strengthening the liquidity position. Liquidity coordination and capital management was instrumental for dealing with all the challenges that the Bank faces.

During 2019, cooperation with EBRD London was successfully continued through cross currency interest rate swap (CIRS) transactions.

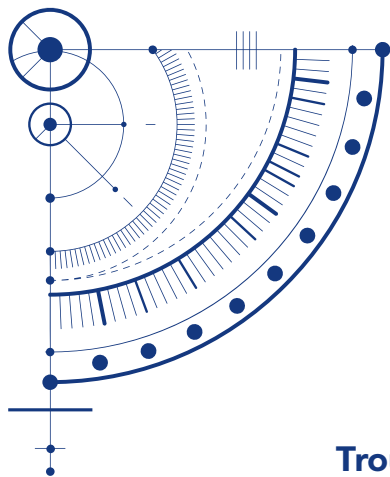
Involvement of our Trading Department in FX, Money Market and bonds trading was strong and visible. Seeking to disperse risk, the Trading Department also managed to achieve the most important goal this year – to ensure liquidity with excellent cost management. Performance of T-bills portfolio was successfully continued, following business units needs in funding, making a highest revenues return.

Continuously developing client-oriented operations including offering different kind of products and services to international and domestic clients, small, medium and large-sized enterprises and institutional and private customers was the main goal in 2019 in order to give our clients the opportunity to protect themselves from the different risks on financial markets. Using our Group presence in the region, we managed to meet our clients' needs outside Serbia as well, where cross-selling became a very important part of the Treasury's sales activity. In this manner, we also provided financial support to regional operations.





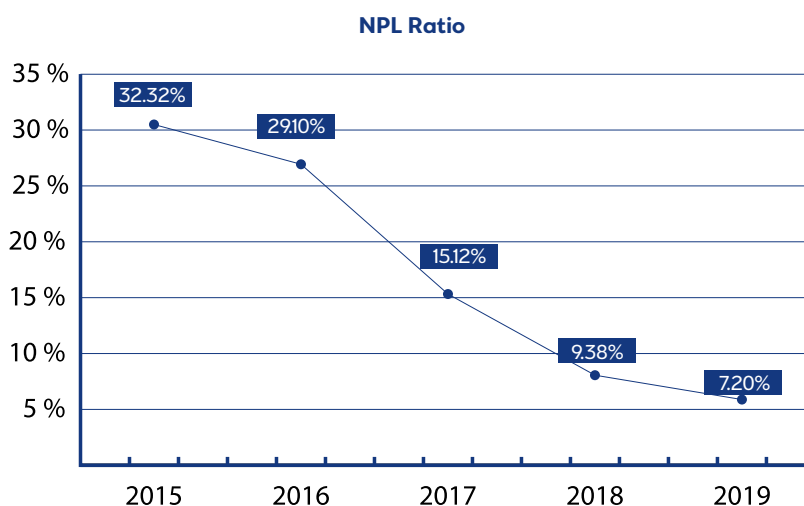




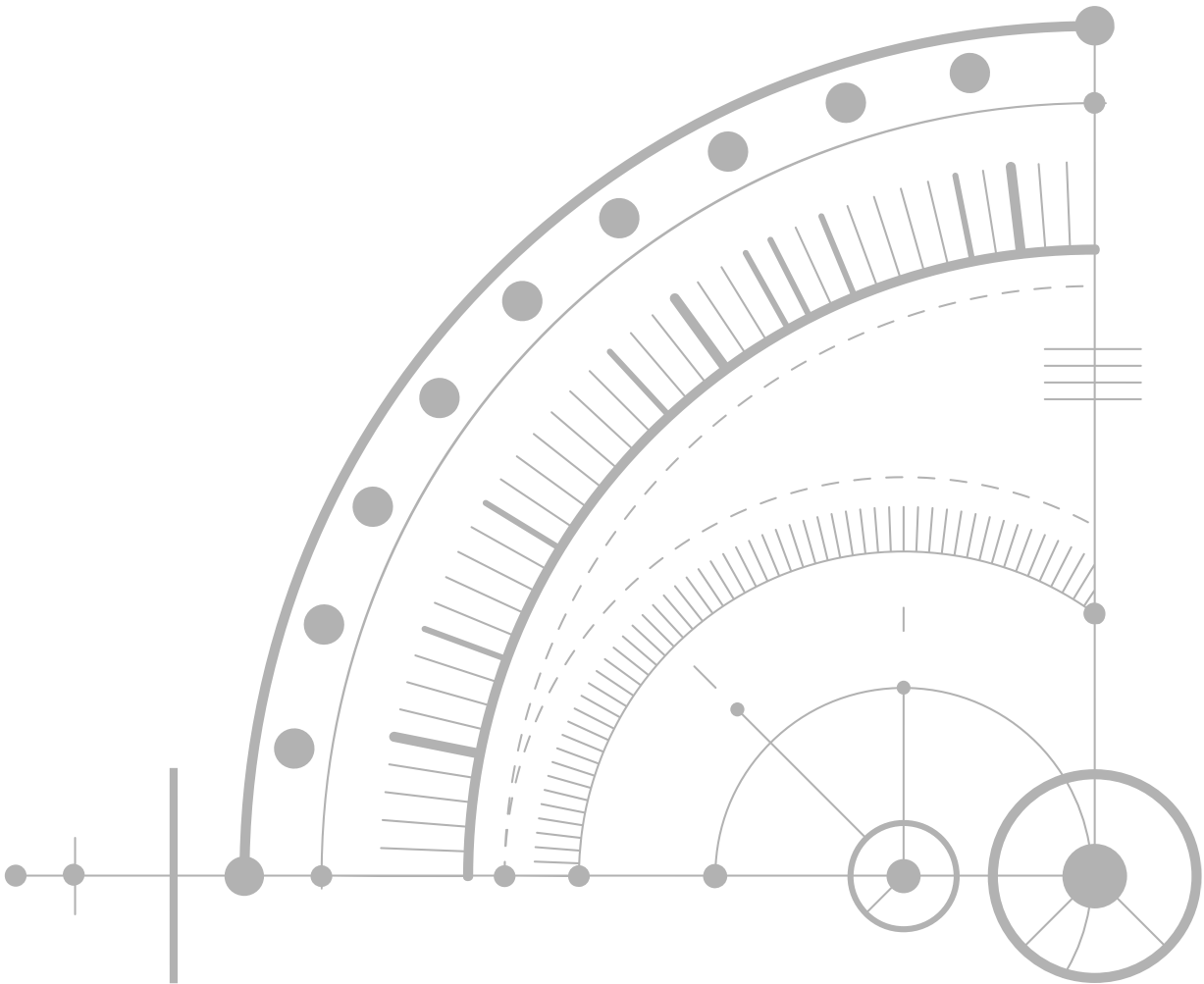
Troubled Assets Sector

During 2019, the Bank continued with the successful remedial management activities and fully implemented the necessary NPE resolution strategies. The Bank participated in initiatives of the National Bank of Serbia and the Serbian Government for effectively addressing the specific problematic portfolios. This refers to Serbian Government NPL Resolution Strategy (defining 5 strategic priorities) and the National Bank of Serbia Decision on adoption of Action Plan for the implementation of NPL Resolution Strategy in August 2015, and all subsequent initiatives covering this topic.

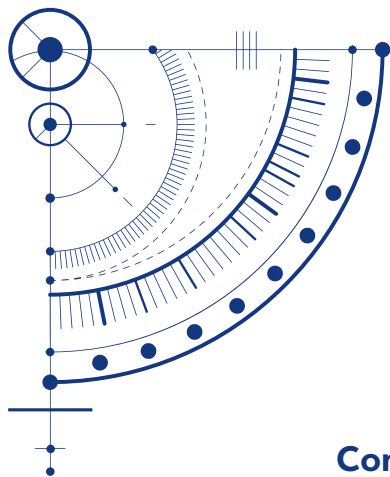
The results of the recent years are most evidently depicted in the below evolution of the NPL ratio.



The NPL ratio improvement in 2019 compared to 2018 came primarily from write-offs (in line with the National Bank of Serbia Decision on the Accounting Write-off of Bank Balance Sheet Assets) and secondarily from liquidations of collaterals. It is important to add that the inflow into NPL status was proactively controlled by the relevant Bank's sector by very effective early collection activities and, when needed, by the application of debt restructuring measures. Furthermore, the positive economic environment facilitated the achievement of NPL reduction targets.







Communication Strategy

Communication Strategy

In line with the mission and vision of Eurobank, the Communication Strategy for 2019 was focused on developing activities that reflect the Bank values, communicate key products and services, strengthen image and promote socially responsible operations.

During 2019, various initiatives were implemented with the aim of further highlighting and strengthening the Bank position following the jubilee year marking 15 years of operations in Serbia in 2018. Partnerships with international financial institutions and exclusive events organized in cooperation with the FC Manchester United had a central place in communication towards all stakeholders. Other key topics communicated during 2019 included digitalization, promotion of savings, support to the economy and sponsorships of the most important business events and conferences in Serbia.

Eurobank Manchester United Soccer School

As an exclusive partner of Manchester United FC, Eurobank brought one of the most prestigious soccer schools to Serbia, giving opportunity its participants to learn from the best coaches and to acquire practical and theoretical knowledge during the week 16-20th September. On the occasion of the official start of the Manchester United Soccer School in Serbia, Eurobank hosted Robin van der Laan, International Head Coach of Manchester United Soccer School, and Wes Brown, a football legend from Old Trafford.

Children from across Serbia had a unique opportunity to practice in a world-renown soccer school along with local coaches who will continue sharing their knowledge with generations to come. In addition to the professional youth, this experience was also provided to the children of Eurobank employees and clients, partners, and homes for children without parental care including "SOS Dečje selo Kraljevo" and "Dečje selo Sremska Kamenica", as corporate social responsibility is one of the main values of both partners – Eurobank and Manchester United. „Team spirit, dedication and believing in yourself“ represent key principles of the school philosophy shared with the children and coaches in Serbia.

Eurobank Manchester United Soccer School attracted great media attention, as well as the interest of the social media audience. Throughout the year, a number of carefully designed actions were carried out in order to ensure both external and internal promotion of this unique project. The topic Eurobank Manchester United Soccer School was mentioned in more than 100 media articles, while social media recorded more than 1 million impressions.

Eurobank won the prestigious VIRTUS Award for the contribution to the local community, for the "Manchester United Soccer School for Children" project held in 2019. This prominent award, established by the Trag Foundation 13 years ago, was delivered to Eurobank for the contribution to the local community and exceptional achievements in helping resolve issues or meet needs of the community, city or region where a winning company operates.

Society

The first donation within the Eurobank project "A School Designed for You" launched by Eurobank with the support of the Ministry for education, science and technology was realized in June in the First Economics High School in Belgrade. The new furniture, computers, and interactive board - totalling RSD 1.4 million in value — will be used by the school's 852 students. The donated equipment was presented to the present journalists and experts. The media

conference included also a recital prepared by the students, while media representatives were addressed by the Minister of education and the President of the Executive Board of Eurobank.

The project was continued by students' practice in the Bank, as well as lectures given by Eurobank representatives. In November, a new electronic language laboratory was opened at the "Stana Milanović" Secondary School of Economics in Šabac. In addition, the school library was equipped with laptops which enable students to read e-books.

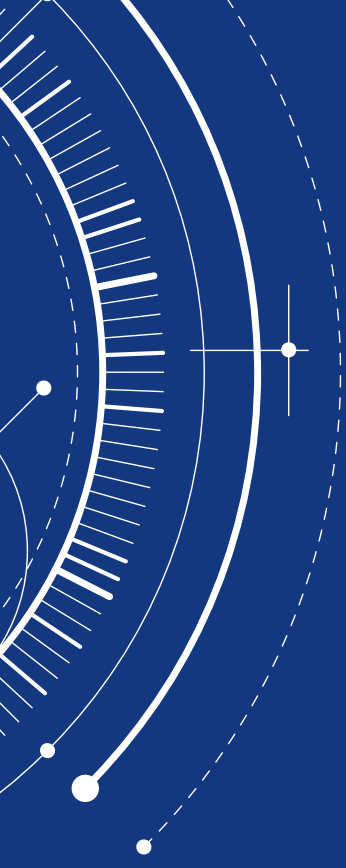
The donation worth more than RSD 1 million attracted attention of the expert and wider audience. It was communicated via mix of channels, including video materials shared via social media pages, as well as standard communication tools.

**Support to the
economy**

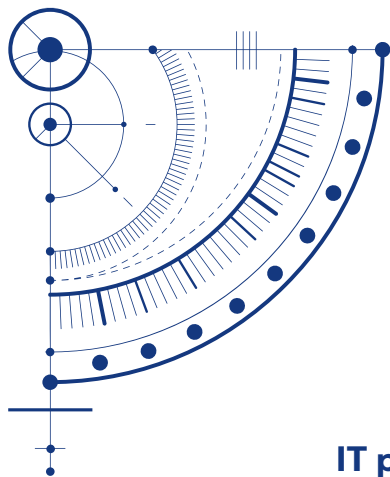
Traditionally, for the 15th time in a row, Eurobank was the grand sponsor of the Serbian Economic Summit organized by TGI Group International. The Summit held in October 2019 tackled ongoing economic issues, and special focus was placed on digitalization as an integral part of contemporary business, the national goals for the decade ahead, the national strategy for the EU accession, integration prospects, as well as the ways to achieve economic growth and prosperity. Over the course of the Summit's two days, representatives of the Serbian Government, diplomatic corps, and local and foreign economic and financial institutions gathered at one place.

Slavica Pavlović, President of Executive Board of Eurobank, participated in the panel centred on the importance of a strong banking system for sustainable economic growth. The panel was opened by the National Bank of Serbia's Vice-Governor Dragana Stanić. Eurobank strongly communicates support to the Serbian Economic Summit as one of the key events that takes place every year in Belgrade since 2001 and brings together decision-makers, business leaders, and experts, as well as the representatives of the key political and economic institutions in Serbia.





TECHNOLOGY



IT projects in 2019

During 2019, Eurobank Serbia placed the focus on delivering complex projects based on regulatory and business requests. We have continued to renew and upgrade our equipment and systems making them up-to-date and more resilient.

Regulatory projects

Conversion of CHF Mortgage Loans - As per the new Law on the Conversion of Mortgage Loans Indexed in Swiss Francs, the Bank offered to the customers a conversion of outstanding CHF loan balance to EUR (more than 4 thousand loans).

Chart of Accounts changes - the National Bank of Serbia issued a decision as per which all banks are to segregate booking of working capital loans on short term and permanent working capital loans on long term.

HHLD approval process & segregation of duties - Changes of approval process application flow

Digital related projects

Customer self-service - Introduction of new multifunctional ATMs and transaction types, a first step towards setup of self-service areas.

Instant PAY - In accordance to NBS regulations, the Bank is able to offer application for accepting mobile payments based on QR code. Also, the Bank now may provide debt details from the utility company (member of IPS) to mobile banking user / customer of the Bank, contributing to new revenues and attracting new customers.

ATM - Dina EMV - According to NBS regulation and operational rule of Dina card system, the Bank enabled acceptance of Dina Card chip cards and Dina card with magnetic stripes.

HHLD related projects

Business Dina card - According to the Law on multilateral interchange fees and special operating rules for card-based payment transactions, the Bank is obliged to issue a Dina card to each customer, both for new cards, as well as for renewals/ replacements/ reissuance.

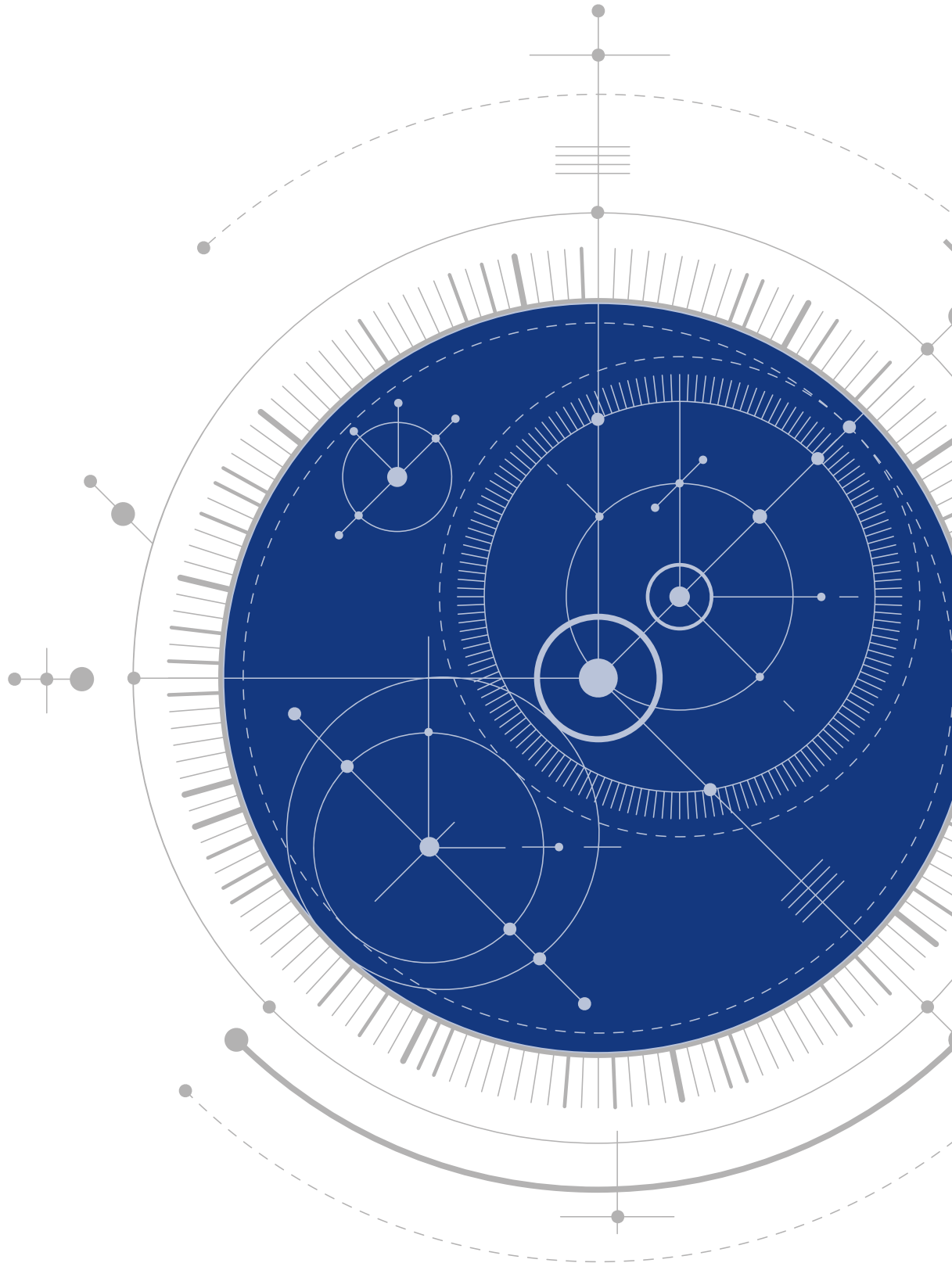
Upgrades of applications and infrastructure

Web I-Apply upgrade - New Web I-apply system created safe and more efficient environment for further business development within the segment at the same time increasing speed, security and customer service.

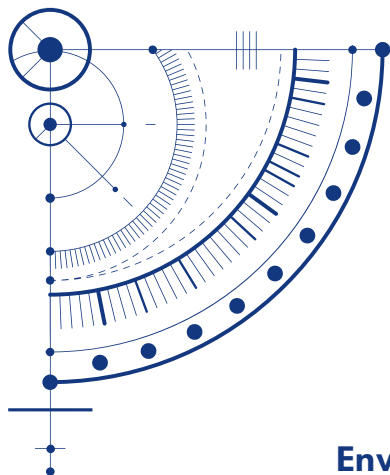
Siron AML & Siron KYC upgrade – Upgrade of Siron applications due to lifecycle of the current version and vendor support

Operations & Organization related projects

Internal acts adoption and governance process automatization - Digitalization of the process for initiating, creating, approving and issuing documents in the Bank by implementation of a system solution that will enable electronic communication between participants, tracking versions, document status. Application is also a portal for participants' communication.







Environmental Protection

As a socially responsible company, Eurobank pays special attention to environmental protection. Aiming to build long-term relationships with clients, employees and local community, while continuously aspiring towards improvement and implementation of environmental programmes and initiatives, the Bank analysed its overall impact on the environment. As a result, the following key initiatives stand out, as a base for the Bank's Environment Management System:

Waste Management

Adequate waste management represents one of the main areas of environmental protection. The Bank's daily activities are conducted by adhering to valid internal procedures in this field, with the aim of reducing the solid waste pollution. In 2019, the Bank continued its program for recycling waste paper, plastics and used-up printer cartridges and toners at all locations in Serbia. Periodical centralized handover of electrical and electronic waste material, fluorescent tubes and specific categories of non-hazardous waste (wood, metal, plastics, and textile) have been carried out in order to ensure appropriate treatment procedures.

Responsible Financing – Social and Environmental Risks Management System

The Bank has integrated the Social and Environmental Risks Management System into its loan approval process pursuant to international standards and best practices. This System is one of the core elements of good cooperation established with the European Bank for Reconstruction and Development.

Energy and Climate Changes

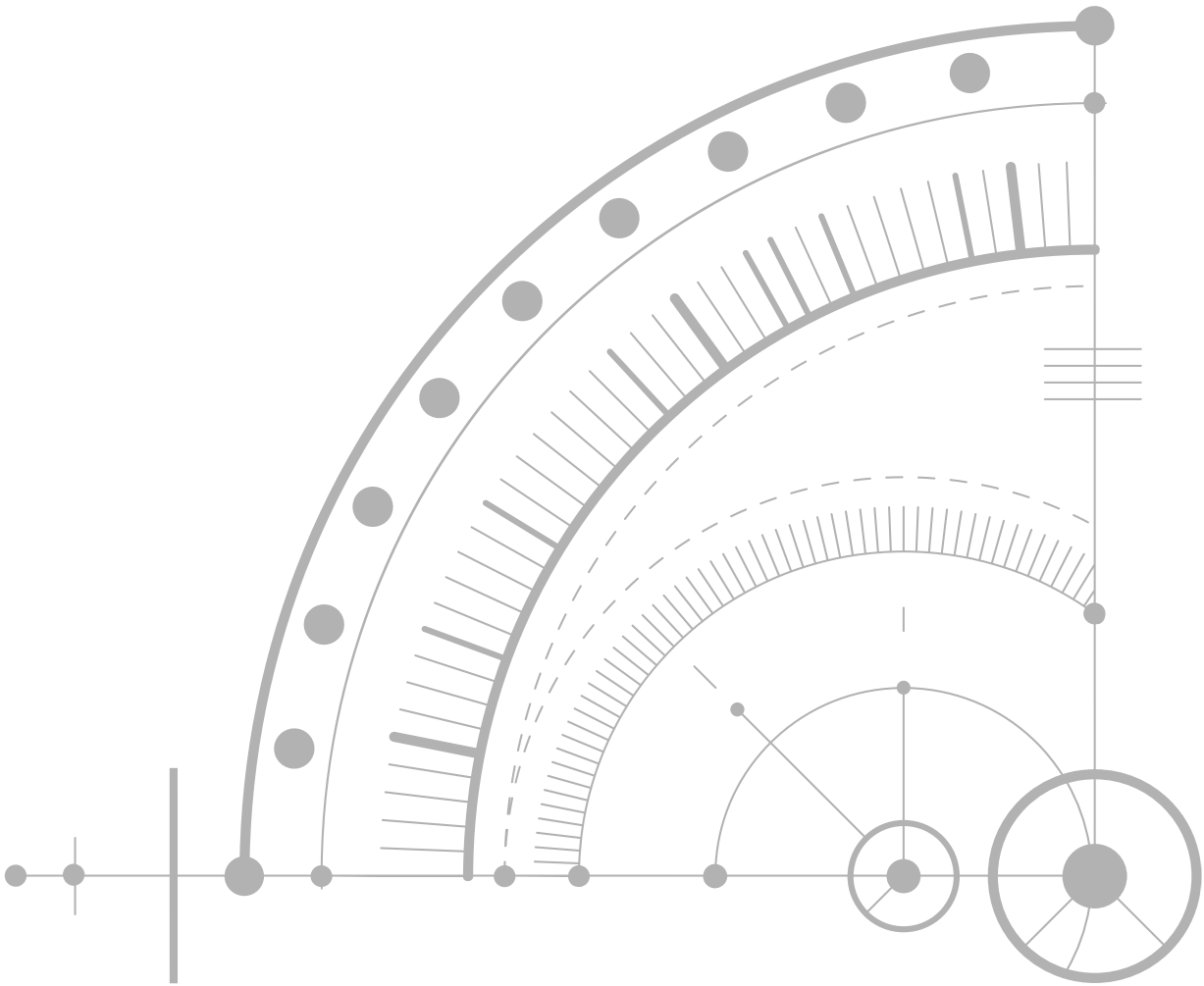
With respect to the importance of reduction in greenhouse gas emission, the Bank continues to monitor the consumption of electric energy and all pertaining emissions.

Green Products – e-statements

The Bank introduced e-statements service in 2011, and since then has continued to work on the strategy of replacing hard copies with documents in electronic formats. This practice reduces the consumption of paper and tonners and contributes to the reduction of waste impact on the environment.

„The Green Procurement” Policy

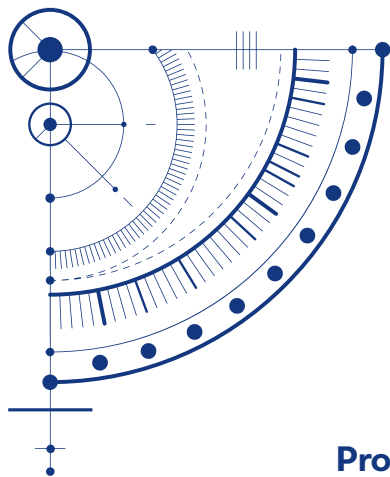
Eurobank endeavours to transfer the culture of environment conservation to its clients and suppliers. Within this context, the Bank continues to develop and apply environmental protection criteria when assessing its suppliers and the products and services they offer.



CORPORATE SOCIAL RESPONSIBILITY REPORT

ANNUAL REPORT 2019





Profile and strategy of the Bank

Eurobank Group Eurobank Group is a dynamic banking organisation, active in six countries, with a total of 64.8 billion Euros in assets and more than 13,400 employees. Established in 1990, the Group continues with its dynamic growth taking steady and decisive steps, focusing to meet the different needs of its clients. Through the total network of 674 branch offices both in Greece and abroad, the Group offers a comprehensive range of retail and corporate financial products and service (www.eurobank.gr).

Eurobank a.d. Eurobank a.d. has been operating in Serbia since 2003 and today it has been ranked among the leading foreign investors and financial organizations in the country. After more than 15 years of successful operations in Serbia, Eurobank and its associated companies offer a wide range of standard and innovative banking products and services. Over 1,300 employees, in a business network of 80 branch offices and 5 business centers, service our clients across the country daily and take care of more than 500,000 accounts held by legal persons and individuals. Social responsibility is an important segment of our business, while through the We Invest in European Values programme, since 2003 we have invested more than 4.5 million Euros in education, health care, ecology, culture and social inclusion.

Basic data on the Bank: Name: Eurobank a.d., Address: Vuka Karadžića 10, Belgrade
Web site: www.eurobank.rs, E-mail: office@eurobank.rs, EuroPhone: 0800 1111 44

Our vision Our vision is to become the bank of choice, by building a trusting relationship and operating with a sense of responsibility toward all our stakeholders: employees, customers, shareholders and the local community.

Our values

- MERITOKRACY – we offer equal opportunities and equal treatment to all our employees.
- TEAM WORK – we value team work and joint efforts as our corporate success.
- QUALITY – we are constantly working to improve the quality of our products and services.
- TRUST – we are building a relationship of mutual trust with our customers so that they feel they can rely on our employees and the services we offer.
- EFFICIENCY – we strive to achieve the planned goals and always make an effort to achieve the best results.
- CREATIVITY – we strive toward innovation and seek out new ideas to improve the level of our products and services.
- RESPECT FOR PEOPLE – we accept the needs of our customers, colleagues and fellow citizens with understanding and respect.
- CONTRIBUTION TO THE SOCIETY – our contribution to local communities where the Bank operates reflects the orientation of our society and values of all the stakeholders.

The Bank's contribution to domestic product

Eurobank is an active member of business associations and esteemed international chambers of commerce which mutually strive toward promotion of the business environment, and strive to develop and promote a socially responsible business concept.

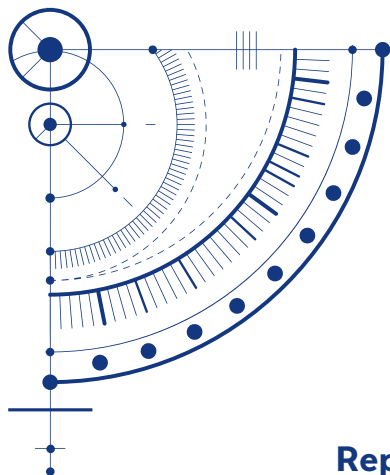
Bank's memberships American Chamber of Commerce AmCham, Foreign Investors Council FIC, Hellenic Business Association HBA, Serbian Chamber of Commerce SCC, Association of Serbian Banks ASB, Responsible Business Forum, United Nations Global Compact, Serbian Association of Economists, Serbian Public Relations Association, UNEP Financial Initiative

Social product		
Group Contribution to "Social Product " (In RSD million)	2019	2018
Bank turnover	8,495	10,438
Interest and fees expenses	-1,782	-1,553
Provisions	-744	-632
Social Product and Distribution	5,969	8,253
I. Employees		
Gross salaries	2,422	2,337
Health and social insurance	681	680
Income tax	171	166
Total	3,274	3,183
II. Suppliers of goods and services	2,938	2,851
III. Donations/Sponsorships	10	17
IV. State		
Income tax and other taxes	-236	302
VAT	0	0
Deposit insurance	526	475
Health and social insurance	-681	-680
Income tax	-171	-166
Total	-562	-69
V. The Bank	177.202.787	169.532.493
Profit	309	2,271
Social product	5,969	8,253

Social product shows how much of their revenue the Bank invests in a social community, and which share it keeps to itself in the form of profit. Investments in social community will reflect in different ways, i.e. through costs of employees, costs of suppliers for different services, taxes and contributions paid to the State, etc.

Awards and recognitions

- **The Most Active Issuing Bank** – for the fifth year in a row, Eurobank won the award as the most active issuing bank. The recognition came from the Trade Facilitation Program (TFP) of the European Bank for Reconstruction and Development.
- **The Best Issuing Bank in Central Europe** - Eurobank won the award as the Best Issuing Bank in Central Europe in 2019 for its partnership in the Global Trade Financing Program (GTFP) awarded by the International Finance Corporation (IFC), the World Bank Group member.
- **Virtus Award for the Bank`s contribution to the local community in which it operates** - the prestigious recognition awarded by the Trag Foundation almost 13 years in a row was awarded to Eurobank for the realization of the project „Manchester United Soccer School for Children".



Reporting methodology and parameters

Reporting parameters

- The Bank's First Corporate Social Responsibility Report was published in 2009, as a separate report (for the previous year, 2008), and followed the dynamic of publication of the Annual Financial Report.
- Corporate Social Responsibility Report for 2012 was for the first time made in compliance with the internationally recognized Global Reporting Initiative (GRI), according to which the B level of reporting was fulfilled. Corporate Social Responsibility Reports for 2013 and 2014 were expanded by an additional number of basic GRI indicators, and comprised indicators from sector addendum for the financial sector, as well. All the reports mentioned above were prepared by following version G3.1 of these guidelines, while the reports for 2015 and 2016 were prepared in accordance with version G4 of the guidelines. Since 2016, Corporate Social Responsibility Reports make an integral part of the Bank's Annual Report. Reports for 2016 and 2017 meet 33 GRI indicators (21 fully and 12 partially), while the reports for 2018 and 2019, due to GRI guidelines amendments (new GRI standards), meet 29 indicators.
- Any interested party can access all the reports at www.eurobank.rs/annual-and-financial-reports/annual-and-financial-reports.1636.html

Contact person for corporate social responsibility reporting

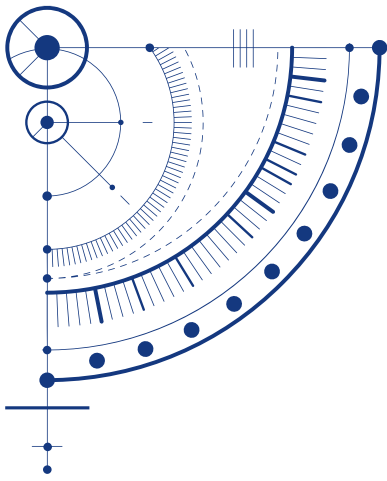
Name and last name:	Milena Stupar Corporate Communications Specialist, Marketing and Corporate Communications Division
Phone No:	+381 11 308 2863
Email:	milena.stupar@eurobank.rs

Inclusion of stakeholders and the material aspect

Stakeholders are all persons (individuals, groups or organisations) that have an impact on the Bank and our business and vice versa. The Bank is actively trying to consult all stakeholders in the process of strategic decision-making. Within our regular activities, we use various methods of including stakeholders, which help us collect their opinions, views and expectations.

Key stakeholders

Stakeholder group	Communication and inclusion channels	Topics relevant for the stakeholders
Employees		
The Bank's Executive Board and management	<ul style="list-style-type: none">Internal newsletter "Euro NEWS"Internal portal "Euro PORT""Idea box" platform on our internal portal via which our employees can suggest ideas to improve our businessCorporate Facebook, Instagram, Twitter, Google+, LinkedIn, YouTube profilesEmails from top managementRegular departmental meetings	<ul style="list-style-type: none">Opportunities for development and promotionImprovement of internal communicationEmployee satisfaction
Employees in the business network		
Other employees		
Union		
Customers		
Retail customers	<ul style="list-style-type: none">Customer service EuroPHONE 0800 11 4444Email office@eurobank.rsThe Bank's websitewww.eurobank.rsCorporate Facebook, Instagram, Twitter, Google+, LinkedIn, YouTube profiles, chat and Video chatThe Bank's business networkClient Relations DepartmentAnnual Survey by the Customer Satisfaction and Research Management Department	<ul style="list-style-type: none">Timely, correct and available information about the Bank's products and servicesContinuing improvement of supportResponsible advertising
Legal entities – small and medium-sized enterprises		
Legal entities – large corporate clients		
Shareholders and investors		
Minority	<ul style="list-style-type: none">The Bank's websitewww.eurobank.rsAnnual reportThe Bank's Shareholder MeetingsRegular meetings	<ul style="list-style-type: none">Transparent managementBusiness results
Majority		
Governmental institutions		
Regulatory bodies	<ul style="list-style-type: none">Annual reportMeetings and consultationsConferences	<ul style="list-style-type: none">Transparent managementBusiness resultsCompliance with regulations
Ministries/ governmental institutions		



Local community

Local self-governments	<ul style="list-style-type: none"> • Annual report • Meetings and consultations • Participation in the work of regional chamber committees • Procedure for donations and sponsorships 	<ul style="list-style-type: none"> • Investment in development of local communities • Partnership projects
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Business community

Business associations	<ul style="list-style-type: none"> • Meetings and consultations • Annual report • Participation in work groups and committees of the business associations 	<ul style="list-style-type: none"> • Partnership projects • Transparency in supplier selection
Suppliers		
Business partners		

The media

National	<ul style="list-style-type: none"> • Media conferences • Public announcements • Direct contact with the Corporate Communication Department 	<ul style="list-style-type: none"> • Timely and open communication • Business results • Investment in the community and community needs
Local		

Civil society sector

Non-governmental/non-profit organisations	<ul style="list-style-type: none"> • Meetings and consultations • Procedure for donations and sponsorships • Annual report 	<ul style="list-style-type: none"> • Partnership projects • Investment in the community • Promotion of socially responsible business conduct • Promotion of volunteering
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Eurobank's goals, activities and plans in the areas which in the two-way communication have been identified as topics of interest for stakeholders, are presented in this report through relevant material topics defined in the GRI guidelines.

Overview of material topics:

Economic impact

- Economic performance
- Market presence
- Anti-corruption

Responsibility toward the work environment

- Employment
- Training and education
- Diversity and equal opportunity
- Supplier assessment for labour practices

Human rights

- Non-discrimination
- Freedom of association and collective bargaining
- Supplier human rights assessment

Impact on society

- Local community
- Anti-corruption
- Supplier assessment for impact on society

Product responsibility

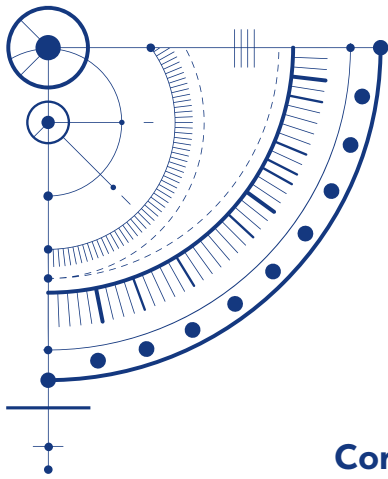
- Product and services labelling
- Marketing and communication
- Customer privacy
- Product and services portfolio

Environmental responsibility

- Energy
- Issues
- Compliance with the regulations

The material topics listed above are relevant in the light of the Bank's direct and indirect impact, which includes impact through the supplier chain and product and service impact.





Corporate governance

Effective and sustainable governance is a significant part of corporate identity and value of Eurobank Group and all of its subsidiaries with transparency and responsibility as basic operating principles, ultimately leading to protection of interests and rights of shareholders and other stakeholders.

Responsible management and control of the Bank's operation are ensured through application of principles of good corporate governance which include, without limitation, the following aspects: ethical business conduct, best business practices, timely and correct financial reporting, compliance with the local laws and the Group guidelines, protection of interest of all stakeholders due to a sustainable risk management system, adequate reward system and talent promotion.

The Bank adheres to the highest standards of business and professional conduct which are based on the principles of sustainable corporate governance and on the rules set out by the local regulatory bodies and our banking Group. The Board of Directors is continuously striving to improve the Bank's management processes and policies, in order to not only ensure compliance, but also to ensure a transparent decision-making process and accountability, and to develop a corporate structure based on sound business ethics.

The Bank's control functions, and other supporting departments, facilitate seamless application of best business practices and recommendations for continuous improvement, by focusing on:

- compliance with laws and regulations
- clear management lines and responsibilities
- transparency and accountability
- timely publication of important information and data, and
- efficient cooperation and communication with all stakeholders.

Comprehensive review of the governance structure is established by the Bank on the basis of roof document of the Group's members - Internal Control Manual and a number of separate policies related to risk management, internal control system and compliance sectors. The Bank's Code of Professional Conduct incorporates both sensitive and general rules and guidelines for ethical business conduct. The rules defined in the Code supplement regulatory requirements and aim to establish a minimum common internal rules and principles of professional conduct and ethics which the employees of the Bank and Group companies that operate in Serbia must adhere to during their work. Conflict of Interests Policy regulates conflict of interest prevention and management, equally referring and relating to all employees. With this Policy, the Bank intends to set up the rules and principles for action in situations that may lead to a conflict of interest during performance of work tasks and to set forth rules of conduct which the employees must follow in order to avoid conflict of

interest situations when performing their duties. The policy on reporting non ethical conduct further strengthens the framework of internal controls and fraud risk management systems and is a testament to the management's zero tolerance for any fraudulent activities of our employees and other workers.

The Bank permanently strives for compliance with required governance standards set by the Country's financial regulator, the National Bank of Serbia, stated in the Law on Banks. The Bank strives to ensure sustainable growth of our business activities, while at the same time fostering a relationship of mutual trust with the communities within which we operate.

**Governance
structure, mandate
and composition of
governance bodies**

The Bank's governance bodies* include the Board of Directors and the Executive Board, and the Bank's most senior body is the Shareholder Meeting, which is composed of the Bank's shareholders.

The Bank's Shareholder Meeting appoints the members of the Board of Directors in accordance with the local regulations. The mandate of the members of the Board of Directors is four years and may be renewed after that. The members of the Board of Directors have a good business reputation, rich experience in finance and relevant qualifications, in accordance with the regulations of the National Bank of Serbia. The Bank's Board of Directors is composed of eight members, including the President, out of which 1/3 represent independent members.

The Bank's Board of Directors meet at least quarterly, and more frequently if needed. One of the important duties of the Board of Directors is to ensure the Bank's compliance with the laws, regulations and acts issued by the National Bank of Serbia, as well as with the Bank's internal acts and Group guidelines, while meeting the Bank's long-term business objectives.

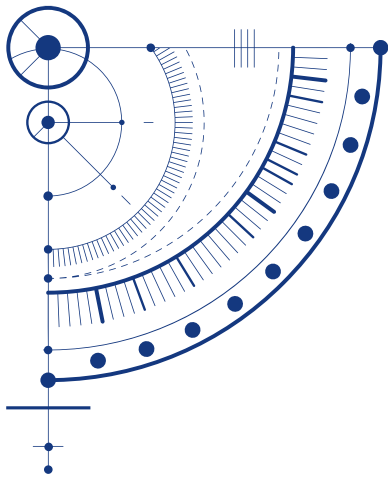
In 2019, the Bank's Board of Directors had 15 meetings. Among the most significant fields covered by strategic and business decisions, we can state the following: regular monitoring of the Bank's financial performance, strategic and business initiatives, discussing the issues relating to risks management, internal controls systems, compliance and internal audit, as well as considering the relevant board's key business activities.

Specialised boards and committees of the Bank's Board of Directors have been established to support the Board in managing the activities regarding risk management and internal control, in compliance with the local legal framework, the Bank's internal acts and the Group's policies and guidelines.

The Bank's Executive Board, as a governance body appointed by the Board of Directors, was comprised of 5 members, including the president, at the end of 2019.

The Bank's Executive Board had 50 meetings last year. One of the Executive Board's core responsibilities is to monitor the Bank's day-to-day operation and to ensure that the Bank's overall organisation adequately supports implementation of the business strategy and achievement of the Bank's planned targets.

* The composition of governing bodies and other committees as of December 31, 2019 is given in a separate table.



The Bank's Executive Board also forms its functional committees, who support the Board in executing their duties, and are dedicated to discussing subjects from the broader domain of risk management, compliance regarding prevention of money laundering and terrorist financing, monitoring of issues concerning the employees, information technologies, operational activities etc.

System of internal controls

The Bank's system of internal controls, besides the governance bodies, includes the risk management function, compliance function, and internal audit function, which are all independent in their work and accountable to the Bank's governance bodies, as well as to the Audit Committee and Risk Committee and the relevant managerial levels of the Eurobank Group.

The Bank applies a comprehensive approach to risk management through strategies, policies, procedures, instructions and other internal documents that define the risk management principles, methods and mechanism for identification, monitoring, measurement, reporting and mitigation of potential risks. Risks management and internal controls system are subject to regular monitoring performed by the Board of Directors, Audit Committee, Executive Board and the Bank's Risk Committee.

Code of Professional Conduct

Code of Professional Conduct has been established at the foundation of the Bank, and the Compliance Division makes efforts to familiarize all the employees with its significance and enable its implementation in every aspect of business activities.

In the course of 2019, the promotion was included into a number of carefully selected activities with the aim to point the employees in an affirmative and proactive way to the key elements of the Code of Professional Conduct, being as follows: trusted relationship with clients, financial safety, professional ethics, respectful behaviour toward colleagues, protection of the property of the Group and the Bank, as well as social responsibility. A regular annual testing in electronic form was passed by almost all employees of the Bank – 92% of employees took the test, and since 7% of employees are on long-term sick leave and unable to participate in knowledge checks, only 1% of –employees were not included in the testing process.

In cooperation with the colleagues from the Business Network Department, presentations for branch office managers were held in all four regional centers. Compliance partners from different organizational parts of the Bank had the opportunity to listen to the presentation on the Code topic, as well as on new policies generating from the major provisions of the Code. Compliance partners' role was pointed out in the sense of enabling compliance with relevant regulations, internal rules and best practices, as well as risk evaluation regarding relevant areas, reporting the management on non-compliance events and taking necessary corrective measures. Additionally, compliance partners themselves have significant impact on daily operational decisions of the employees, and channel the conduct of other employees in their organizational units by following the example of compliance partners.

Active email addresses were created for employees in case of a nonstandard behaviour: ethicshotline@eurobank.rs and ethicshotline@eurobank.gr, while the Compliance Department can be reached for questions concerning the code of conduct via ComplianceEthics@eurobank.rs.

**Relationship between
compensation and
performance**

Earnings and other compensations policy of the Bank is an integral part of sound corporate management, is defined in compliance with operating model and business strategy of the Bank, as well as with the strategy for risks management of the Bank, with the basic principle to adjust individual goals of employees to the long-term business goals and strategy of the Bank, and with the long-term creation of values for shareholders and all stakeholders.

Compensations play a significant role in attracting and retaining talent, whose performance and contribution to the Bank's financial performance are exceptionally important. The compensation mechanisms include principles that take into consideration employee skills and performance, and also support the long-term business objectives. The employee's total compensation is made of a fixed and a variable component.

Bank's earnings and other compensations policy encourages reasonable and careful risk taking, while the system of compensations to employees is based on realization of business goals and is symmetrical (i.e. total fund of variable component of compensations is defined in compliance with business goals and anticipates bonus-malus principle).

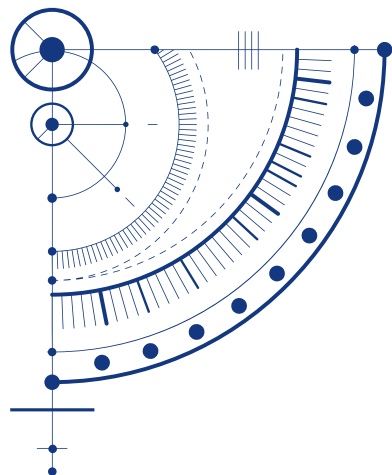
The Bank's Policy applies to all Bank's employees. Compensation of some employee categories is approved by the Board of Directors, and are proposed by the Compensation Committee, and ratified by the Compensation Committee of the Eurobank Group and the Compensation Monitoring Committee of the Eurobank Group.

The Board of Directors prepares and submits to the Shareholder Meeting the proposed compensation plan for engagement of the Board's independent members, upon proposal of the Compensation Monitoring Committee of the Eurobank Group. This proposal is prepared in line with the Bank's Policy and best banking practices, in a manner that takes into consideration the invested time and performance of the members of the Board of Directors.

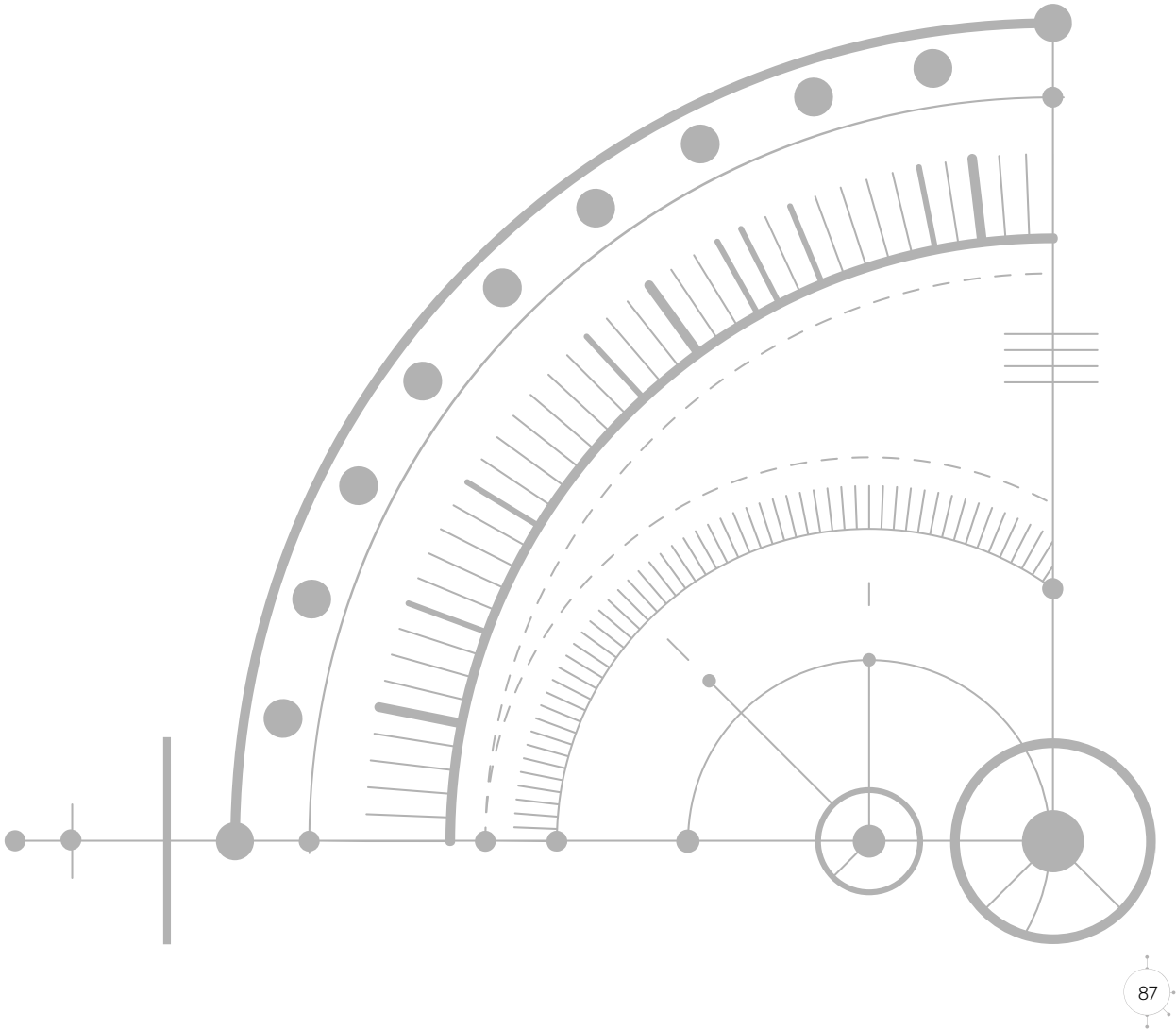
**Sustainability
management**

The Bank's mission and vision incorporate the principles of social responsibility. The Bank defines the principles of corporate social responsibility (CSR) and the main CSR action items in the CSR strategy, which is an integral part of the corporate communication strategy. The Marketing and Corporate Communication Division is responsible for implementation of CSR activities. This Division reports directly to the president of the Bank's Executive Board, and reports to the Bank's Board of Directors about the planned strategic approach to corporate social responsibility, as needed.

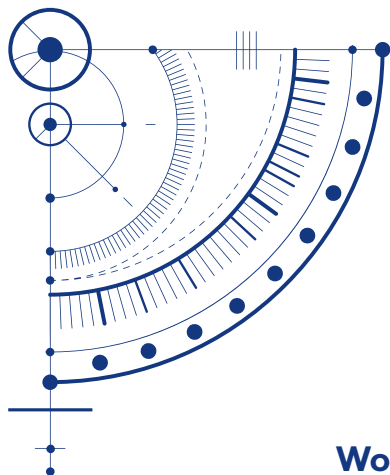
In the coming period, the Bank will strive to further strengthen the management structure and framework in order to ensure strategic governance, continue development and monitoring of best practices and set up targets that are as measurable as possible, with a special care and focus on the best interest of our employees, shareholders and stakeholders.



	Board of Directors	Executive Board	Audit Committee	Risk Committee	Credit Committee EXBO	ALCO	Remuneration Committee
Non-executive Directors							
M. Louis	President			x			x
S. Ioannou	x						
M. Vlastarakis	x						
A. Chatzistamatiou					President		
V. Gkioulmpaxiotis						x	
A. Nikolaou	x			Chairman			
K. Vouvounis	x						
Independent Directors							
T. Karakasis	x		x				Chairman
A. Tsihrintzis	x		x				x
I. Vujačić	x						
L. Scaramanga			President				
Directors							
S. Pavlović		President		x	x	x	
P. Janković		x		x	x	x	
V. Zečević		x				President	
M. Vičentić		x			x	x	
D. Mihailović		x				x	
V. Tofoski						x	
A. Bursać						x	

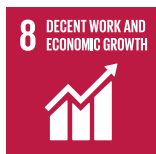






Work environment

Responsible employment practices



Since its establishment, Eurobank Group set the promotion of human resources as one of its main priorities, bearing in mind that contribution of all employees is essential for operational success. The Human Resources Division contributes to the business development through cooperation with business units on one end and active relations and support given to the employees regarding all issues significant for them and the organization, on the other. Employees are supported by the Human Resources Division, which is responsible for the following areas: employee selection, employee development, assessment and award, training, employee compensation and benefits, administration and regulation concerning labour relations, as well as internal communication.

Equal employment opportunities

Eurobank has clear procedures that apply to employee selection and promotion. Equal employment opportunities for any person who meets the specified requirements for any position within the Bank are guaranteed by the Employment Policy and Procedure, with which all managers are familiar, and by other documents governing this area.

In compliance with the local market conditions and business plans, the number of employees in 2019 was at same level as it had been the year before (1,307 employees in 2019 compared to 1,309 employees in 2018). The average age of Eurobank employees in 2019 was 43, with 105 employees aged under 30, 936 under 50, and 266 employees older than 50. 87 employees were in the under 30 age group in 2018, 969 employees were under 50, and there were 253 employees over 50. The age structure of the members of the Bank's Executive Board is in line with the average age of employees in the Bank. Following the contemporary trends as regards financial services rendering, women prevail compared to the number of men employed with the Bank - 72% of women and 28% of men. The gender representation in the Bank's management is balanced, and women represented 48% of the Bank's top management, compared to the 52% represented by men, while the distribution among other employees was: 74% of women and 26% of men.

EMPLOYEE STRUCTURE AS PER THE GENDER REPRESENTATION - 2019

	Man	Woman
Employees	28%	72%
Top management	52%	48%
Other employees	26%	74%

The Bank's Head Office is in Belgrade, where 65% of employees work. In addition to Belgrade, retail operations are split into three more regions (Novi Sad, Niš, Kragujevac), with branch offices in many towns across Serbia. Corporate operations are performed in business centers such as

Belgrade, Novi Sad, Central Serbia area and Niš. Eurobank practice is to hire local workforce, and exclusively local workers are employed in the regional centers, and locals also hold the key managerial positions within their organisational units.

TOTAL NUMBER OF EMPLOYEES BY LOCATION (region)

	2018	2019
Belgrade	924	894
Kragujevac	118	160
Niš	122	123
Novi Sad	145	130

BY CONTRACT AND EMPLOYMENT TYPE

	2018	2019
Fixed-term contracts	60	73

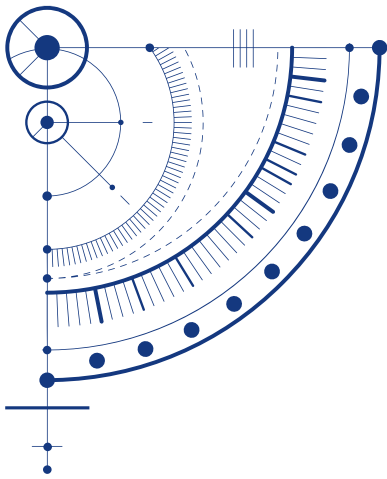
EMPLOYEE STRUCTURE BY REGION

	of which men		of which women		fixed-term employees	
	2018	2019	2018	2019	2018	2019
Belgrade	34%	33%	67%	66%	7%	7%
Kragujevac	27%	28%	73%	72%	12%	12%
Niš	29%	30%	71%	70%	17%	17%
Novi Sad	31%	31%	69%	69%	10%	10%

TOTAL NUMBER OF EMPLOYEES AND TURNOVER RATE

	2018	2019
Retired	9	15
Employed	104	139
Employment terminated	99	134
Turnover rate	6.34%	9.50%

72% of employees whose employment was terminated in 2019 were women, and 28% were men.



Employee selection

In accordance with the business requirements in 2019, the Bank offered a number of new workplaces in order to attract new future colleagues in the hope of establishing a mutually beneficial relationship. The qualifications the Bank requires from the candidates are: professional knowledge, team work spirit, dynamic personality and readiness for constant improvement, while the key criteria for selection of new employees are the level of professional skills and a professional approach to work obligations. The highest need for new employees was recorded in the IT Division, Risk Management Division and Network Division.

Educational profile of candidates is high, and therefore, 83.33% account for higher and high educational level candidates while 16.67% account for candidates with high - school degree.

Employee selection process is based on the values of the Eurobank Group and requirements for the specific position, and the process includes interviews, psychometric methods, language tests and possession of other specialised skills and/or knowledge. In the candidate recruitment and selection process, the Bank continued active cooperation with relevant institutions such as the Belgrade University's Career Development Center, Faculty of Organisational Sciences, Faculty of Economics, Belgrade Banking Academy and Hellenic Business Association. The now common digital channels, like social networks, were also used. By offering the possibility of professional internships to college and high - school students of economic and legal orientation, the Bank enables future experts to gain an insight into practical knowledge and this makes easier for them to choose their future educational profiles. In 2019, a total of 16 high school students and 9 college students did an internship with the Bank.

Human Resources Development

Performance assessment system

The results the Bank realized have been achieved through individual contributions, skills and efforts of all employees, as well as through team work spirit that has been, so far, promoted. For that reason, great emphasis is placed on objective assessment of contribution made by each individual employee. Performance assessment is designed to allow for a transparent evaluation and is based on clearly defined procedures. The assessment system measures the attainment of goals, and the competences and values the employee is showing, where the combination of quantitative and qualitative criteria gives a whole picture of the individual attainment. Performance assessment is done for all employees (for 100% of employees) who worked for a minimum of three months in the year for which the assessment is performed. All employees who have the role of the evaluator in the annual assessment process have passed the training on objective evaluation of employee performance, in accordance with the Annual Assessment Policy. An integral part of this process is also definition of areas for development where the employee needs further training and improvement. Every employee has the chance to give their feedback on the rating level they were awarded and to present their preferences regarding future development. The process of setting business goals for all employees is fully done in electronic form since 2018, while the process of performance

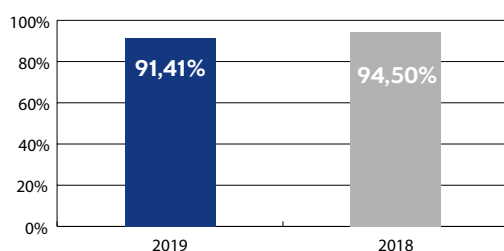
assessment and development has been realized in electronic form since 2019, enabling the whole process to be more efficient and easier for all the users while offering a more comprehensive insight into further promotion steps.

Trainings Training in Eurobank is intended for all employees and is adjusted to the specific tasks performed in the Bank. The programmes are designed to contribute to a continued improvement of knowledge and skills in accordance with the annual training plan which is created in cooperation with all the Bank's departments and in line with their business needs and market circumstances. The trainings are based on a combination of theory and practical knowledge, and colleagues from different departments are involved in internal trainings where they transfer their knowledge to the trainees.

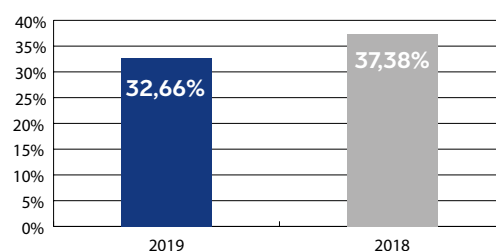
For the purpose of achieving a quick and efficient fit of new employees in the work environment, the Bank has an adjustable Induction Programme, which covers a range of topics, depending on the nature of work the new employee will perform. Unique programmes are: General Banking Knowledge, Customer Service - Basic Principles, Sales Skills, IT Training, specialized training courses required by legal and internal regulations, like money laundering and terrorism financing prevention training and Code of Professional Conduct. Said training (prevention of money laundering and terrorism financing) was conducted electronically and covered 1.018 employees. Additionally, as a part of continuous process of communication and training on anti-corruption policies and procedures of the Bank, all employees have attended programmes on IT Security awareness and Law on personal data protection GDPR in electronic form, as well as on the Code of Professional Conduct. Additionally, a series of trainings in this area was organised for the colleagues in the Business Network Department, by region. Seventy four employees attended this training.

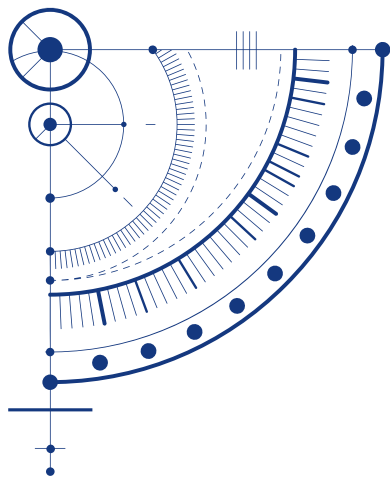
In view of the fact that this has been the usual practice, in the course of 2019 a share of trainings performed via internet (e-learning) slightly increased compared to traditional methods of teaching in classrooms, compared to the previous year. By using these methods, the training was accessible to all employees much more quickly, with a significant reduction of costs. Some of regular trainings which were available in electronic form are the following: Prevention of money laundering and terrorism financing, Code of Professional Conduct, Counter Fraud training, IT Security and personal data protection (GDPR). By adhering to practices of the responsible employer who takes care of its workers, and in compliance with

The employees who attended at least one training during the year



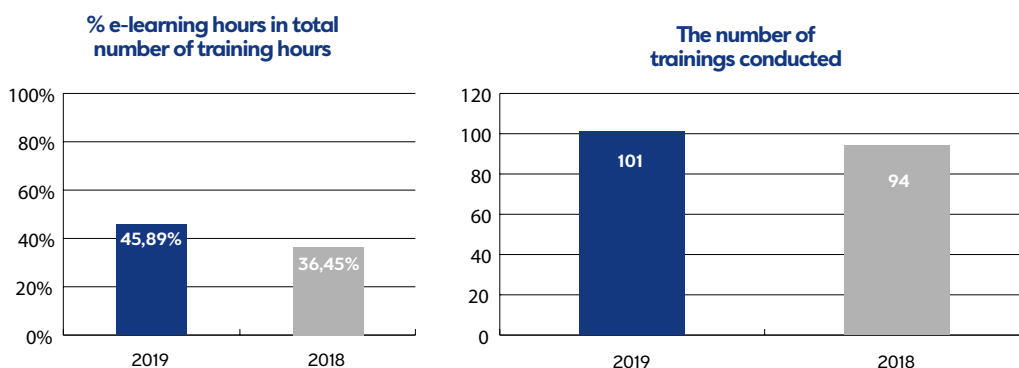
% of internal trainings compared to the % of external trainings





the Serbian legal regulations, with support of external experts and instructions, health and safety at work and fire safety trainings were organised in the Bank.

The percentage of employees who attended at least one training course in 2019 is 91.41%. The total number of training hours was 21,920. In average, approximately the same number of training hours was achieved for managers and employees, with the average hours for managers of 10.5 hours and the average hours for employees of 11.5 hours. By gender, the average number of training hours was balanced so that the average number of training hours for women was 13.50, and the average number of training hours for men was 10.98.



Specialised seminars

In the course of 2019, the Bank continued with the practice of participation of Eurobank's employees in specialised seminars and conferences organized by professional organizations like the Association of Serbian Banks and the Serbian Chamber of Commerce with the emphasis on the various business areas, such as: risk management, compliance, internal audit, corporate banking and finance. In cooperation with the Serbian Chamber of Commerce, a training to obtain or renew insurance brokerage licences, which are issued by the National Bank of Serbia to those who successfully pass the tests, was also organised. In compliance with the rules set forth by the National Bank of Serbia regarding the processing and monitoring of cash flows, the employees from the Business Network were sent to NBS training across the territory of Serbia. During the year, employees from all department participated in specialised seminars and conferences such as Technobank 2019, legal forums organised in Kopaonik and Zlatibor, Sinergija 2019 etc.

Certification programmes

In accordance with the Group practices, Eurobank supports its employees in obtaining the certificates required for performing specific types of work. In 2019, the Bank covered the training and certification costs for ACCA (Association of Chartered Certified Accountants), CIA (Certified Internal Auditor) and the certificates required for the colleagues in the IT department and the Finance and Control Department.

Employee satisfaction

Employee rights Eurobank guarantees its employees the right to associate, without discrimination in case of membership in associations and union.

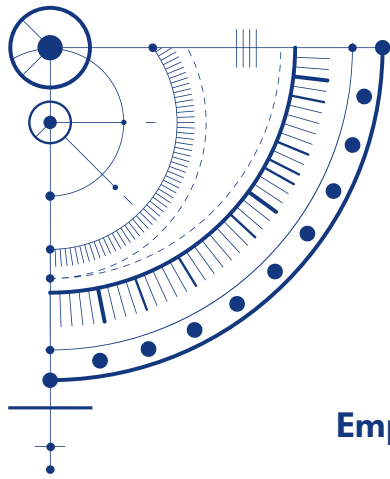
Eurobank's employee union was established in March 2011 and counts 205 employees. Eurobank as the employer supports the union's activities and success and maintains regular communication with union representatives. The guiding idea of the Eurobank a.d. Beograd's union is to provide a locus of support and assistance to all our colleagues. Furthermore, union representatives organise other activities, such as field trips, events, membership training etc.

Collective bargaining agreement does not exist for now, and all employee rights are regulated by the Work Manual, which is fully in compliance with the Labour Law. If the collective bargaining agreement is signed at some point, it will apply to all employees equally, just like the Work Manual currently in effect.

Eurobank complies with the legal requirements regarding health and safety at work and implements adequate protective measures, such as, for example, adequate employee training regarding safe work, fire safety training, first-aid training and regular control of risks in the work environment. Eurobank adopted the Health and Safety at Work Manual and Risk Assessment Act and appointed a safety officer, about which all employees were duly notified. Risk Assessment Act was formulated on the basis of the Law on Health and Safety at Work, which is aligned with international standards, which means that the Bank operates in line with these standards, even though it does not hold the OHSAS 18001 certificate. The Risk Assessment Act did not identify any positions with heightened risk in terms of health and safety at work.

In 2019, there were no instances of work-related deaths, nor were there instances of professional diseases that would result in longer absences. In 2019, total number of 10 work-related injuries were recorded, out of which 7 work-related injuries were recorded in the Belgrade region, 1 injury in the Niš region, 2 in the Novi Sad region, while the Kragujevac region did not record any work-related injuries. Out of 10 work-related injuries, 4 were more grave (broken bones due to falls), while 6 were lighter. Because of said 10 work-related injuries in 2019, the employees spent a total of 5,008 work hours on sick leave. All the employees who were forced to take sick leave because of work-related injuries were paid the full salary for the duration of the sick leave, without deductions that are applied for other types of sick leave.

In 2019, there were 35 maternity leaves at the Bank level, compared to 48 in 2018. In 2019, there were no male employees who took paternity leave. As in 2018, all 35 persons (100%) returned to work after the maternity leave, to the positions they occupied before they left on maternity leave.



Employee care

Compensation and other benefits

The compensation and benefit policy is based on the principles of competitiveness and performance-based award.

Compensation of Eurobank employees is composed of a fixed and a variable part, where applicable. The fixed part is determined by applying a so-called grading system, which provides the structure of the position within the organisation based on the data from the local labor market and the educational degree (educational level) of the employee, previous work experience and qualifications. The variable part includes bonuses and awards for exceptional achievement.

Within the employee benefits program, in 2019 we continued cooperation with the renowned Bel Medic General Hospital, where the Bank has provided free general physical examination for all employees and, if needed, further checks for employees and members of their family at special discounted prices. Additionally, the Medifree programme for employees and Medifree Kids programme for our employee's children under 18 was also continued. These programmes entail unlimited number of free examinations by a number of medical specialists. In addition to the free services, additional discounts for certain medical services for children were approved within the Medifree Kids programme.

Also, all Eurobank employees have insurance coverage for operation and/or serious disease, injury and/or temporary or permanent work disability, and for accidents in accordance with the insurance policy paid by the Bank. Also, children of deceased employees receive scholarships during their regular education.

To a certain degree, the employees can have flexible working hours, as well as flexible place of work (eg. the employees in the Bank's head office in Belgrade with the residence out of Belgrade have the possibility to spend a part of the working week in their place of residence).

Complaint mechanisms

If Eurobank employees believe they have reasons to file a complaint, they can do so by using the regular procedures defined by the law or internal policies and procedures – i.e. the Law on the Prevention of Discrimination and Harassment, Law on the Protection of Whistleblowers, Internal Whistleblowing Procedure Manual, Unethical Behaviour Reporting Policy, Custom Complaint Handling Policy. The employees are also free to communicate directly with their manager or a representative of the Human Resources Department and present any type of request or complaint, which will be handled in the appropriate manner. During 2019, no complaints about human rights violations were filed by using the aforementioned procedures, just like in 2018, when we also didn't receive this type of complaints. In 2018 and 2019 we also didn't receive any complaints from our employees nor detected any instance of discrimination based on race, gender, religion etc.

Internal communication and inclusion of employees in CSR activities

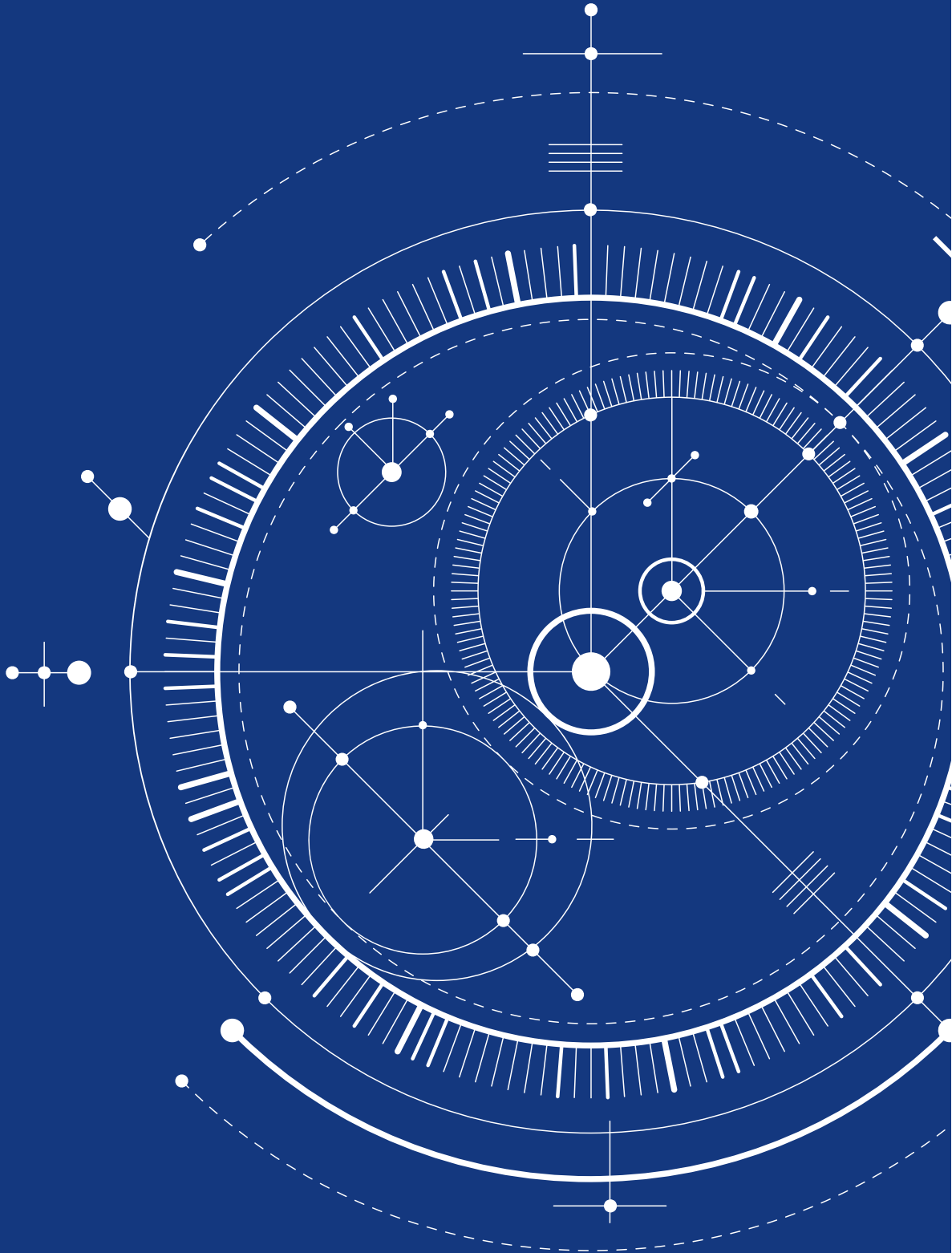
Quality internal communication can, to a high extent, contribute to the increase of motivation and productivity; it represents the basis of good relations in the organization and reflects understanding principles between management and employees. If the internal communication works properly, the employees are more dedicated to the organisation; they follow the company's values more strictly and have a developed sense of belonging because they see the company as their own.

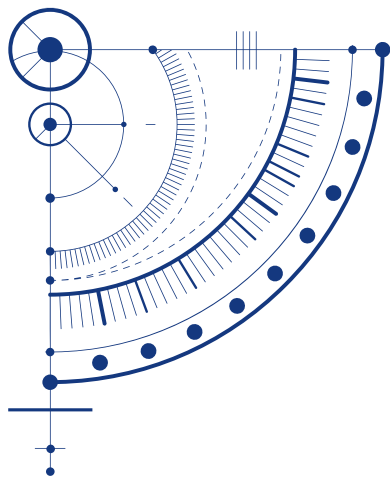
One of the main goals of internal communication in Eurobank is to strengthen the Bank's image as a socially responsible company that takes care of its employees, clients, shareholders and the environment where it operates. Via different communication channels (Intranet, internal newsletter EuroNews, e-mail, regular department meetings), the employees can be informed and in line with all updated events, business decisions and changes within the Bank. The employees can also use the Idea Box platform to propose ideas for work and process improvement, communication improvement etc. In 2019, the employees sent 116 ideas through the Idea Box platform.

Employee volunteerism is another way to include the employees in the socially responsible projects which the Bank is implementing. The employees have demonstrated their compassion for the most vulnerable social groups or groups at risk and other than participating in activities organised by the Bank, they also self-organised and collected various supplies for the vulnerable population.

The internal newsletter EuroNews, through educational texts, dedicated special attention to individual and corporate volunteering. To highlight the importance of volunteering, the newsletter presented the most frequent forms of volunteering, and provided useful links with detailed information.

Accomplishments in 2019:	<ul style="list-style-type: none"> • Introduced an electronic platform for performance assessment • Intensified the efforts on promoting and implementing the employees' creative ideas and initiatives • Continued training with regards to standardising the approach to customer service in all Eurobank a.d. branch offices for the employees within the Network Division • Set forth a series of specialised trainings in different areas relevant for the Bank's operation • Further promoted the defined values
Goals for 2020:	<ul style="list-style-type: none"> • New specialised training programmes in all areas relevant for the Bank's operation • Further improvement of employee benefits





Responsibility toward clients



Eurobank is a stable bank and a member of the banking system, and has been operating in Serbia since 2003, with strategic orientation toward efficient provision of services and special dedication to our broad client base, which includes 520,000 individuals, companies of all sizes, entrepreneurs and governmental institutions. Eurobank is continuously working on providing tailored and individualized solutions for our clients, and on retaining their trust. We are also dedicated to creating and preserving healthy and long-term mutual relations.

Products and services

Eurobank is striving to respond to the clients' different needs in the most efficient, best manner possible. For that reason, Eurobank is making sure that our offer, in addition to standard banking products, always includes specially design products and benefits intended for sensitive client groups. Our common objective is to build partner relationships with our clients and offer specialised solutions that match their needs.

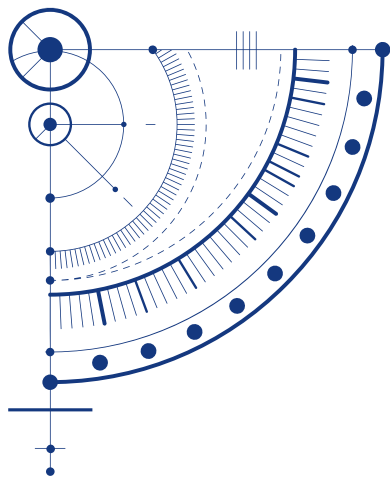
Client Support

- **Medifree Kids** - the Bank has, in cooperation with the esteemed health care institution Bel Medic, created the Medifree programme within the package of EuroPLATA Premija, EuroPLATA Sport and Exclusive accounts, enabling the children (up to 18 years of age) of the package users to have a set of free specialised medical exams by pediatricians, physiatrists, otolaryngology specialists, as well as free skin tests for allergic reactions to food and air.
- **MasterCard credit card „Eurobank Veliko srce“ (Eurobank Big Heart)** – Eurobank affinity card which is part of the „School Like Made for You“ project and which creates better conditions for children to learn in high schools across Serbia.
- **Branch office redesign and renovation** – 6 Eurobank branch offices were completely renovated and turned into a much more functional, modern and enjoyable environment for servicing clients, with an emphasis on digital service, in 2019.
- **Cash loans with complimentary life insurance for pensioners**
- **Growth of credit activity** - Small Business Banking Department continued to be one of the most active ones in the segment of small enterprises and entrepreneurs. In the course of 2019, credits amounting to EUR 78 million were realized, thus achieving credit growth of almost 20% higher compared to 2018.
- **Small Business Support Programme for procurement of new production equipment** – in cooperation with the Ministry of Economy and the Development Agency of Serbia, Eurobank has for the first time participated in this programme, which has strengthened our offer and provided additional support to the manufacturing segment of the Serbian economy.
- **Authorised overdraft** – Eurobank is the only bank in the market that allows current account users access to an authorised overdraft equal to two salaries for a period of two years.
- **A record current account base** – more than 125,000 active current accounts at the end of 2019.
- **Instant payments** - in compliance with the National Bank of Serbia initiative, the Bank enabled the most contemporary manner of payment of all electronic services to be used. Instant payments enable all the users, natural persons and legal entities to make payments in domestic payment operations and to almost immediately perform the transaction any time, day and night, 24/7/365, on Sundays and holidays.
- **QR payment code** - service is intended for all mobile application users, natural persons, legal entities and entrepreneurs. Contemporary manner of payment enables the customers to effect payments by mobile application at any retail store or on the internet site labelled with the instant payments mark. Payments are done by scanning or presenting IPS QR code.

- Eurobank does not charge any fees or surcharges for accounts used for collecting charity, both for humanitarian organisations and individuals.
- Credit card transactions can now be split into instalments with a few clicks in our mobile banking app.
- Application for individual or family Travel Insurance is enabled for existing customers, without the need to visit the branch office.
- Application for Online Credit is enabled for existing customers, without the need to visit the branch office.

Customer care Providing a high-quality service is the key to organisational success, and happy customers provide a direct boost to revenue and increase profitability. Eurobank's strategic orientation is provision of high-quality services to our clients and we are fully committed to building our competitive advantage on the basis of that.

- **A well-developed business network** – with 80 branch offices and 5 business centres in 45 towns across Serbia.
- Redesign and renovation of branch offices - redesign project was initiated in 2017 and it provided a modern design of interior space with better external visibility of the branch office. The new concept is designed to attract the younger urban population with the introduction of digital innovation, but also to retain the traditional business approach that matches the structure of the existing Eurobank clients. Main novelties include increased transparency and recognisability of the branch office entrance, more modern furniture, a new look and reconfiguration of workstations within the branch office, a **"Brand wall"**, a **"Focus wall"** and a **"Digital Corner"**. Special attention was dedicated to adding a "digital touch" by mounting information and advertising screens, Video Wall, and other modern and aesthetically attractive methods of advertising and customer communication within a branch office. Digital Corner shall enable the customers to get acquainted with the Bank's electronic services in a more easier way, as well as to acquaint themselves with the general operating terms, price-list, updated information, while mobile phone chargers are also available.
- **A special department focused on customer care, customer satisfaction and service quality surveys** – this unit is responsible for continuous development, leadership and management of the Bank's projects, processes and activities that influence the quality of customer service and the loyalty and satisfaction of users of our products and services. One of the department's main goals is to measure the service quality and understand the critical points for improvement of the Bank's services. Another key activity is standardisation of the basic client communication and a focus on meeting the clients' needs. That is why the key indicators of the Bank's position in the market, brand dynamics and periodical measurements of key indices are continuously monitored in order to help set the appropriate service quality standards. On the other hand, we are also monitoring how the Bank's standards and practices compare to those of our main competitors in order to obtain qualitative insights from the market.
- **Accessibility of products and services for disabled persons** – Eurobank has been continuously supporting inclusion of disabled persons and making our buildings accessible for all by adapting the branch office and the Bank's Head Office and by removing the physical obstacles. The Bank's Head Office is completely adapted in line with the Design for All principles, and the principles of the UN Comprehensive and Integral International Convention on Protection and Promotion of the Rights and Dignity of Persons with Disabilities. Eurobank Centar holds the inclusion certificate awarded by the European Institute for Design and Disability. Three



Eurobank branch offices in Belgrade and one in Novi Sad, Niš and Zrenjanin, respectively, were reorganised and adapted so that they can be accessed by persons with disabilities.

- The project "Your opinion is important to us" – a comprehensive platform that connects all networks and communication channels between the Bank and the customer. All channels that can help provide timely information to the customers and give an opportunity for the customers to voice their demands/needs/questions/feedback are used actively. The clients can choose from:
 - EuroPHONE contact center
 - The Bank's official website and email – www.eurobank.rs; office@eurobank.rs
 - The Bank's official profiles and presence on social networks (Facebook, Instagram, Twitter, LinkedIn, Google+)
 - A network of 80 branch offices and 5 business centers
- Personal banking is a unique service created for VIP customers and is adjusted to provide continuous and personalized support available through all available Eurobank channels. Eurobank was the first bank in the Serbian market which, back in 2010, adopted a new way of working with clients with a VIP status. Currently, the Bank's clients have 65 personal bankers at their disposal in the 80 branch offices. The business and financial relationship between a personal banker and these clients includes: asset management (current and savings accounts, debit cards), credit cards, deposited assets, loans and any other banking services (SMS, standing orders, e/m banking). The personal banking privileges for the clients include:
 - Exclusive services of a personal banker
 - A separate space in the branch office designed to ensure discretion and privacy
 - Proactive identification of financial needs, and creation and provision of suitable recommendations
- **Internal surveys conducted by the Customer Satisfaction and Research Management Department and the "Improving productivity and profits through high quality services and applications" survey** – the results of the research are used to define action plans for the surveyed departments, and a high success rate of these action plans would ensure attainment of the highest possible standards in customer care.
- **Qualitative surveys** that are being conducted serve other organisational units within the Bank by providing a more detailed image about the clients and highlighting significant aspects of a product, in order to identify specific steps to improve communication, enhance product characteristics, sales methods and to appropriately align the Bank's offer with the customer needs.

Customer satisfaction management through complaint handling

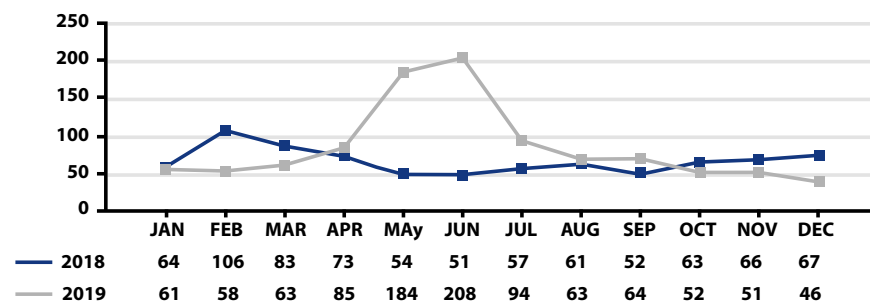
Our goal is to build trust by offering innovative products and services, followed by excellent experience of users and customers, so that our users and customers gladly recommend our products and services to others.

The Bank's employees are ready for innovative solutions requiring permanent education of our users and customers. Good partner relations and cooperation with users and customers realized in the previous years were also nourished in the course of 2019. Care about users and customers with the strict regulations of the National Bank of Serbia, as well as highly set goals relating to eliminating dissatisfaction of users and customers, especially the analysis of justified objections, lead to process promotion and to preserving high level of customer loyalty.

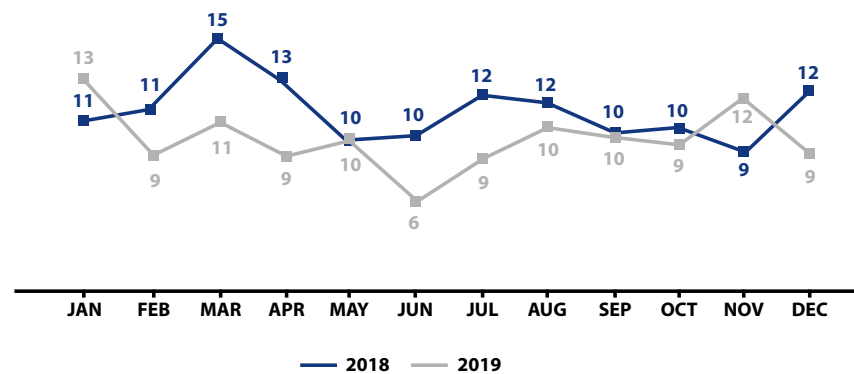
Our observance of the complaint resolution process and shorter response times are a good indicator that the customers trust the Bank.

Of the total number of complaints Eurobank recorded in 2019, none were related to violation of human rights or discrimination.

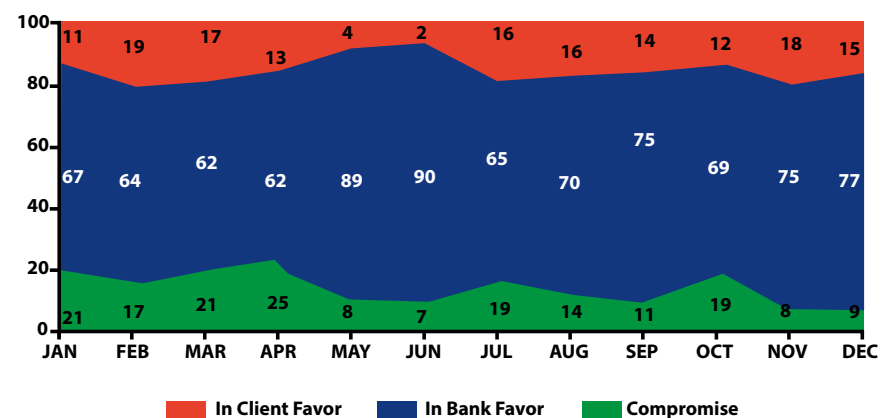
An overview of complaints for 2018/2019

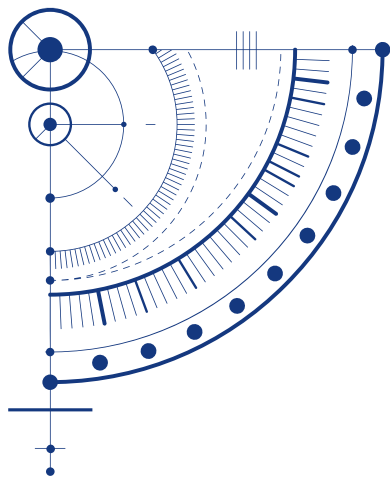


Average time necessary for complaint resolution 2018/2019



Review of complaints results in percentage %





Alternative channels of communication

- **m-B@nking** – an advanced mobile application which enables simple execution of financial transactions via a mobile device, without visiting a branch office. This service is enabled to natural persons and legal entities. Mobile banking is a digital service that posted the highest growth: 30% in the number of transactions and more than 15,000 new users.
- **e-B@nking** - without visiting the Bank, quickly and simply, the customer can manage their accounts, cards and other Bank's products, and to apply for various Bank's services without visiting the branch office.
- **Electronic communication** – the clients are able to get their monthly account/credit card balance and other important notifications via e-mail or SMS services. This decreases the need for using printing paper and toners, which contributes to reducing our environmental impact by reducing waste. The quality of customer service and communication has been improved, and the number of undelivered and returned post dropped significantly.
- **ATM** – these machines allow our clients to withdraw cash 24/7 at 134 locations across the country.
- **Multifunctional ATM** - multifunctional devices of the latest technology enable payment of cash funds in local currency and payment and disbursement of cash funds in EUR. In addition to the stated transactions, multifunctional ATMs enable the transactions such as: payment of funds into the credit card and balance statement. These functionalities are available to customers in 37 locations.
- The official **Facebook, Instagram, Twitter, LinkedIn and Google+** pages, together with the **YouTube channel, chat and Video chat** are an important element in our client communication, and our main goal is to establish a closer relationship with our clients, and to develop a unique platform that will help the Bank in further promoting our image as a modern and transparent customer-centric organisation.

Responsible advertising

Marketing communication within Eurobank is fully in compliance with the Law on Advertising, as well as the Law on Consumer Protection in Financial Services. Information about the Bank's products and services is available on the Bank's website.

Eurobank has created an internal document (Work Instruction) regarding responsible advertising, which represents the ethical standard and a confirmation that the Bank operates as a responsible corporate entity. The standards set forth in this document are applicable in any kind of marketing communication with the public, especially in advertising. When an advert for deposits or loans includes interest rate or any numerical data related to the price or revenue, a representative example states the following information: deposit or loan type, the total amount, the level and changeability of the annual nominal interest rate, the real interest rate, duration of the contract, costs carried by the borrower. In the course of 2019, Eurobank adopted the National Bank of Serbia recommendations related to non-compliance with the regulations in connection with providing information on the product or service, and made all necessary adjustments in the prescribed term.

Customer Complaint Department – this Department works closely with the National Bank of Serbia (Consumer Protection Center) to ensure transparency and objectivity in managing relations with the Bank's customers. Also, in 2019 there were no instances of non-compliance with regulations or voluntary codes of conduct regarding marketing communication.

Personal Data Protection (GDPR)

New Law on Personal Data Protection (Official Gazette of the RS, No. 87/2018) has been implemented since August 21, 2019 and has been created under the European General Data Protection Regulation - GDPR). The provisions of the new Law relate to the bank as a personal data manager of stakeholders or persons who have established the contractual relation with the bank, as well as other persons whose personal data are processed by the bank.

As a member of an EU banking group, the Bank started the process of harmonisation with GDPR at the beginning of 2018, in line with the Group's strategy. Our task was to set up and implement the framework regulating the protection of data on individuals within our Bank, in compliance with the EU and Serbian legal requirements.

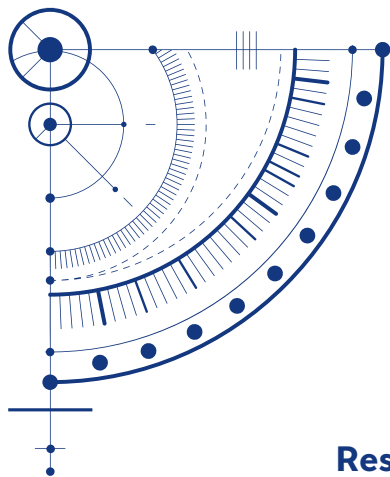
In addition to complying with the Group and European standards, as well as compliance with the domestic Law, this process has helped improve the quality of data the Bank is processing, and improved business processes, has increased the employees' attention concerning the protection of their own and their clients' data and to has increased compliance with regulatory requirements in other areas – AML, PSD2 – Law on Payment Services, Law on Information Security and others. We implemented the new regulatory requirements by introducing principles for collecting personal data in a legal, fair and transparent manner. We are allowed to process our clients' personal data only in the manner that serves the purpose for which the data was collected. We have limited the processing of personal data only to the data that are really necessary for a particular purpose, and this data must be correct. Processing of incorrect data is not allowed and the incorrect data must be updated or deleted, within the legally defined timelines. Time limit of keeping the data is also related to the purpose, and the data may not be kept longer than necessary for the particular purpose they have been collected, as defined by the law. Data security has been established as a rule that allows processing of personal data only in a manner that guarantees their confidentiality and integrity, and this entails protection from unauthorised or illegal processing, and protection from accidental data loss, destruction or modification of said data.

GDPR represents the biggest regulatory change in the area of data protection in the past few years, which has enabled the regulators to lay down significant fees and has required considerable changes in every organisation that processes personal data.

Our Bank places great importance on customer trust, and by protecting customer data we are protecting our reputation in the market.

Accomplishments in 2019:	<ul style="list-style-type: none"> • Implemented Redesign and renovation of several of our branch offices • Payment of services by QR code was implemented
Goals for 2020:	<ul style="list-style-type: none"> • Continue the project of branch office redesign • Increase the number of "Eurobank Big Heart" Mastercard credit card users • Enable application and activation of online digital banking service without visiting the branch office





Responsibility towards suppliers



Eurobank establishes and nourishes transparent relations with suppliers and its business partners complying with the win-win relation principle. The Procurement Policy defines main guidelines for procurement of goods and services for the Bank and the Group member companies in Serbia. In this way, the Bank sets transparent tender conditions with the aim to provide equal treatment for all participants. At the end of 2018, a new Procurement Policy was issued, which placed additional emphasis on "green procurement" and the importance of taking environmental protection into consideration when selecting a supplier. Our environmental protection officer verifies, as needed, the suppliers' certificates of quality management (ISO 9001, ISO 14001) and product certificates (eco label) to establish the validity of the offered services and products which carry those certificates.

In the course of 2019, certain procedures were reviewed and new ones were introduced:

- Procedure for creating a new one, modification of existing agreements and monitoring of agreements for goods and services (modified in October 2019)
- Procedure for electronic record-keeping, creating and electronic verification of invoices and other payment documents (modified in April 2019)
- Procedure for procurement process (modified in October 2019)
- Procedure for annual evaluation of suppliers (modified in February 2019)
- Guideline for fraud prevention risk in the procurement process (introduced in October 2019)

The Administration and Procurement Department coordinates the procurement of goods and services and facilitates the process of organising procurement, which it is responsible for. The Procurement Committee is a management committee set up by the Bank's Executive Board. The Procurement Committee is authorised to evaluate the necessity of investment/expense and the business justification of a procurement request.

The Bank acts in a fair and consistent manner toward its suppliers, nourishing high standards in a sound, transparent and professional communication.

Transparent supplier selection and communication

With the aim to promote its operations and provide transparent business conduct, the Bank regularly researches the market in order to expand its register of potential suppliers who will participate in the tender process for procurement of goods and services. Based on tender requirements and calls for offers, which must be in line with the aforementioned Policy, suppliers' obligations are identified and these are, while specific to the goods/services being procured, identical for all, which helps eliminate discrimination or preferential treatment of any supplier. The Bank uses an electronic platform for procurement – Ariba, so that the entire tendering process is automated and transparent. Upon selecting the suppliers, the contract is a form for regulating all necessary details.

Suppliers with whom the Bank has a contract are evaluated annually, with involvement of the department which is the end user of the relevant service/product. A two-way evaluation is not mandatory, but it is conducted at a voluntary basis and depends on the Bank's supplier. Claims and complaints of the suppliers are defined by the Procedure for Supplier Evaluation, as well as by the Procurement Contract. Local suppliers prevail and Eurobank engages international suppliers mainly for IT procurements, the procurement of which is centralised at the Group level.

CSR criteria at the selection of the supplier

As a socially responsible company, Eurobank strives to promote socially responsible practices among its business partners as well. Since 2012, our calls for bids, beside the economic and technical criteria on which supplier selection is based, include other criteria, such as contribution to environmental protection, observance of human rights etc.

In line with tender requirements, potential suppliers are requested to submit, along with their bids, the following proof of responsible business conduct:

- A certificate that they have been paying their employees regularly – a certificate issued by the Tax Administration which includes all public revenue obligations managed by the Tax Administration, given that this covers regular payment of taxes and contributions related to payment of employee salaries.
- A statement printed on the company's official letterhead confirming that the company was not sanctioned for violating the Labor Law in the previous 5 years.
- A statement printed on the company's official letterhead confirming that the company did not suffer any serious negative events regarding social and labor law issues that affected the company's reputation in the past 12 months.

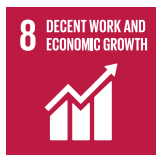
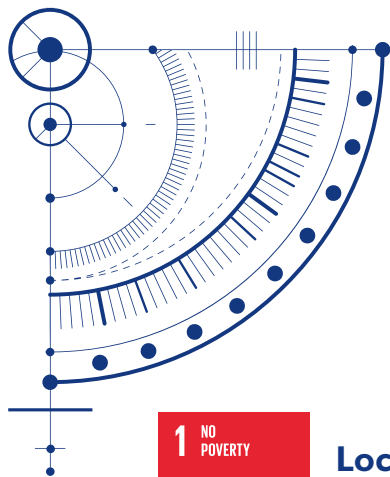
All suppliers, subcontractors and business partners, a total of 186 of them in 2019, passed the human rights compliance verification, which is an integral part of the Call for proposals in tenders. By adopting the Rules on Social Responsibility, the Bank encourages and positively influences the suppliers and their state of mind in the sense of creating more quality relation toward the product/service they offer, their employees, participation in humanitarian activities, cost reduction and increase in environment protection contribution, eco-labelling the products, introduction of ISO standards.

Eurobank expects from the suppliers a high quality of goods and services, compliance with safety standards, competitive prices, compliance with laws and regulations, undertaking business activities and procurement of goods and services with the aim to protect human environment.

Eurobank applies "green procurement" principles, with the goal to purchase products that contribute to reducing our environmental impact. The Bank uses FSC paper only, purchases the most energy efficient equipment and devices, and buys cars that have low CO2 emissions. The advantage is always given to procurement of products the environmental impact of which is negative compared to an equivalent product. Eurobank purchases specific products from social enterprises, as well, thus including them into its chain of procurement.

Accomplishments in 2019:	<ul style="list-style-type: none"> • Regular quality supervision of suppliers was implemented • Our new suppliers passed the CSR evaluation
Goals for 2020:	<ul style="list-style-type: none"> • Promote social responsibility practices among our suppliers • Strengthen our support to social enterprises • Further improve our green procurement system





Local community

Since its establishment in Serbia, in 2003, social responsibility has been an integral part of the Bank's strategy. The financial results and the position we occupy in the Serbian banking sector were developed in parallel with the care for our employees and continued improvement of our relationship with all the stakeholders: customers, shareholders, local and business communities. The Bank realizes numerous initiatives and projects in 45 cities in which it holds its branch offices with the aim to support the community in which it operates (underdeveloped areas of Bor and Priboj). More than EUR 4.5 million has been invested, so far, in projects supporting education, health care, ecology, social inclusion and culture.

Corporate social responsibility strategy is an integral part of the communication strategy which is strategically created, planned and realized by the Marketing and Corporate Communication Department. The relevant strategy is subject to adoption by the Bank's Executive Board at the beginning of the calendar year, and, as the case may be, it can be revised in the course of the year. The contribution of all stakeholders in the realization of the strategy should be mentioned:

- Our employees, who donate their knowledge and skills, and participate in charity tournaments;
- Our clients, who, by using the affinity Mastercard, Eurobank Big Heart", contribute to allocation of funds for equipment and modernisation of schools and cabinets in high schools throughout Serbia;
- Partners in projects implemented by the Bank, i.e. the state government and local self-governments, non-governmental organisations;
- PR agency, by informing the public via press conferences, organising events, making public announcements, setting up interviews;

Support to Education

„A school designed for You"

In 2018, Eurobank commenced its independent project „A school designed for You" with the aim to improve learning conditions in high schools throughout Serbia. Out of each transaction made by Eurobank's customers using the affinity Mastercard „Eurobank Big Heart" (including buying and cash withdrawal from automated teller machines), the Bank allocates a portion of its revenues and channels them for equipment and modernization of schools and cabinets in high schools, as well as for purchase of necessary equipment. „A school designed for You" project is the result of synergy of Eurobank and its customers who have recognized the importance of such a project and have significantly contributed to its realization and success.

„Eurobank Big Heart" is a standard credit card with an additional humanitarian value and numerous possibilities such as contactless transaction made by simple and quick adhering the card near the POS terminal, repayment possibility in installments, deferred payment up to 50 days, submission of monthly statements to e-mail address, transfer of funds between the card and current account through the Bank's m-b@nking and e-B@nking application, etc.

Based on the decision of the selection commission composed of the representatives of Ministry of Education, Science and Technological Development, City Secretariat for Education and Children's Welfare, as well as the representative of the Bank, the first donations for high schools of economics were realized in 2019. The first donation totalling RSD 1.4 million was realized in The First High School of Economics in Belgrade. By virtue of funds collected by this

affinity card, the students obtained a new, modern cabinet for statistics and accounting. The second donation was realized in the School of Economics „Stana Milanović" in Šabac. More than RSD 1 million was invested in the new electronic language laboratory, while the school library was equipped with lap-tops enabling the students to read books in electronic format. The project „A school designed for You" does not relate only to equipping schools and cabinets and donations of necessary equipment, but, as well, to offering possibilities to students of High schools of Economics to gain new theoretic and practical knowledges on banking through lectures of Eurobank experts. In such a way, the Eurobank employees give their contribution to sharing the knowledge and experience gained during the years of service in the banking sector.

Support to professional development of young people

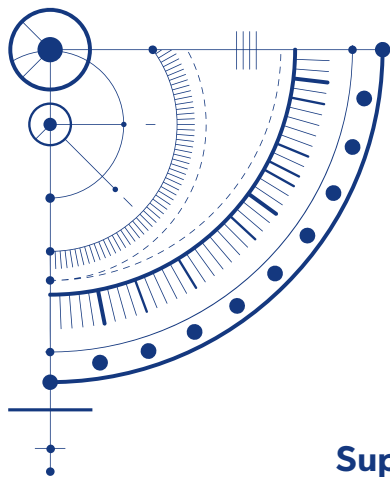
As a member of the Work group for Corporate Social Responsibility in Banking and Global Compact Finances, Eurobank participated in a range of lectures for students and teachers. In 2019, the colleagues held the following lectures:

- The lecture held in the National Bank of Serbia in Belgrade tailored for teachers in high schools with economics, banking and insurance officer educational profiles, with the topic: Macroeconomic Indicators and Trends in Banking;
- The lecture in The First School of Economics in Belgrade for the students of the third and fourth year, banking and insurance officer educational profile, with the topic: Credit Placement;
- The lecture for the students in The School of Trade and Economics in Vranje with the topic: Payment Cards and Credit Products.

As an employer responsible for young people at the beginning of their careers, we regularly enable gaining of practical knowledge for students of high schools of economics and for college students, as well. For a number of years, Eurobank has cooperated with numerous schools and universities in Srebia. Students of Belgrade Banking Academy, Faculty of Economics, FEFA, Faculty of Organizational Sciences have practiced their internships with our Bank, and high school students have practiced their internships in our branch offices in Subotica, Belgrade and Šabac.

Cooperation with the Foundation for Arts and Sciences Studies (SANU)

Eurobank has a longlasting cooperation with the Foundation for Arts and Sciences Studies (SANU) and actively supports the professional improvement of students. President of the Bank`s Executive Board, Slavica Pavlović, has been one of the members of the Foundation`s Board of Directors for 10 years. The Foundation achieves its goals by awarding scholarships for undergraduate and postgraduate students during their studies, and, exceptionally, for particularly talented high school students. Money for scholarships is provided from founders` and donors` contributions, such as Eurobank, who recognized the opportunity to give their contribution to development and improvement of the social community as a whole. In addition, the Foundation supports further improvement of its scholarship holders, the best students of Belgrade, Niš, Novi Sad and Subotica universities from various fields. Invitation to students to apply for scholarships is announced at faculties, and, at the recommendation of Academy member competent for the relevant field, the Board of Directors makes the decision on the selection of scholarship holders. Many of them already have successful careers and have made progress in their professional improvement. In addition to material support, they obtain mentor support from the SANU members as well.



Support to Young People

Partnership with Manchester United Football Club

Partnership of the Manchester United Football Club and Eurobank as regards payment cards issuance started in April 2014 and up to now more than 29,000 Eurobank Manchester United co-branded credit, debit and prepaid payment cards have been issued. By virtue of this partnership, Manchester United soccer school for children was held in Serbia for the first time in September 2019. This internationally acknowledged school was founded in 1999 and, since then, a whole range of football programmes has been realized with more than 300,000 participants of all ages, both in Great Britain and 90 different countries around the world. As they say, their goal is to inspire all the participants to enjoy learning, playing and to enjoy the Manchester United philosophy. This was the first time for such a school to be organized in Serbia. During five days this school lasted, the most talented young football players of 11 years of age had the opportunity to master football skills and learn the tactics and techniques of the game from the head coach and one of the most experienced representatives of the Manchester United Soccer School, Robin van der Lan. In addition to football skill, they practiced team spirit development, rendering support to fellow players and strengthening of self-esteem. The chance to take part in the football school was given to the children of employees, customers and partners of our Bank, as well.

Following mutual values nourished by Eurobank and Manchester United, special attention was paid to socially responsible projects and initiatives aimed at most sensitive social categories. In that respect, children from institutions for children without parental care and from Children's Village Kraljevo and Children's Village Sremska Kamenica were also enabled to participate. In addition, education was enabled to younger categories of coaches from Serbia, and, at the closing of the school, the most talented young football players played an informal game with their fellow players from Red Star Football Club.

Humanitarian New Year's market

In the Bank's business premises in Belgrade, the traditional humanitarian social enterprises market is held at the end of December. Authentic items of clothing, delicious food, hand-made soaps, greeting cards and accessories were only some of the products sold by social enterprises: Naša kuća (Our Home), Plava školjka (Blue Shell), NGO Atina, HERC Association, Lice ulice (Face of the Street), Radan Street, etc.

For the realization of „Manchester United Soccer School for Children", the Bank obtained the VIRTUS Award for contribution to the local community in which it operates for 2019, awarded by the Trag Foundation.

Donations and sponsorships

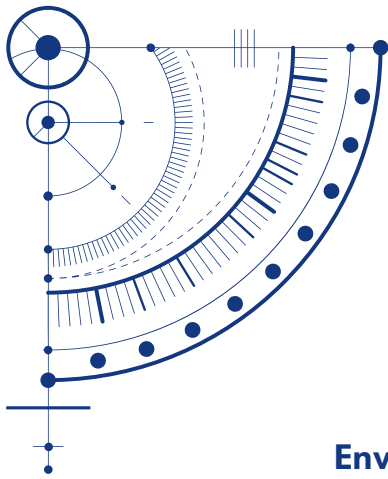
Any interested parties can send applications and queries for sponsorship and donations to corporate-communication@eurobank.rs. All applications shall be considered by the competent division. In case the proposed project is in line with the defined areas of Eurobank support, the Corporate Communications Division shall reply to all applications within 30 days. The manner of approving and processing the donations is regulated by the Internal Procedure for Managing Requests for Sponsorship and Donations.

Projects and organizations held in the course of 2019:

- **Serbian Sports Federation of Disabled Persons** - the organization of a football tournament for disabled persons.
- **Business Development Network Association** - sponsoring the events of gala opera concerts
- **NORBS Plus Foundation** - humanitarian action of selecting the most beautiful Xmas trees.
- **NURDOR** - support to Parental Home building
- **Tijana Jurić Foundation** - education on violence prevention in schools
- TGI Summit - general sponsorship of economic summit
- **Federation of Faculty of Organizational Sciences (FON) Students** - partnership at the Days of Internship project
- **Petrovaradin Media Association** - for „You Are Not Alone“ project in 12 cities in Serbia
- The Night of the Book - general sponsorship
- **Cultural Center „Vuk Karadžić“** - sponsorship of the Vuk`s Council
- **UNICEF** - donation for inclusive playgrounds
- **Foundation for Sciences and Arts Studies** - students` scholarships
- **MOTO Association** - organization of summer opera school
- **Indoor Football Club Mungosi** - support to football school for disabled children
- **„Dr Miroslav Zotović“ clinic** - purchase of necessary textile equipment
- **Serbian Association of Neurosurgeons** - sponsorship of the Kragujevac conference
- **Forum for Responsible Business** - donation of financial funds for the purchase of social enterprises` products
- **Humanitarian organization „Mali veliki ljudi“** - organization of Games Without Boundaries
- **Club for corrective swimming and water polo Vračar** - training of children non-swimmers from the Homes of Children without Parental Care
- **Tourist organization of Požarevac** - sponsorship for the organization Ljubičevo horse games
- **„Vuk Karadžić“ Culture Center Loznica** - organization of Vuk`s Council
- **Donation of office and computer equipment** to various institutions and associations.

Accomplishments in 2019:	<ul style="list-style-type: none"> • Implemented the „School designed for You“ project in vocational high schools specialising in economics in Serbia • Implemented education of students in schools of economics • Organized football schools for children in cooperation with FC Manchester United
Goals for 2020:	<ul style="list-style-type: none"> • „A school designed for You“ project continuation • Organization of the second football school for children in cooperation with FC Manchester United





Environmental Protection

Environmental protection is one of the key pillars of corporate social responsibility and sustainable development in Eurobank. The everyday use of energy, paper, water and other natural resources in banking activities has an impact on the environment. Still, by implementing best practices and measures of environmental protection, the Bank is striving to reduce the consumption of resources and waste generation and to reduce negative impact. In 2019, Eurobank continued practicing responsible financing, as one of the ways in which the Bank is attempting to contribute to reduction of indirect impacts. In 2019, the Bank did not have any penalty for non-compliance with the law and regulations regarding human environment.

Environmental Management System

By adhering to the principles of environmental protection and socially responsible business, the Bank continues to follow the key initiatives the objective of which is to reduce the negative environmental impact:

1. Rational consumption of energy and reduction of greenhouse gas emissions
2. Rational use of natural resources (water and energy)
3. Green procurement principle
4. Responsible waste management – lower waste generation, recycling and safe disposal of hazardous waste
5. Responsible financing – a system of managing environmental and social risks
6. Development of green products and services

Environmental And Social Risk Management System

Managing environmental and social risks is an important part of Eurobank's operational and development strategy. The Bank has continued applying the Environmental and Social Risk Management System in the process of granting loans, in accordance with the international standards and best practices. Furthermore, when approving requests for sponsorships and donation, environmental impact is considered as one of the criteria in decision-making and project financing.

In 2019, e-learning training on ecological and social risks for employees in the Bank who were included in credit processes was held. The training was attended by 30 employees from the Corporate Banking Division and Micro Loans Department.

Preservation of Natural Resources

Water and Energy

Direct energy consumption is related to natural gas and oil combustion for heating, while indirect consumption covers electricity used in the process of conducting the Bank's business activities. The Bank monitors and keeps a record of energy consumption in all the business premises where the bank operates. In 2019, our electricity consumption totaled 4,309,470 kWh.



TOTAL ELECTRICITY CONSUMPTION (kWh)

Year	2018	2019
Consumption	4.337.689	4.309.470

QUANTITY OF PRIMARY ENERGY

	2018	2019
Natural gas used for heating	260.474 kWh (26.969 m ³)	245.369 kWh (25.405m ³)

Since 2018, oil is not used any more as a heating resource, and instead gas oil is used with the low level of sulphur compounds.

WATER CONSUMPTION

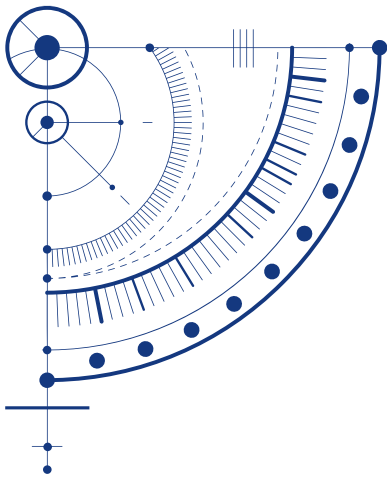
	2018	2019
Water consumption (m ³)	14.604	10.106

*The Bank uses water from their public water pipeline.

Energy Management Implementation of efficient energy management and use reduction programme contributes significantly to the reduction of greenhouse gas emissions. Bearing that goal in mind, the Bank has taken the following actions:

- Installed energy efficient LED lamps and lights in all new and renovated business premises
- Installed energy efficient air conditioners in all new and renovated business premises
- Installed exchangers in the ventilation system, which provides additional energy savings by preparing fresh air by using the energy of the extracted air.

Despite the fact that the Bank is mostly indirectly contributing to the greenhouse gas emissions (through consumption of electricity), the importance of monitoring our impact on climate change is one of our priorities in the efforts to preserve the environment.



Total, Direct and Indirect Gas Emissions by Weight

The total CO₂ emissions were measured based on the consumption of both direct and indirect forms of energy.

CO₂ EMISSION (T)

Energy resource	2018	2019
Natural gas	52,60	49,55
Electricity	3,296,41	3,274,97

Banks Vehicles

In 2019, Eurobank started the transition to hybrid vehicles for business purposes. The largest number of previously used vehicles with petrol and diesel engines was replaced with new vehicles with hybrid engines, which directly influenced the reduction in fuel consumption.

FUEL CONSUMPTION

2018	2019
99.533	79.347

Solid Waste Management

Since 2015, the Bank has been running a collection and recycling program for paper and plastic waste and used toners in all branch offices and office buildings. The discarded electrical and electronic equipment is regularly handed over to a licenced operator for further treatment.

Paper Recycling and Consumption

To preserve natural resources and reduce the generation of paper waste, Eurobank has been applying a programme for saving paper. In 2019, Eurobank continued with the following activities:

- Sending electronic balance statements
- Expanding the volume of primary digitalization of documents
- Improving the printing management system and double-sided printing.

In 2018, the Bank recycled 5.45 tons of paper, which accounted for 8.38% of the total quantity of paper we procured.

In 2019, the Bank recycled 5.59 tons of paper, which accounted for 7.95% of the total quantity of paper we procured.

Toner Recycling

The Bank has been applying a system for managing used toners. Since 2011, all toners and cartridges are used in our branch offices and administrative buildings are sent to recycling. In 2019, a total of 0.21 t of used toners was recycled.

Electronic And Electrical Equipment Management

In compliance with the legal regulations on the disposal of hazardous waste, Eurobank has signed a contract with an authorised operator for transport, disposal and treatment of hazardous waste. In 2019, the Bank sent 8.48 tons of electrical and electronic waste to recycling.

**TOTAL AMOUNT OF RECYCLED ELECTRICAL
AND ELECTRONIC WASTE, BY YEAR (IN T)**

2018	6,96
2019	8,48

**Recycling of Other
Types of Waste**

In 2019, the Bank also handed over 5.77 tons of other types of waste (metal, wood, plastic, textile, fluorescence bulbs) for recycling.

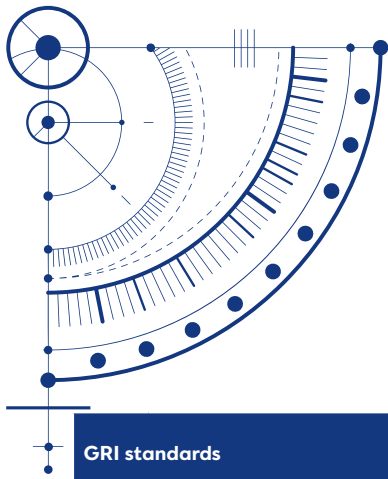
Accomplishments for 2019:	<ul style="list-style-type: none"> • Support of the application of principles for managing environmental and social risks in the loan approval process • Ensuring compliance of the Bank's activities with legal regulations and best practices in environmental protection • Continuation of support for the "Caps for Smiles" charity • Continuation of support for employees in their concrete waste management efforts. • Organizing of e-learning on ecological and social risks for employees of the Bank who are included in credit processes.
Goals for 2020:	<ul style="list-style-type: none"> • Support of the application of principles for managing environmental and social risks in the loan approval process • Cooperation with the relevant Bank departments in continuous monitoring of legal regulations and adjustment of Bank's activities in an efficient manner • Continuation of support for the "Caps for Smiles" charity • Continuation of support for employees in their concrete waste management efforts.



GRI Index and Performance Indicators

GRI Standards	GRI 102: General Disclosures	Page	UNGC PRINCIPLES AND SDGs cross-reference
1.	Organizational profile		
102 - 1	Name of the organization	74	
102 - 2	Activities, brands, products, and services	74, 100	
102 - 3	Location of headquarters	74	
102 - 4	Location of operations	74	
102 - 5	Ownership and legal form	74	
102 - 6	Markets served	74	
102 - 7	Scale of the organization	74	
102 - 8	Information on employees and other workers	90-91	PRINCIPLE 6, GOAL 8
102 - 9	Supply chain	108	
102 - 10	Significant changes to the organization and its supply chain	/	
102 - 11	Precautionary Principle or approach	82	
102 - 12	External initiatives	74	
102 - 13	Membership of associations	74	
2.	Strategy		
102 - 14	Statement from senior decision-maker	14-17	
3.	Ethics and integrity		
102 - 16	Values, principles, standards, and norms of behavior	74, 84	PRINCIPLE 10 GOAL 16
102 - 17	Mechanisms for advice and concerns about ethics	84	PRINCIPLE 10 GOAL 16
4.	Governance		
102 - 18	Governance structure	83	
102 - 19	Delegating authority	85	
102 - 22	Composition of the highest governance body and its committees	86	GOAL 5, 16

102 - 23	Chair of the highest governance body	83	GOAL 16
102 - 24	Nominating and selecting the highest governance body	83	GOAL 5, 16
102 - 25	Conflicts of interest	82-83	GOAL 16
102 - 26	Role of highest governance body in setting purpose, values, and strategy	85	
102 - 35	Remuneration policies	85	
102 - 36	Process for determining remuneration	85	
5.	Stakeholder engagement		
102 - 40	List of stakeholder groups	77-78	
102 - 41	Collective bargaining agreements	95	PRINCIPLE 3 GOAL 8
102 - 42	Identifying and selecting stakeholders	76	
102 - 43	Approach to stakeholder engagement	77-78	
102 - 44	Key topics and concerns raised	79	
6.	Reporting practice		
102 - 45	Entities included in the consolidated financial statements	76	
102 - 46	Defining report content and topic boundaries	79	
102 - 47	List of material topics	79	
102 - 48	Restatements of information	/	
102 - 49	Changes in reporting	/	
102 - 50	Reporting period	76	
102 - 51	Date of most recent report	76	
102 - 52	Reporting cycle	76	
102 - 53	Contact point for questions regarding the report	76	
102 - 54	Claims of reporting in accordance with the GRI Standards	76	
102 - 55	GRI content index	124-127	
102 - 56	External assurance	/	



GRI standards		2019	page(s)	UNGC PRINCIPLES AND SDGs cross-reference
Topic -specific Disclosures				
Category: Economic – GRI 200				
	Economic Performance GRI 201 - Management Approach		75	
1.	201-1 Direct economic value generated and distributed	✓	75	GOAL 2, 5, 7, 8, 9
	Market presence GRI 202 - Management approach		74	
2.	202-2 proportion of senior management hired from the local community	→	90-91	
	Anti-Corruption GRI 205 - Management approach		84	
3.	205-2 Communication and training about anti-corruption policies	→	84	PRINCIPLE 10 GOAL 16
	Category: Environmental - GRI 300			
	Energy GRI 302 - Management approach		118-119	
4.	302-1 Energy consumption within the organization	✓	118-119	PRINCIPLE 7, 8 GOAL 7, 8, 12, 13
5.	302-4 Reduction of energy consumption	→	119	PRINCIPLE 8, 9 GOAL 7, 8, 12, 13
	Water and effluents GRI 303 – Management approach		118	
6.	303-1 Water withdrawal by source	✓	119	PRINCIPLE 7, 8 GOAL 6
	Emissions GRI 305 – Management approach		118-119	
7.	305-1 Direct (Scope 1) GHG emissions	→	120	PRINCIPLE 7, 8 GOAL 3, 12, 13, 15
8.	305-2 Energy indirect (Scope 2) GHG emissions	→	120	PRINCIPLE 7, 8 GOAL 3, 12, 13, 15
	Waste GRI 306 - Management approach		118, 120	
9.	306-2 Total Weight of waste by type and disposal method	✓	120-121	PRINCIPLE 8 GOAL 3, 6, 12
	Environmental compliance GRI 307 – Management approach		118	
10.	307-1 Non-compliance with environmental laws and regulations	✓	118	PRINCIPLE 8 GOAL 8, 16
	Category: social – GRI 400			
	Employment GRI 401 - Management approach		90	
11.	401-1 total number and rates of new employee hires and employee turnover by age group, gender and region	✓	91	PRINCIPLE 6 GOAL 5, 8
12.	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	✓	96	GOAL 8
13.	401-3 parental leave	→	95	PRINCIPLE 6 GOAL 5, 8
	Occupational health and safety GRI 403 - management approach		95	
14.	403-2 type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	→	95	GOAL 3, 8

	Training and education GRI 404 - Management approach		93	
15.	404-1 average hours of training per year per employee by gender, and by employee category	→	94	PRINCIPLE 6 GOAL 8
16.	404-2 Programs for upgrading employee skills and transition assistance programs	→	94	GOAL 8
17.	404-3 Percentage of employees receiving regular performance and career development reviews	✓	92	PRINCIPLE 6 GOAL 5, 8
	Diversity and equal opportunity GRI 405 – Management approach		90	
18.	405-1 Diversity of governance bodies and employees	✓	90	PRINCIPLE 6 GOAL 5, 8
	Non-discrimination GRI 406 - management approach		90, 96, 102	
19.	406-1 Incidents of discrimination and corrective actions taken	→	96, 102	
	Freedom of Association and Collective Bargaining GRI 407 – management approach		95	
20.	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	→	95	PRINCIPLE 3 GOAL 8
	Local communities GRI 413 - Management approach		112, 114	
21.	413-1 Operations with local community engagement, impact assessments, and development programs	✓	112	PRINCIPLE 1
22.	FS 13 Access points in low-populated or economically disadvantaged areas by type	→	112	
23.	fs 14 initiatives to improve access to financial services for disadvantaged people	✓	101	
	Supplier social assessment GRI 414 – Management approach		108-109	
24.	414-1 New suppliers that were screened using social criteria	✓	109	PRINCIPLE 2, 4, 5 GOAL 5, 8, 16
	Marketing and labeling GRI 417 - management approach (including former performance indicator FS16 - Initiatives to enhance financial literacy)		104	GOAL 1, 8, 10
25.	417-1 requirements for product and service information and labeling and percentage of significant product and service	✓	104	GOAL 12
26.	417-2 Incidents of non-compliance concerning product and service information and labeling	→	104	GOAL 16
27.	417-3 Incidents of non-compliance concerning marketing communications	✓	104	
	Customer privacy GRI 418 - Management approach		105	
28.	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	✓	105	GOAL 16
	Aspect: Product and service portfolio - Management approach			
29.	FS 7 monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	✓	100, 112-113	

Additional Remarks:

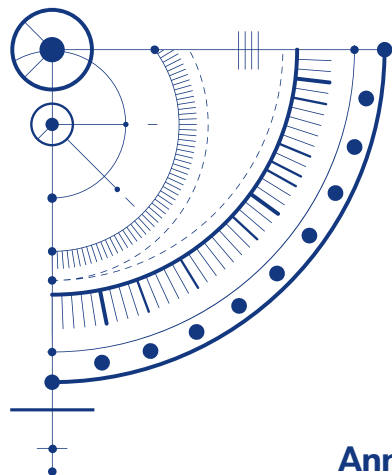
- ✓ Fully fulfilled
- Partially fulfilled
- ✗ Not fulfilled

GRI disclosures from the financial sector supplement are marked in red

This report is compliant with the core GRI standard option. In addition, some of the requirements of the comprehensive option are also reported: 102- 17, 102-19, 102-22 to 102-26, 102-35, 102-36

Former GRI disclosures EN34, LA16 and HR12 are combined into disclosure 103-2-C (general management approach) of the GRI standards.

Former GRI disclosures G4-LA14, G4-HR10 i G4-SO9 are combined into disclosure 414-1 of the GRI standards.



Annex: Key GRI quantitative performance indicators* 2012 – 2018

*detailed GRI performance indicators are available in Annual reports for 2012, 2013, 2014, 2015, 2016, 2017 and 2018

Category: Environmental – GRI 300

TOPIC: ENERGY – GRI 302

302-1 energy consumption within the organization

YEAR	2012	2013	2014	2015	2016	2017	2018
Total consumption (kWh)	7,173,448	6,700,152	6,371,081	5,553,926	4,485,266	4,329,778	4,337,689

TOPIC: WATER AND EFFLUENTS – GRI 303

303-1 water withdrawal by source

	unit	2012	2013	2014	2015	2016	2017	2018
Total Water consumption	(m ³)	23,370	15,431	10,668	8,519	11,353	14,944	14,604

* The Bank uses water from the public water pipeline

TOPIC: EMISSIONS – GRI 305

305-1 direct (scope 1) ghg emissions

305-2 energy indirect (scope 2) ghg emissions

CO2 emissions (t)

Energy resource	2012	2013	2014	2015	2016	2017	2018
Natural gas	73.09	61.81	57.54	49.56	49.48	48.45	52.60
Oil	75.59	68.46	68.29	51.53	51.53	76.06	-
Electricity	4,812.48	4,494.96	4,992.21	4,220.69	3,408.56	3,290.40	3,296.41

TOPIC: EFFLUENTS AND WASTE – GRI 306

306-2 total weight of waste by type and disposal method

	unit	2012	2013	2014	2015	2016	2017	2018
Total amount of recycled electrical and electronic waste	(t)	3.28	2.46	10.38	0.80	0	17.72	6.96

* The Bank uses water from the public water pipeline

	unit	2012	2013	2014	2015	2016	2017	2018
total quantity of recycled paper	(t)	24.8	17.35	9.83	10.83	13.96	5.42	5.45
% of recycled paper in the total annual paper supply	(%)	32.18%	28%	14%	15%	19.12%	5.48%	8.38%

* The Bank uses water from the public water pipeline

TOPIC: ENVIRONMENTAL COMPLIANCE - GRI 307

307-1 non-compliance with environmental laws and regulations – monetary amount of significant fines and total number of non-monetary fines

2012	2013	2014	2015	2016	2017	2018
-	0	0	0	0	0	0

Category: Social – GRI 400**TOPIC: EMPLOYMENT – GRI 401**

401-1 total number and rates of new employee hires and employee turnover by age group, gender and region

Employee turnover	2012	2013	2014	2015	2016	2017	2018
New employees	81	77	77	76	105	97	104
Employment termination	63	102	93	195	112	89	99
Retirement	14	6	24	1	6	7	9

Employee turnover	2012	2013	2014	2015	2016	2017	2018
Turnover rate	4,17%	6,84%	6,84%	5,32%	7,60%	5,84%	6,34%

401-3 Parental leave

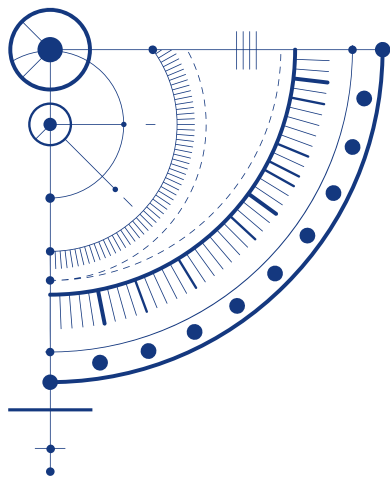
	2012	2013	2014	2015	2016	2017	2018
Broj porodijskih odsustava	80	138	59	63	50	36	48
Stopa povratka na posao	100%	100%	100%	100%	100%	100%	100%

TOPIC: OCCUPATIONAL HEALTH AND SAFETY – GRI 403

403-9 work related injuries

Number of registered injuries	2012	2013	2014	2015	2016	2017	2018
Region Beograd	9	14	6	4	12	4	5
Region Niš	2	2	1	1	1	1	1
Region Kragujevac	1	-	1	2	3	-	1
Region Novi Sad	1	1	-	-	2	3	1
Total	13	17	8	7	18	8	8 (2 with high and 6 with low consequences)

Number of registered injuries	2012	2013	2014	2015	2016	2017	2018
Hours of leave due to registered injuries	2,496	5,576	4,048	4,120	3,752	1,760	1,936



	2012	2013	2014	2015	2016	2017	2018
Number of fatalities	0	0	0	0	0	0	0
Number of occupational diseases	0	0	0	0	0	0	0

TOPIC: TRAINING AND EDUCATION – GRI 404

404-1 average hours of training per year per employee by gender, and by employee category

Year	Total training hours	Average number of training hours by employee category (managers/employees)		Average number of training hours by gender (men/women)	
2012	17,949	-*	-*	-	-
2013	15,552	10.33	10.45	-	-
2014	16,180	10.33	10.45	-	-
2015	15,216	10.10	10.55	11.56	11.60
2016	21,325	10.45	11.35	11.86	11.90
2017	21,325	10.55	11.25	11.46	12.50
2018	21,400	10.15	11.55	11.78	12.30

*managers 28%, employees 72%

404-3 percentage of employees receiving regular performance and career development reviews

2012	2013	2014	2015	2016	2017	2018
100%	100%	100%	100%	100%	100%	100%

TOPIC: DIVERSITY AND EQUAL OPPORTUNITY – GRI 405

405-1 diversity of governance bodies and employees

	Employee structure by gender – senior management (%)			Employee structure by gender – all employees (%)	
	M	W		M	W
2012	52%	48%	2012	35%	65%
2013	59%	41%	2013	32%	68%
2014	56%	44%	2014	31%	69%
2015	57.50%	42.50%	2015	30%	70%
2016	57%	43%	2016	27%	73%
2017	54%	46%	2017	26%	74%
2018	54%	46%	2018	27%	73%

	Employee structure by age		
	≤ 30	30–50	≥ 50
2012	206	1.029	237
2013	196	1.051	244
2014	172	1.062	229
2015	117	987	211
2016	99	980	226
2017	89	982	243
2018	87	969	253

TOPIC: NON-DISCRIMINATION – GRI 406

406-1 incidents of discrimination and corrective actions taken

2012	2013	2014	2015	2016	2017	2018
0	0	0	0	0	0	0

TOPIC: LOCAL COMMUNITIES - GRI 413

413-1 operations with local community engagement, impact assessments, and development programs

2012	2013	2014	2015	2016	2017	2018
100%	100%	100%	100%	100%	100%	100%

TOPIC: SUPPLIER SOCIAL ASSESSMENT – GRI 414

414-1 new suppliers that were screened using social criteria

2012	2013	2014	2015	2016	2017	2018
-	100%	100%	100%	100%	100%	100%

TOPIC: MARKETING AND LABELING –GRI 417

417-2 incidents of non-compliance concerning product and service information and labeling

2012	2013	2014	2015	2016	2017	2018
-	0	0	0	0	0	8

TOPIC: CUSTOMER PRIVACY – GRI 418

418-1 substantiated complaints concerning breaches of customer privacy and losses of customer data

2012	2013	2014	2015	2016	2017	2018
-	0	0	0	0	0	0

