

General Terms of Business of Erste Bank a.d. Novi Sad

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GENERAL PROVISIONS

Article 1

The General Terms of Business of Erste Bank a.d. Novi Sad (hereinafter: General Terms) shall define:

- standard operating terms applicable to all Erste Bank a.d. Novi Sad clients (hereinafter: Bank),
- general terms for establishing relation between clients and the Bank,
- communication procedure between clients and the Bank,
- general terms for executing transactions between clients and the Bank,
- general terms regarding the Bank product and service prices according to the Bank client categories i.e. specifically for individuals, farmers - holders or members of family registered farm in terms of the law governing agricultural and rural development (hereinafter: farmer or registered farm), entrepreneurs, in sense of the law governing companies (hereinafter: entrepreneur), and corporate clients,
- the rights of clients who are private individuals with reference to the services provided by the Bank, as well as terms and methods of exercising these rights,
- and other issues of interest for the Bank operation with the clients.

The General Terms of Payment Service Provision to Retail Clients and Registered Farms, General Terms of Provision of Payment Services to Entrepreneurs, and General Terms of Payment Service Provision to Corporate Clients as well as the Price Lists setting out fees and other costs which the Bank charges to users who are private individuals, farmers, and entrepreneurs (Price List of Products and Services to Retail Clients and Registered Farms, Price List of Products and Services to Entrepreneurs, Price List of Products and Services to Corporate Clients of the Small Enterprises and Entrepreneurs Department, and Service Pricelist for Sub-branches) shall be an integral part hereof.

In the General Terms of Payment Service Provision, the Bank shall define the obligations and rights of users of payment transaction services with the Bank, as well as the obligations and rights of the Bank when executing such services.

Article 2

All individual agreements entered into between client and the Bank shall contain the clause that client is informed on and accepts the General Terms when entering into and signing agreement. The General Terms, including all of the appendices, shall be an integral part of Agreement. Together with any entered into agreement, client is presented the General Terms of Business by the Bank which thereby provides access to them and upon client's request it delivers them to the Client. In case that entering into agreement is not set out for the business relation between client and the Bank, the Bank shall ensure the access thereto by handing them over or stating them to client (in case that client is not able to read them due to objective reasons), or it shall otherwise make them available (through the Bank web site, within the applications relating to individual products, etc.).

In addition to agreements and the General Terms, the provisions of general and specific Bank acts shall apply to individual business relations.

In cases of non-conformity of the provisions of agreement entered into and the Bank acts, the provisions of agreement entered into shall be primarily binding, followed by the General Terms provisions and the provisions of other Bank acts defining certain areas of operation, aimed at implementing the General Terms.

The general acts defining the terms of the operation and the amendments thereof shall be presented by the Bank in the manner and within the terms in line with the regulations. The above acts shall be displayed in a visible place, in the Bank points of sale and/or on the Bank Internet presentation and it is deemed that client is informed on the content of the Bank acts published in this manner.

Article 3

The General Terms shall apply to the relations between client and the Bank based on:

- offer, request or any other application form or the Bank form signed by client,
- agreement in writing between client and the Bank,
- other forms of business co-operation between client and the Bank where agreement is not entered into in accordance with the Bank regulations and acts.

BANK CLIENTS

Article 4

The Bank client means any entity (legal entity, entrepreneur, farmer, private individual) who uses or has used the Bank services or the entity which has addressed the Bank for the purpose of using the services identified as such by the Bank. The Bank shall freely make decisions on co-operation with clients, and/or it shall freely make decisions whether it shall enter into business relation with a client.

Article 5

Client may require the Bank to provide him relevant explanations and verbal instructions relating to the application of the General Terms, and the Bank shall provide it such relevant explanations and instructions, and it shall, upon client's request, provide him such explanations and instructions in writing or in any other form of permanent data carrier or personally in the Bank points of sale. Client shall also be entitled to request from the Bank information in writing on the General Terms of Business relating to the Bank service he is interested in or relating to the business relation he has with the Bank.

Article 6

In the course of business relation with the Bank, the Client shall have the right, free of charge, to be issued by the Bank information, data and instructions in writing relating to his business relation with the Bank in the manner understandable to client. The foregoing refers to specific requests of clients through which the Bank confirms or certifies certain data which are required for a specific purpose of presentation, confirmation, etc. for which a specific fee is determined by way of price lists and other similar internal acts of the Bank.

The Bank client shall be entitled to be informed on the balance of his loan, deposit account, on the cases in which the level of client's liability may be changed, in which manner and under which conditions, as well as on any other data regarding business relation with the Bank.

Article 7

With the aim of establishing and maintaining business relation with client, in the capacity of personal data controller, in line with the provisions of the Personal Data Law, the Bank shall have an obligation and business requirement to include and process in its database certain data relating to client, which are, in line with the Law, considered personal data. Client data shall be stored and saved in electronic and other databases of the Bank and shall be solely used by the Bank employees, the Bank body members, the Bank shareholders, persons hired by the bank, and other persons who may have access to the data due to the nature of the work and as necessary, by government authorities, and legal entities related with the Bank.

The Bank shall have and process the following data of clients who are private individuals, farmers, entrepreneurs, as well as private individuals in the capacity of owner, representative, procurator, or another authorised person or member of the board of legal entity:

- name and surname, name of one of parents, private and business phone number (mobile and fixed), address of residence, private and business e-mail address, date and place of birth, personal number, number and copy of ID, occupation, profession, name of employer, marital and family status, capacity at legal entity, data on members of family household (capacity, employment status, and date of birth).

Entering into agreement with the Bank, the Client shall grant his consent to the Bank to process his data, in line with this Article of the General Terms of Business.

Unless the client wants that some of his data to be processed at the Bank, it shall be necessary to notify the Bank thereof in writing in the course of establishing business relation, or subsequently.

Article 8

Client may require the Bank to examine certain data, as well as copy of data relating to business relation with the Bank, in line with the provisions of the Personal Data Law:

- The Bank shall ensure to issue notification to client without any delay, not later than 15 days following the date of filing request for notification
- The Bank shall ensure to, without any delay, but not later than 30 days after the receipt of duly filed application for examination, i.e. for copy issuance, enable client to make such examination i.e. issue him such copy.
- Request for notification, examination, and copy shall be filed to the Bank in writing, by regular mail, electronically, or directly at the Bank teller desk.
- In case that he considers that his right to notification, examination, and copy of personal data has been violated by the Bank's action, client shall be entitled to the claim, which shall, in line with the law, be filed to Commissioner for Information of Public Importance and Personal Data Protection.

The costs of presenting certain data and copies for examination shall be borne by client.

In line with the provisions of the Personal Data Law, the client shall have the rights as follows:

The right to be notified on data processing

Client shall have the right to request the controller to truly and completely inform client on the following:

- 1) whether the controller processes data on him and which processing action is performed;
- 2) which data on him are processed;
- 3) from whom data on client have been collected from i.e. who is data source;
- 4) for which purpose data on client are processed;
- 5) on which legal grounds data on him are processed;
- 6) which data collections contain client data;
- 7) who are users of data on him;

- 8) which data and/or which type of data on him are used;
- 9) for which purposes data on him are used;
- 10) on what legal grounds data on him are used;
- 11) whom data are transferred;
- 12) which data are not transferred;
- 13) for which purposes data are transferred;
- 14) on what legal grounds data are transferred;
- 15) in which period of time data are processed.

The right to have an access

Client shall be entitled to request the controller to access the data referring to client. The right to accessing the data referring to client shall include the right to review, read, and listen to the information and make the notes.

The right to copy

Client shall be entitled to request copy of data referring to client from the controller. The controller shall issue data copy (photocopy, audio copy, video copy, digital copy, etc.) in the form of information and/or in another form if the form of the information is incomprehensible to a person. The necessary costs of making and submitting copy shall be borne by client.

The rights of client with regard to executed access

Client shall be entitled to request the controller correction, supplement, update, deletion of data and termination and temporary cancellation of processing. The client shall be entitled to data deletion if:

- 1) the purpose of processing is not clearly determined;
- 2) the purpose of processing is changed and requirements for processing for such changed purpose are not met;
- 3) the purpose of processing is fulfilled i.e. data are no longer required for the fulfilment of purpose;
- 4) method of processing is not permitted;
- 5) datum belongs to a number and sort of data processing of which is not in proportion with its purpose;
- 6) datum is incorrect and cannot be replaced by way of correction with a correct one;
- 7) datum is processed without consent or authorisation pursuant to the law and in other cases when processing cannot be made in accordance with the provisions of this law.

Client shall be entitled to processing cancellation and temporary termination if correctness, completeness and timeliness of data are disputed, and to designating such data as disputed until correctness, completeness and timeliness thereof are determined.

The Bank client shall also have other rights and obligations defined in the General Terms of Business, other general and individual acts of the Bank, and agreements.

Article 8a

The Bank shall be a member of the Forum for Credit Transaction Fraud Prevention whose basic objective shall be efficient protection of bank clients, corporate and private individual clients from fraud and misuses in the procedure of loan approval and utilisation, as well as of banks themselves. The Forum members mutually exchange data and information relevant to fraud disclosure and prevention. The Bank, as well as other Forum members, shall undertake to keep the data and information obtained in communication with other Forum members confidential, in line with the regulations and acts of the Bank business policy.

The Forum members exchange the following data in their mutual communication regarding clients who are private individuals: name and surname and personal identification number:

Entering into agreement with the Bank, the Client grants his consent to the Bank to process the data referred to in the above paragraph, in line with this Article of the General Terms

Article 8b

Since 1 July 2014, the Foreign Account Tax Compliance Act – FATCA has been effective. In accordance with this Law, verification is made whether taxpayers of the United States of America settle their tax liabilities in accordance with the U.S. regulations. The above regulations bind banks to notify the United States of America Internal Revenue Service (IRS) on pecuniary accounts/ inflows of their taxpayers at banks outside the territory of the USA.

Since Erste Bank a.d. Novi Sad is the member of Erste Group Bank with its registered office in Austria, the signatory country of the inter-governmental agreement with the U.S. IRS (Internal Revenue Service), it is bound to be in compliance with the FATCA regulations.

To be in compliance with the above regulation – FATCA provisions, Erste Bank a.d. Novi Sad is registered as “Participating Foreign Financial Institution without U.S. clients”. This status implies that Erste Bank shall not establish new business relations with clients who are U.S. taxpayers, as well as the termination of the existing business relations with clients who are U.S. taxpayers. Based on such registered status, the Bank shall, during identification process, reserve its right to reject establishing new business relation with a client identified as U.S. taxpayer, according to the rules of the FATCA regulations, i.e. to terminate the existing agreement relation with client identified as U.S. taxpayer.

Special rights of clients and the Bank rights in relations with clients who are private individuals, farmers and entrepreneurs

Article 9

Client, private individual, entrepreneur, farmer as well as persons who provide collaterals, and who intend to enter into agreement have the right, upon their request, to, free of charge, be provided **draft agreement** – as a proposal for entering into thereof.

The Bank shall **inform client, private individual, farmer, entrepreneur by way of offer at the preliminary agreement phase** by providing information and appropriate explanation on the conditions which refer to the agreement on deposit/loan/ overdraft, as well as to the agreement on issuing and using credit card in a manner which shall enable client, private individual, farmer, entrepreneur to compare offers of different service providers and to assess whether such agreement meets client's needs and financial situation, which shall not be misleading to client, private individual, at any single moment.

Offer for services shall be given to client who is a private individual, farmer, entrepreneur primarily in RSD and upon client's request the Bank shall enable the client to agree service in RSD equivalent of foreign currency in which case the Bank shall indicate FX risks assumed in such case by client who is a private individual, farmer, entrepreneur.

Offer shall be provided to client who is a private individual, farmer, entrepreneur if such client has shown interest in deposit, loan, account overdraft, and/or payment card, and it shall be written in the form whose appearance and content shall be prescribed by the National Bank of Serbia, in hardcopy or other permanent data carrier and it shall contain:

- 1) type of service;
- 2) business name and address of a service provider;
- 3) total amount of deposits, loans/loans under card, and terms of use;
- 4) currency in which deposit/loan is agreed;
- 5) duration of agreement;
- 6) level and variability of nominal interest rate;
- 7) elements based on which agreed variable nominal interest rate is determined, their level at the moment of entering into agreement, periods in which it shall be changed and change method, and a fixed element if it is agreed;
- 8) effective interest rate and overall amount to be paid by client who is a private individual, farmer, entrepreneur should pay i.e. which should be paid out to him, presented in a representative sample which indicates all the elements based on which such amount is calculated;
- 9) amount and number of instalments of loan and periods in which they shall fall due (monthly, quarterly, etc.);
- 10) type and level of all fees and other charges relating to deposit/loan/ which shall be borne by client who is a private individual, farmer, entrepreneur, including the fact whether they are fixed or variable, and if they are variable – periods in which they shall be changed and a manner of change;
- 11) potential obligation of entering into agreement on secondary services relating to loan agreement (insurance agreement, etc.) when it is necessary for the purpose of granting a loan under the advertised conditions;
- 12) interest rates applicable in the event of default;
- 13) warning in relation to the consequences of failure to make payment;
- 14) security instruments;
- 15) the right of client who is a private individual, farmer, entrepreneur to waive agreement, conditions and method of waiver, and the level of costs hereunder;
- 16) the right to prepay loan and use credit card and right of the Bank to fee, and level of such fee;
- 17) information that client who is a private individual, farmer, entrepreneur has the right of notification on the results of accessing data basis for the purpose of assessing his creditworthiness and that such notification is free of charge in case that relevant data are obtained on the basis of accessing database on client indebtedness made with the consent of person such data refer to.
- 18) the right of client who is a private individual, farmer, entrepreneur intending to enter into the agreement with the Bank – to get free of charge copy of draft agreement if the Bank, at the time of presenting such request, is willing to enter into this agreement;
- 19) period during which data from offer shall be binding for the Bank.

Offer for entering into account overdraft agreement shall consist of the elements referred to in the previous paragraph, items 1, 2, 3, 5, 6, 7, 8, 10, 12, 17, 18, and 19 of this Article, as well as terms and procedure of agreement termination and notification in which cases client who is a private individual, farmer, entrepreneur may be required to make complete repayment of overdraft.

Provision of Information on Payment Services in Pre-agreement Stage

Article 10

Prior to entering into framework agreement relating to payment services (account opening and maintaining, debit/credit card issuance, e-bank or m-bank use, standing order, agreed standing order, direct debit, a vista deposit), the Bank shall, as the payment service provider, ensure to provide information to client – payment service user – private individual/entrepreneur, farmer, in a timely manner, determined as obligatory elements of such agreement, in the manner which will enable such

user to be informed on the terms relating to payment service provision, as well as to compare offers of various payment service providers and assess whether these terms and services correspond to his needs.

The Bank shall ensure to provide the information referred to in paragraph 1 of this Article to payment service user in a manner which will not, at any moment, mislead him relating to the terms concerning payment service provision.

The payment service provider shall provide a payment service user the information referred to in paragraph 1 of this Article in hardcopy or any other durable medium.

The payment service provider may provide a payment service user with the information referred to in paragraph 1 of this Article by submitting the draft framework contract that contains such information.

Article 11

Client who is a private individual, farmer, entrepreneur shall have the right to **waive the concluded loan agreement**, account overdraft agreement, agreement on the issuance and use of credit card within 14 days following the date of agreement conclusion, without indicating reasons for such waiver.

In terms of loan agreement secured by mortgage and the agreement whose subject matter is purchase i.e. financing of real estate purchase, client, private individual, farmer, entrepreneur can waive agreement provided that loan utilisation by client or financing has not begun.

When waiving agreement under paragraph 1 of this Article, but prior to the expiry of the tenor referred in such paragraph, client shall notify the bank in person on his intention to waive agreement by submitting waiver statement in the Bank form and by delivering it to the Bank point of sale, and it shall be deemed that the date of notification is the date of waiving agreement.

Client who is a private individual, farmer, entrepreneur and who waives loan agreement, account overdraft agreement, and credit card issuance and use agreement, shall immediately, but not later than 30 days following the date of sending the notification referred to in paragraph 3 hereof, repay principal and interest from underlying transaction to the bank during loan utilisation. In the event that client who is a private individual, farmer, entrepreneur has waived agreement referred to in paragraph 2 of this Article, client shall also pay actual costs of the Bank relating to entering into agreement, notified to client by the Bank prior to entering into loan agreement.

If client who is a private individual, farmer, entrepreneur is also provided secondary services by the Bank relating to loan agreement waived by client who is a private individual, farmer, entrepreneur, upon meeting the requirements regarding waiver referred in this Article, secondary service agreements shall also not be binding for client any more.

Article 12

In the events when loan application is not approved on the basis of review of **database on client indebtedness who is a private individual, farmer, entrepreneur** obtained along with a written consent of person such data refer to, the Bank shall, free of charge, notify clients in writing on data from such database.

Article 13

When entering into loan agreement, account overdraft agreement, and deposit agreement, the Bank shall, along with such agreement, provide client who is private individual, farmer, entrepreneur a copy of **overview of mandatory elements of such agreement**, and a copy of **loan repayment schedule/deposit payment schedule** with reference to loan agreement and deposit agreement (excluding demand deposit). Another copy of this schedule i.e. overview shall be kept by the Bank in its documentation.

Article 14

Notification of client who is a private individual, farmer, entrepreneur during contractual relation, shall be made by the Bank in the following cases and in the following manners:

- in the event of changing any of the mandatory elements of loan agreement, account overdraft agreement, and deposit agreement delivering notification to client on intended change followed by information to client that change of application requires client's consent in writing within certain period within which, unless client agrees therewith, the Bank shall not make such change or unilaterally terminate agreement.
- in the event that composite nominal interest rate is agreed (which contains a variable element - reference rate) the Bank shall notify client on any change of such rate in writing in a manner agreed with client when such reference rate is known, indicating the date as of which changed rate shall be applied. With reference to loan agreement, respective notification shall be delivered along with changed loan repayment schedule.
- by submitting loan repayment schedule during the period of contractual relation, upon the request of client, free of charge
- on the change of data which are not a mandatory element of agreement, displaying notification in business premises of the Bank, on the Internet presentation of the Bank and by submitting it on a permanent data carrier and in accordance with agreement between the Bank and client
- on debt balance and credit card balance, on 6-month basis (01 January and 01 July), free of charge, in a manner agreed with a client.
- by submitting current account/payment account statement which also includes account overdraft, on a monthly basis, in writing, and free of charge, in the form of a statement on any changes on client's account. The Bank shall submit this statement more than once in a month upon client's request, with no delay, where fee defined by the Bank Price List shall

be charged. Minimum contents of this notification shall be prescribed in the Law on Payment Services.

- in the event of significant unauthorised overdraft (overdraft exceeding agreed, in aggregate under all accounts in the amount of minimum RSD 500) of account which lasts longer than one month in writing, without any delay, where minimally prescribed notification shall contain: amount of overdraft, interest rate which shall be applied to the amount of overdraft, and other potential costs and penalties.

When agreement subject matter includes payment services, the Bank shall notify its clients – payment service users who are private individuals/farmers/entrepreneurs on the amendments of Framework Agreement not later than 60 days before such proposed amendments come into force.

The Bank will electronically provide amendments if e-mail address is available to the Bank, otherwise delivery will be made by mail to the last address known to the Bank.

It shall be deemed that the Client has accepted proposed amendments unless, until the date of the beginning of the application thereof, he has notified the bank that he disagrees with such amendments.

Article 15

Clients who are private individuals, farmers, entrepreneurs shall have **special rights** in the following cases:

- 1) With reference to revolving loan, to terminate revolving loan agreement in a unusual manner, free of charge at any moment, except if a cancellation deadline which cannot be longer than one month is agreed. If such deadline is agreed, the Bank may terminate revolving loan agreement by delivering not later than two-month notice on termination to client in writing or on any other permanent data carrier. If it is agreed, the Bank may, on a reasonable basis (unauthorised loan utilisation, significant deterioration of client's creditworthiness, etc.) refuse to client to withdraw funds, in addition to which client shall be notified on the reasons of such refusal in writing, if it is possible, immediately or within the next three days except for when the provision of such notification is prohibited by other regulations.
- 2) With reference to loan approval i.e. placing deposit indexed in foreign currency, clients shall have be entitled to apply the official middle exchange rate applicable to loan repayment i.e. deposit payment.
- 3) Application of interest calculation method of interest calculation on placed escrow deposit with agreed interest, placed for the purpose of obtaining, which also applies to interest calculation in the amount of approved loan.
- 4) Withdrawal of funds in cash from RSD or foreign currency account maintained with the Bank, free of charge, immediately upon recorded inflow, except for the cases of the amount exceeding RSD 600,000 or in RSD equivalent in cases of foreign currency funds which the Bank may pay not later than the next business day, whereas entrepreneurs and farmers may withdraw funds in accordance with the Rulebook on RSD Cash Payment Terms and Methods for Corporate Clients and Private Individuals Performing Activity ("Official Gazette of RS" No. 77/2011 of 14 October 2011) and FX funds in accordance with the Law on Foreign Exchange Transactions ("Official Gazette of RS" Nos. 62/2006, 31/2011 and 119/2012)
- 5) Free of charge closing of account and payment card.

Article 16

In the event of assignment of the Bank claims under loan agreement (including account overdraft agreement, agreement on credit card issuance and use) to other bank, the client who is a private individual, farmer, entrepreneur, shall reserve all of the rights agreed as well as the right to file a complaint to other bank which he has also had to original bank, and other bank may not provide less favourable position to client who is a private individual, farmer, entrepreneur, than the position he would have unless such claim has been transferred, and with regard to that, user may not be exposed to any additional costs.

Client who is private individual/farmer/entrepreneur shall be notified by the Bank on claim assignment as referred to in the previous paragraph in the agreed manner (in a writing, electronically to registered electronic contact address, or as otherwise agreed) within a reasonable time period immediately upon the execution of claim assignment.

Article 17

Client who is a private individual, farmer, entrepreneur, shall be entitled to **loan prepayment**, in full or partly, in which case overall price of loan shall be decreased in the amount of interest and costs regarding the remaining period of agreement validity.

The Bank may charge prepayment fee if fixed nominal interest rate is agreed for the period of prepayment, and in terms of loan agreement subject matter whereof is real estate purchase if fixed or variable nominal interest rate is agreed, in particular:

- up to the level of sustained damage and maximum up to 1% of amount of prepaid loan (if the period between prepayment and deadline for liability settlement under agreement is longer than one year), and/or
- up to 0.5% of prepaid amount of loan (if the period between prepayment and deadline liability settlement under agreement is shorter than one year)
- and only provided that prepaid amount in the period of 12 months exceeds more than RSD 1 million, whereas fee shall not be higher than the amount of interest that the client would pay for the period between prepayment and deadline for liability settlement under loan agreement.

The fee referred in paragraph 2 of this Article, the Bank shall not charge:

- if repayment is executed based on entered into Insurance Agreement the purpose whereof is to ensure payment;
- in case of account overdraft

- if repayment is made during the period for which variable nominal interest rate is agreed, except for loans subject matter whereof shall be the purchase of real-estate.

In this event, the Bank may charge fee up to the level of sustained damage, but maximum up to 1% of the amount of prepaid loan (if the period between prepayment and deadline for liability settlement under agreement exceeds one year), i.e. up to 0.5% of the amount of prepaid loan (if the period between prepayment and deadline for liability settlement under agreement is shorter than one year) and only provided that the amount of prepayment in the period of 12 months exceeds RSD 1 million, where fee may not exceed the amount of interest which would be paid by client for the period between prepayment and deadline for liabilities settlement under loan agreement.

The damage referred to in the previous paragraph means the difference between interest agreed with client who is a private individual, farmer, entrepreneur, and market interest at which the Bank may disburse the amount obtained from prepayment at the time of this repayment, also including administrative costs

Client who is private individual/farmer/entrepreneur shall be entitled to credit card prepayment, free of charge.

Article 18

In cases when there are related loan agreements and agreements on purchase of goods where buyer of goods bought using loan (client who is a private individual, farmer, entrepreneur) waives such purchase of goods in accordance with the law governing protection of consumers, respective loan agreement shall cease to be binding for client – loan which should have been the means of payment of goods purchased.

In the event as referred to in the previous paragraph of this Article, the Bank will, without any delay, return the client who is a private individual, farmer, entrepreneur repaid amount of loan including interest, repaid by client until the time of waiver, but not later than 30 days following the date of waiver notification.

LIABILITIES OF THE BANK

Article 19

The Bank shall act with due care in terms of meeting obligations within its activity in accordance with the rules of banking business.

Marketing activities of the bank shall be directed towards timely and true informing of the public on its financial status, types of services and quality of services, staff and capital resources.

When addressing the public, the Bank shall avoid methods of unfair competition and adhere to the principle of Code of Professional Ethics and Code of Professional Banking Conduct.

Communication between client and the Bank shall be made through information and marketing material, telephone contact, through the Internet presentation of the Bank, or by communication in writing, e-mail, by SMS service of mobile telephony, and direct verbal communication. Verbal communication shall be made at the Bank teller desk, through Call Center or by calling competent credit advisor.

Article 20

The Bank is the signatory of the Code of Professional Banking Conduct. The Code sets out general ethic principles and norms of professional banking conduct which refer to employees at banks and all their business relations with the clients.

The code shall introduce clients to the minimum of standards of good banking practice which the Bank shall comply with in its operations.

The Bank shall, with the aim of establishing good relations and communication with its clients, ensure that this Code is available to all of its clients.

Article 21

The Bank shall ensure, upon the Client's request, information on the balance of his loan and/or deposit account, as well other information from the business relation of the Client and the Bank.

The Bank shall provide clear and understandable information to its clients, make them readily available and noticeable, both at the Bank registered office, and its other territorial business units.

Article 22

The Bank shall not be liable for the damage resulting from the action of:

- force majeure,
- armed conflicts
- actions taken by national, foreign, or international authority,
- boycott, strike, or other forms of work stoppages caused by trade union action,
- power failure or cut-off of means of connection or equipment or software of the Bank or third parties, and
- other circumstances the Bank has no impact to.

The above mentioned shall also apply in case the Bank, due to justified reasons, discontinues or limits its business activity on particular days or for definite period.

The Bank shall take any actions necessary to minimize or limit any impact that would cause damage to client.

Article 23

The Bank shall have the right to free selection of clients.

The Bank shall not finance illegal activities and businesses, it shall not support any other activities which result from illegal activities, or whose final goal is an illegal activity.

The Bank shall have the right to, based on the assessments by the Bank relevant departments, reject to enter into agreement and/or service provision to client. Also, the Bank shall have the right to, without the client's consent, suspend the possibility of using certain services and/or products in line with the regulations in the area of anti-money laundering and terrorism finance prevention, as well as in line with its internal acts, which are fully in line with regulations.

The Bank shall have the right to free disposal of funds on clients' accounts without client's specific consent:

- in the process of enforcement, payments under enforcement decisions of the Court and other regulatory authorities,
- and in other cases prescribed by the law.

The Bank shall have the right to use the data submitted by client to the Bank in the course of entering into agreement or signing application for some of the Bank services (address, number of telephone, fax, e-mail address, and other contact data with client), to deliver notification to client on products, services, and other activities in the form of messages, brochures, presentations, and other forms of business communication.

Bank Secrecy

Article 24

The bank secrecy means the data prescribed by the law as follows:

- data known to the Bank relating to personal data, financial status and transactions, as well as client's ownership and business connections,
- data on balance and turnover on individual deposit accounts,
- other data the Bank may obtain in the operation with its clients.

The Bank and the members of its bodies, shareholders, employees, and the employees at the members of the Group the Bank belongs to, as well as the Bank external auditor and other persons who, due to the nature of the operation they perform, have got access to the data that are bank secrecy, may not convey them to third parties or use them contrary to the interest of the Bank and its clients, nor may they provide access to these data to third parties.

The obligation of keeping bank secrecy shall not cease when the person's status on the basis of which he/she has gained access to the data that are bank secret is terminated.

The Bank may convey the data deemed to be the bank secrecy to third parties only with the client's approval in writing unless otherwise prescribed by the law.

Article 25

There are exceptions from the obligation of keeping bank secrecy if data are conveyed:

- on the basis of Decision or request of competent court of law;
- based on requirements of the Ministry in charge of internal affairs, bodies in charge of countering organised crime and bodies in charge of anti-money laundering in accordance with regulations governing anti-money laundering;
- regarding property procedure on the basis of the request of property trustee or consular agency of foreign countries including the submission of relevant documents in writing evidencing justified interest of these parties;
- regarding the enforcement procedure in relation to client's property by relevant authority;
- to authorities in the Republic of Serbia for the purpose of performing activities within their competence;
- to the entity established by Banks for the purpose of collecting data on total amount, type, and timeliness of liabilities settlement by of private individuals and corporate clients that are the Bank clients;
- to competent authority regarding the control of executing payment transactions for private individuals and corporate clients performing the activity in line with the regulations governing payment system;
- tax administration in line with the regulations governing the activities within its competence;
- to the authority responsible for the operations of foreign exchange transaction control;
- upon the request of organisation for deposit insurance in conformity with the law governing deposit insurance;
- to foreign authority under the conditions provided for in agreement on co-operation concluded between such authority and the National Bank of Serbia.

The Bank shall have the right to convey the data which are bank secrecy to investigating magistrate, public prosecutor, and courts and/or other authorities exercising public and legal authorities solely for the purpose of the protection of their rights, in conformity with the Law.

Article 26

In agreement, client shall grant consent and authorise the Bank to use, process, and retain any data presented to the Bank when entering into agreement, as well as the data obtained by the Bank during the implementation of this Agreement, which are, in sense of the Data Protection Law, deemed personal data, and in sense of the Bank Law deemed as secrecy, for the purpose implementing this Agreement, improving business cooperation with clients, developing its services and products, as well as for the purpose of implementing researches and analyses required by the Bank.

Client agrees and herewith authorises the Bank to forward the data referred to in the above paragraph and outsource processing thereof to Erste Group members, Forum for Preventing Fraud in Credit Transactions, or a third legal entity, with the aim of achieving high quality and efficient data processing, reporting at Erste Group level, as well as for other business requirements of the Bank provided that the Bank has, in the contractual relation with the above-mentioned legal entities which are transferred data and outsourced processing, ensured the same or higher level of the protection of confidentiality, secrecy, and integrity applied to its clients, as well as that it has ensured that such data are adequately protected against any frauds, destructions, losses, unauthorised changes, or accesses and that persons engaged in processing are bound to keep data secrecy.

The Bank shall reserve the right to forward data of its clients, including data about accounts and other data known to the Bank, to other members of Erste Group or to third parties, with the aim of achieving quality and efficient data processing, reporting at the level of Erste Group, as well as for other business requirements of the Bank.

Client agrees that the Bank shall, in such cases, have the right to transfer its data to other Erste Bank Group members or third parties. If clients' data are transferred to other members of Erste Group or third parties, the Bank shall ensure adequate treatment regarding data of confidentiality, in compliance with applicable regulations of the Republic of Serbia.

Bank Risks

Article 27

The Bank shall, in compliance with the regulations as well as in compliance with internal procedures, fully observe relevant limits of exposure to various types of risks regarding the operations the Client wants to do with the Bank. Higher risks shall also include higher operation cost both for the Bank and client.

The Bank shall explain the client the need for risk decrease in particular cases when the client's need for a service may impact risk increase, as well as the methods of risk decrease requiring client's co-operation within the domain of obtaining additional evidence, collateral, or meeting other conditions, with the aim of transaction execution at the least risky conditions both for client and for the Bank.

Conflict of Interest Management

Article 28

Due to the nature of the activity performed by the Bank, which includes the operations in the area of corporate and investment banking, the conflict may arise:

- Between the interests of the Bank (including managers and employees, related agents, or companies of the Group) or certain persons related with the Bank and the obligations of the Bank to its clients, and
- Between various interests of two or more clients with whom the Bank has business relation.

The Bank shall determine the possibility of conflict of interest occurrence, and, if possible, avoid such conflicts.

Unless conflicts of interest may be avoided through the existing organisation or internal processes within the Bank, the priority of the Bank shall be to solve them in the interest of its clients.

Unless there are organisational and administrative measures which may ensure the prevention of risk of causing damage to the client, the Bank shall disclose basic nature i.e. sources of the conflict of interest to client, before it enters into the business relation with client, i.e. before initiating rendering services on behalf of and for the account of client.

Such disclosure shall, as the final measure of conflict of interest management, be made in general, i.e. in the manner which does not breach the provisions of business secrecy to other clients.

Gift Policy

Article 29

The Bank Gift Policy defines conflict of interest management when the Bank employees accept gifts and other private benefits offered by clients and other business partners of the Bank, which are considered inappropriate or exceed the limits of usual business relation.

Through employees' reporting of offered business gifts, the Bank shall collect and process data relating to business gifts, as follows: data on identity of client/business partner offering gift to a Bank employee, as well as the type and appraised value of offered business gift.

Processing data on gifts, the Bank shall minimise conflict of interest which may arise from the impact the gift has got to unbiased and legal operation. Any accepted gifts contrary to the Bank Policy shall be forwarded for humanitarian purposes.

CLIENT'S LIABILITIES

Article 30

Client shall, before entering into contractual relation with the Bank, carefully read all conditions offered by the Bank, included in the Bank documents in writing, starting from the General Terms of Business, the offers of the Bank, wording of agreements or agreement annexes, general terms of using certain products submitted by the Bank with the aim of entering into respective legal transaction. Also, the Client shall be entitled to be informed on changes of terms offered by the Bank on a regular basis, and to require any additional relevant information and explanations.

Notification of the Bank

Article 31

Client shall, without any delay, within 15 days at the latest from change occurrence, notify the Bank on the changes of his name and surname, home address, employer's address, authorised person, and on all other changes important for smooth performance of client's operations through the Bank.

Client shall notify the Bank on status and other changes recorded with the Business Register Agency, court or other competent body by submitting evidence on change, within 3 days after decision on change registration has been obtained. Client shall, without any delay, notify the Bank on the change of other elements important for servicing his liabilities to the Bank, such as job change, job loss, income decrease or loss, and other elements.

Client shall also notify the Bank on the change of any data that were reported to the Bank as relevant for the delivery of notification and information which are not included in the officially registered data relating to client, otherwise the Bank shall not bear consequences of failure to report such changes. The foregoing particularly refers to the contact information reported for the purpose of notifying client by the Bank in accordance with regulations and the General Terms of Business, and it shall also refer to any other notifications which are in the best interest of client and the Bank and which include postal address, telephone number, e-mail address, etc.

Client shall also respond to discussion, whenever it is estimated by the Bank that this is necessary, and thus provide relevant information to the Bank.

Article 32

The communication in writing between the Bank and client shall be made to mailing and/or electronic address on which the Bank is notified by the Client, and/or by sending SMS messages to the number of mobile device provided to the Bank.

In case client fails to notify the Bank, in a timely manner, on the change of his address of residence, domicile, seat, as well as other data which may impact regular delivery of notifications by the Bank, all Bank notifications shall be deemed duly submitted if sent to client's address last reported to the Bank, and the obligation of the Bank resulting from the notification shall be deemed executed:

- on the date of delivery of material in writing – mail to the post office to be sent by registered mail,
- on the date of delivery of material in writing – mail to the firm registered and engaged by the Bank for delivery
- on the date of electronic delivery on permanent data carrier which enables data warehousing - e-mail, SMS indicated by client as his contact information.
- on the date of delivery in another way, at discretion of the Bank, unless otherwise has been agreed with client.

Consequences of failing to meet the obligation referred to in the above paragraph of this Article will be borne by the Client.

In case mail/electronic mail sent to client is returned to the Bank due to incorrect data provided to the Bank by the client or out-of-date data, the Bank may stop sending mail in writing/e-mails to client until client notifies the Bank on the change i.e. accurate data necessary for mail delivery.

If it is determined by the Bank that registered numbers of telephone, e-mail, fax, and other electronic contact address do not belong to client or that they are incorrect, the Bank obligation of client notification shall be terminated.

In the case referred in the above paragraph, it will be deemed that client is duly notified if notification has been provided by the Bank to client to the last reported and known address/e-mail/no. of mobile device to the Bank.

Article 33

Documents and notifications submitted to the Bank by client in a foreign language shall, upon the request by the Bank, be submitted as certified translation into the Serbian language, and in some cases foreign documents must be certified by notary and legalised with apostil.

Documents, notifications, and orders as well as any subsequent amendments thereof submitted to the Bank by client must be clear, complete, and unambiguous, legibly filled in/written. Application amendments must include a clear designation and reference to principal application subject to amendment.

Client shall be liable for the damage resulting from non-compliance with his obligations of notifying the Bank, in sense of Article 31 and 32.

Proxy

Article 34

In cases when client has granted proxy to a third party, client must notify the Bank in writing on such proxy, or proxy modification or cancelling.

Client must present the authorised person to the Bank, and original identification documents of third persons (proxy holders) must be provided to the Bank in the form of certified copy.

Proxy holder may not be authorised to further transfer proxy or cancel and/or close account without a special proxy provided by client.

In the events when the issuer of proxy is a pensioner, proxy shall be renewed 1 year after such proxy has been granted.

Article 35

Granted proxy shall be terminated:

- in case of death of client or proxy holder,
- by appointing trustee of account holder, who has given the authorisation (even if he is in partnership with other person),
- the expiry of the term during which the authorisation has been valid,
- proxy revocation/proxy cancellation.

Article 36 Article 36older, revocation shall solely be valid from the date of its presentation to the Bank i.e. when account holder amends or revokes granted proxy in the Bank premises.

Orders to the Bank

Article 37

The Client's orders to the Bank must be legible, clear, unambiguous, provided in writing or otherwise be in conformity with applicable legislation and other regulations and the Bank acts.

If the Bank considers that is not able to execute an order, it shall notify client thereof within reasonable/prescribed period.

The Bank shall not be liable for the damage occurring in the course of order execution if such damage has resulted from additional verification of insufficiently precise orders.

The Bank shall not be liable for damage if order has been executed with due care.

Article 38

Client shall ensure to fully complete the Bank forms when this is necessary to immediately execute order included in the form. The Bank shall have the right not to execute orders unless orders are provided in the forms made or approved by the Bank. In case of incorrect or incomplete information submitted to the Bank by client, the Bank shall not be liable for any loss or damage resulting from such action or failure to act.

Article 39

If client requires urgent order execution, the Bank must be specifically informed thereof by providing order, at the same time.

Article 40

Client must, without any delay, verify the correctness and completeness of statement of current account or other account, as well as all other statements received from the Bank and, with the aim of compliance/correction of any noticed irregularities, he shall notify the Bank thereof.

Article 41

The method and conditions of issuing payment orders shall be specified in the General Terms of Payment Service Provision to Retail Clients and Farmers, General Terms of Payment Service Provision to Entrepreneurs, and General Terms of Payment Service Provision to Corporate Clients.

Client Complaint and other Objections

Article 42

If the Client thinks that the Bank is not in compliance with the obligations set out in the entered into Agreement, good business practice, and the General Terms of the Bank, he may send complaint in writing, electronically, or directly to the Internal Audit Division Head, Quality Unit, or competent body of the Bank (Executive Committee, Managing Board) in line with internal Bank

procedure on the method of treating the Client's complaint.

Competent organisational units which are submitted clients' complaints, their mailing and e-mail addresses, as well as the explanation of the form for claim filing shall be displayed in the Bank teller desks and the Bank Internet presentation.

Article 43

Client shall be entitled to file complaint in writing to the Bank (hereinafter: complaint) if he considers that the Bank fails to be in compliance with the provisions of the Law on the Protection of Financial Service Users, Law on Payment Services, and other regulations governing these services, general terms of business and good business practice related to those services or obligation from agreement entered into with client. Client shall be entitled to file complaint within three years from the day of breach of his right or legal interest. Collateral provider shall also be considered client.

The Bank shall ensure to deliver clear and understandable response in relation to complaint in writing within 15 days from complaint receipt, and shall ensure to inform client on his right to file claim to the National Bank of Serbia in such response.

Exceptionally, if the Bank, due to the reasons which do not depend on its will, is not able to deliver response within the period referred in that paragraph, the period may be prolonged for up to 15 days, on which the Bank shall ensure to inform client in writing within 15 days from the delivery of complaint. The Bank shall ensure to clearly and understandably state reasons of failing to deliver response within 15 days from the day of delivery in such letter, as well as the final deadline for providing response in accordance with that paragraph.

The Bank may not charge fee to client who has filed complaint or any other costs for acting upon complaint.

The Bank shall ensure to provide possibility of filing complaint, or the possibility of introducing client or provider of collateral with the manner of filing complaint and the manner of handling complaints in the business premises of the bank and on the Internet page.

The National Bank of Serbia shall specify the manner of filing complaint, as well as acting upon complaint by financial service provider.

Article 44

In case client is not satisfied with response to complaint, or if complaint is not delivered within the period referred in such Article, client may, prior to the initiation of legal proceedings, submit claim to the National Bank of Serbia in writing (hereinafter: claim), if he considers that the Bank fails to comply with the Law on the Protection of Financial Service Users, other regulations governing these services, general terms of business and good business practice related to such services or obligations from agreement entered into with client and/or person filing complaint. Client may file claim within 6 six months from the day of receipt of response or upon the expiry of the period referred to in paragraph 1 of this Article.

Upon receiving claim, the National Bank of Serbia will request the Bank to comment claim allegations and provide adequate evidence - within the period set out in its request, which may not be longer than eight days from the day of the receipt of this request. After the Bank provides comments to claim, the National Bank of Serbia may request additional comments, or the provision of adequate evidence by the Bank within the period set out in its request.

The National Bank of Serbia shall inform client on finding under claim within three months from the day of claim receipt, and in more complex cases, such period may be prolonged by maximum three months, on which the National Bank of Serbia shall notify the User in writing prior to the expiry of the original term.

The National Bank of Serbia shall set out the manner of filing claim, as well as the manner of acting upon it.

Article 45

In case client is not satisfied with the response to complaint or such response has not been delivered to him within the prescribed deadline, disputable relation between client and the Bank may be solved in extra judicial proceedings – mediation procedure.

After the mediation has been initiated, client may no longer file claim unless this mediation has been terminated by suspension or waiver, and if claim has already been filed - the National Bank of Serbia shall halt acting upon claim, or suspend it if mediation has been completed by an agreement. The period for filing claim shall not run during mediation procedure.

Mediation procedure shall be initiated at the proposal of one party in dispute, accepted by another party. This proposal must include due date for the acceptance thereof, which may not be longer than 5 days from the day of submitting such proposal. Mediation procedure shall be confidential and urgent. The parties in dispute may make decision to implement mediation before the National Bank of Serbia or other authority or person authorised for mediation.

Mediation procedure before the National Bank of Serbia shall be free of charge for parties in such procedure. Mediation procedure before the National Bank of Serbia shall be implemented by the National Bank of Serbia personnel - mediators, who have been nominated as mediators under decision of authorised authority in the Republic of Serbia, i.e. who have mediator license and are in the list of mediators. Mediation procedure may be terminated by agreement of parties, suspension or

waiver.

Agreement of parties made in mediation procedure before the National Bank of Serbia shall be made in writing. This agreement shall have the force of enforcement document if it contains statement of debtor accepting enforcement upon maturity of certain liability or fulfilment of certain requirement (execution clause), signatures of both parties and confirmation of enforceability provided by the National Bank of Serbia, for which there is no requirement of certification court or a notary. Initiation and implementation of mediation procedure between client and service provider shall not exclude or impact exercising the right of court protection, in accordance with the law.

Article 46

In case of other reports and notifications sent by the Bank, complaint must be submitted to the Bank not later than 15 days from the date of receipt of disputable document or from the date of awareness of complaint grounds. The Bank shall undertake to provide response to the Client who has submitted complaint in writing within 5 days.

The method of filing complaints relating to payment services is defined in the general terms of payment service provision.

Should the Client fail to submit complaint or objection to the Bank within the above-mentioned terms, it shall be deemed that he agrees with the content of the documents received from the Bank.

The Bank shall not be liable for any adverse effects resulting from the Client's delay when filing complaint.

Article 47

The Client shall, without any delay, notify the Bank that he has not, within expected period, received the document, which, in line with the agreement, the Bank should have submitted (statement of current and other account, various calculations, and the like).

The Bank shall not be liable for the damage that may occur due to the omission of the receipt of document unless it has been notified on such omission without any delay.

Collateral

Article 48

The Client shall, upon the Bank's request, provide adequate collateral of the Bank receivables.

Collateral is one of the most important factors for mitigating risks. Certain collateral for risk mitigation shall be specifically valued by the National Bank of Serbia, therefore the Bank shall particularly request client to obtain such collateral.

Article 49

If the collateral provided by the Client is insufficient or if it, in the course of the duration of agreed liability, becomes inadequate for the cover of the Client's current liabilities, the Client shall, upon the request by the Bank, supplement or replace such collateral. Each such request shall be provided by the Bank in writing, stating reasons thereof.

If agreement between the Bank and Client defines the collateral in the form of mortgage over real estate or pledge to movable property, the Client shall submit the Bank the assessments of market value of real estate and/or movable property and insure them and assign insurance policy in favour of the Bank.

Assessment/s of real estate and/or movable property market value and insurance/s of subject of the right of pledge and policy assignment in favour of the Bank shall be set out in the Bank Business Policy Acts. Assessment validity shall be 3 (three) years from the date of enforcement. Insurance of real estate and/or movable property and policy assignment shall be made on an annual basis during contractual relation duration between the Bank and the Client.

During contractual relation both parties may initiate swap of established collateral in accordance with regulations and internal acts of the Bank.

Failure to Fulfil Contractual Obligations by Client and Agreement Termination

Article 50

Should client, upon notification delivery, fail to settle due liabilities, the Bank shall have the right to declare its receivables due and to require the collection of overall receivables. Such a notification shall be made by the Bank in writing stating reasons for agreement termination/receivables collection.

Article 51

The Bank may collect amount of debt from available funds from any other client's account and guarantor with the Bank up to the amount of his due liability.

Article 52

The costs the Bank has in possible legal action shall be collected in line with court decision.

Any judicial or extra judicial costs the Bank bears if it is involved in legal actions or litigations between client and third party, shall be borne by client and his account shall be debited on the basis of them.

Client shall bear all costs of the Bank incurred for the purpose of collection of due claims from clients.

Article 53

Client and the Bank may terminate contractual relation in line with the provisions of these General Terms, general terms of payment service provision, and in line with individual conditions defined in agreement.

Legal effect of the termination of the contractual relation shall start to run from the date of termination notification delivery unless otherwise explicitly agreed.

Article 54

For current/payment account transactions, the Bank may terminate contractual relation even unless this is explicitly defined in agreement in the following cases and in the following manner:

- when current/payment account has got a continuing negative balance without continuing inflows for one year, when there is negative balance accumulated due to the non-settlement of fees for account maintenance, in which case the Bank shall close the account without any special notification on closing thereof to client,
- when current/payment account has got a continuing negative balance without continuing inflows up to one year, when there is negative balance accumulated due to the non-settlement of fees for account maintenance, in which case the Bank shall close account without any special notification on closing to client,
- when current account is dormant (without any inflows and outflows i.e. with zero balance) longer than 12 months from the date of the last inflow/outflow.

For current account transactions the Bank shall reserve the right to block outgoing payments from client's account in case that the client:

- fails to act in accordance with the provisions referred in the Law on Payment Services which define obligation to report status and other changes which are registered at other authorities and organisations and the submission of relevant documentation to the Bank in which such change is verified and proven
- fails to act in compliance with the requirement of the Bank and provisions of these General Terms of Business in terms of reporting other data which are not covered in the above indent and are of importance to contractual relation in accordance with regulations and safety of operation of client and the Bank, in particular regarding the know your client procedure and other regulations which require renewal of relevant documentation upon their expiry or according to the regulations themselves irrespective of the validity of applicability of data and documents.

The above-mentioned blocking shall be performed until client meets the requirements of regulations or requirements of the Bank or until decision is made by the Bank or client to terminate contractual relation.

Article 55

With reference to all business relations the Bank may terminate contractual relation even if it is not explicitly defined in agreement in the following cases and in the following manner:

- in the event that client fails to meet the requirements of regulations and internal procedures of the Bank in relation to regulations which refer to the field of knowing client and the prevention of money laundering and terrorism finance
- in the event that, according to the evaluation of the Bank expert service, a significant reputation risk is recognised in relation to client and his related persons.
- in the event there is an investigation procedure regarding client or his related persons which may affect the Bank operation to a considerable extent or the Bank becomes aware of client or his related persons who may pose a potential financial crime risk.

ASSESSMENT OF CLIENT

Article 56

With the aim of the implementation of the regulations governing the prevention of money laundering and terrorism finance, with the aim of the protection of the Bank and its clients and with the aim of effective assessment of clients' needs, the Bank shall implement the procedures ensuring client identification and assessment of clients' creditworthiness.

Client Identification

Article 57

Client shall, in line with the regulations and internal Bank procedures, submit specific documentation to the Bank, as follows:

- prior to establishing any business co-operation with the Bank,
- in the course of any transaction (cash or cashless) or several mutually related transactions in the total amount of EUR 15,000 or higher in RSD equivalent, at the official middle exchange rate of the National Bank of Serbia as of the date of

execution

- in the course of any exchange transaction in the amount of or exceeding EUR 5000 in RSD equivalent,
- in the course of any other transaction, irrespective of its value, if the nature of transaction is such that it requires additional verification by the Bank expert services in terms of funds grounds and sources.

Necessary documentation client shall submit shall be displayed by the Bank on its Internet presentation as well as at the Bank teller desks in the form of the list of necessary documentation for opening certain account type, which is available to clients. The documentation list shall also include the method of submitting documents (original, copy, etc.), as well as how old such document may be, method of certification, and other important elements the client shall adhere to in the course of documentation submission.

The Bank shall reserve the right to reject business cooperation with client in the event that submitted documentation fails to comply with requirement of the Bank.

In addition to the documentation list, the Bank shall reserve the right to request additional documentation and information from client as condition for establishing business co-operation.

Special notes:

Minimum documentation for private individuals

Copy of personal document (ID or passport) including the presentation of original for examination for: client who is private individual and entrepreneur opening account or establishing contractual relation with the Bank, employee, or proxy holder who opens account for private individual/entrepreneur/legal entity, and legal representative of private individual and entrepreneur.

For client – minor: excerpt from birth certificate or decision on guardianship, and for adults under guardianship – decision on guardianship.

In exceptional cases, the Bank may, with the aim of client identification, also use record book and ID for foreigners. The client shall also provide other information to the Bank and submit additional documentation upon the Bank request.

Special conditions for corporate clients and entrepreneurs

All corporate clients and entrepreneurs shall complete Statement on Ownership Structure, which shall be an integral part of application for account opening, as well as submit the documentation relating to them, as well as to all corporate clients and private individuals referred in Statement on Ownership Structure.

Respective documentation list shall vary depending on legal entity type (corporate client, entrepreneur, activity, ministry, foreign representative office, resident, non-resident, etc.) and on the type of account opened (RSD, FX, escrow, etc.).

Legal entity – non-resident shall submit original or certified copy of excerpt from registry of country of its registered office, on an annual basis, which is not older than three months, as well as document translation into the Serbian language, certified by court interpreter. Transactions of client which has not renewed the documentation shall not be executed until client submits necessary documents.

The Bank may establish the business relation with client – legal entity – only after ownership structure has been duly determined as follows: client, client's founders, their founders up to the person – private individual (or several of them) who are owners of 25% of shares or other proprietary rights with corporate client or have got a predominant role – control of client – legal entity.

Article 58

The Bank may also require the following from client:

- to state reasons for account opening or business co-operation establishing, and information on client's activities;
- agreement subject matter and parties if transaction is executed on the basis of agreements entered into;
- information on the origin of money or property subject to the transaction;
- information on the expected turnover on account;
- evidence on paid tax
- name and surname, date and place of birth, domicile of private individual who is the holder of at least 25% of interest, shares or other rights on the basis of which he has got interest in legal entity's management, and/or has interest capital of legal entity with at least of 25% of participation and has a predominant position in legal entity's assets management,
- other data deemed necessary in sense of acting in compliance with the Law on the Prevention of Money Laundering and Terrorism Financing and internal acts.

Article 59

The Bank shall restrain from establishing business relation with client and it shall reject executing transaction and it shall have a possibility to terminate the existing business relation in the event that client fails to submit complete or updated

documentation and in the event that it is not possible to determine the identity of client's beneficial owner in a satisfactory manner

The Bank shall report any transactions of client to Anti-Money Laundering Administration pursuant to the provisions of the Law on the Prevention of Money Laundering and Terrorism Financing.

Documentation and Data Significant for the Assessment of Client Creditworthiness

Article 60

With the aim of correct assessment of client creditworthiness, generation of long lasting successful business co-operation, and clear assessment of client needs, it is in the interest of client, at initial submission of loan application, as well as during the whole period of loan utilisation, to provide updated data to the Bank as follows:

- status documentation (for corporate clients – basic decision of incorporation, all decisions verifying status changes, excerpt from the register of business entities, for natural person – copy of ID and/or passport, for entrepreneur – excerpt from the Business Register Agency or business incorporation decision, for farmer – excerpt from farm register);

- for corporate clients – financial statements of the last two accounting periods and interim balance sheet for the current year prior to claim origination, as well as financial statements for all accounting periods until complete claim settlement, including auditor's report of clients for which this is stipulated in the law, excluding start-ups; the documentation referred herein is also required in the event that corporate client has related entity/ies and guarantor/s.

- consent to the Bank for obtaining reports of Credit Bureau on liabilities and due settlement of existing client liabilities and those of related entities and guarantors ;

- for governmental institutions – annual financial statement of budget fund users, decisions on exposure and data necessary to the Bank for the analysis of investment cost-efficiency (business plan, financial projections, assessment of the period of investment return, and analysis of project sensitivity to risks);

- for entrepreneurs and farmers – decision on tax debt and taxes paid in the last twelve months, and data on generated turnover in the past twelve months, entrepreneur who pays income tax from private business in relation to flat income rate and data on generated turnover for the last 12 months, and for entrepreneurs using single entry bookkeeping or double entry bookkeeping, also, profit and loss statement and/or balance sheet, profit and loss statement and statistical statement for the last two accounting periods and interim balance sheet for current year, prior to claim occurrence, and financial statements for all accounting periods until full claim settlement; documentation referred herein shall be necessary in case that entrepreneur has related person/s and guarantor/s

- for private individuals – evidence on employment, salary, or pension of client in the past three months issued and stamped by employer (payroll sheet) including statement that they may be used for the verification of paid taxes and contributions, and, as necessary, data on average annual income in the past twelve months, including assessment of client's assets;

- other data assessed and as required by the Bank, where other personal data, which could be deemed as especially sensitive in sense of the Law on Data Protection, shall be provided by client including explicit acceptance in writing.

Article 61

Inquiry on exposure provided to the Bank by the Credit Bureau of the Serbian Bank Association shall be obtained with client's consent in writing. On the basis of data from this Inquiry, the Bank shall verify the balance of total client exposure. The objective is to assess client's actual possibility to be further exposed which will not affect his financial situation. Final decision on service provision and/or credit product approval shall be made by the Bank.

DEPOSITS

Article 62

Cash deposits shall include the cash corporate clients, entrepreneurs, and private individual deposit with the Bank on the basis of the Agreement, application for funds depositing, or on the basis of the obligation stipulated by the Law.

Deposits may be in RSD and foreign currency, and in RSD including currency clause. Cash deposits may be transaction, at sight, and term deposits, including notice period and excluding notice period, escrow or non-escrow.

The Bank shall retain its right to, in line with the Bank acts, prescribe minimum amounts of term deposit, interest rate, terms, and other conditions.

The Bank shall prescribe general conditions or it shall individually agree a number of days for obligatory prior notification of the Bank by client on the intention of deposit withdrawal.

Article 63

The Bank shall, in conformity with Law on Deposit Insurance, undertake to insure deposits of private individuals, farmers, entrepreneurs, and small and medium corporate clients to the amount of EUR 50,000 (insured amount) in RSD counter value at the middle exchange rate applicable on the date of passing decision by the National Bank of Serbia on meeting conditions for initiating bankruptcy procedure against the Bank. The above-mentioned amount shall ensure assets recovery per one client, or total deposit placed by client with the Bank, but not based on individually agreed deposit transaction of client.

The following deposits of private individuals/farmers/entrepreneurs, and small and medium size corporate clients shall not be insured, and the recovery of these deposits shall not be secured in case of the bankruptcy of the Bank (termination of existence):

- deposits of corporate clients or private individuals related with the Bank, in sense of the law governing banks;
- which are made out to code or to bearer,
- originated as the consequence of money laundering or terrorism finance, as defined by the law,
- which have, in the past three years, performed audit of the financial statements of the bank in bankruptcy, as well as the audit of the persons related with the bank in bankruptcy, in sense of the law governing banks;

Based on deposit insurance, the Agency for Deposit Insurance shall receive insurance premiums from banks, and in case of their bankruptcy, deposit recovery shall be ensured to the clients who have deposited assets up to the insured amount as a minimum. In case client has got any outstanding payments to the Bank, they shall be offset with the deposit at the Bank as of the date of passing decision by the National Bank of Serbia on meeting conditions for initiating bankruptcy procedure against the bank, and only the difference of deposit higher than outstanding payment shall be paid.

To exercise the right based on deposit insurance in case of the bankruptcy of the Bank, client shall submit application for payment of insured amount to the Agency, submit evidence on deposit accompanying this application (agreement on cash deposit, on savings deposit, on bank current account, passbook, decision on inheritance, etc.).

The Agency shall execute payment within 90 days following the date of application submission at the latest.

Client request for the payment of insured deposit amount may not be submitted after the expiry of three years from the date of passing decision by the National Bank of Serbia on meeting conditions for initiating bankruptcy procedure against the bank.

Client shall not be entitled to the payment of insured amount if such insured amount has been paid to him during the process of the winding up of the bank and if, after this payment, the bankruptcy procedure has been initiated against the bank.

LOANS

Article 64

The Bank shall approve loans in RSD, in RSD with currency clause, and in foreign currency to creditworthy clients in line with the procedures and other acts of the Bank.

Credit products indexed in FX disbursed to private individuals, farmers, and entrepreneurs shall be disbursed and repaid at the NBS middle exchange rate on the date of annuity payment, in accordance with loan repayment schedule which shall be an integral part of Credit Product/Loan Agreement.

The Bank shall approve loans by assessing reasonableness of filed application according to creditworthiness and on the basis of other relevant factors determining client operation in relation to the activity performed. By assessing the reasonableness of filed application, it shall also suggest more secure financial arrangements to its clients which and provide better financial effects.

Submission of documentation required by the Bank with the aim of assessing client creditworthiness, as well as with the aim of gaining knowledge about client's respective needs, based on which client shall also be enabled consultancy relating to finance development, shall be a necessary but not sufficient condition for obtaining required loan or other service of the Bank with which client is directly or indirectly financed.

Decision on approving loans, guarantees, and other placements, shall be, at the proposal of expert services, made by the Bank Credit Committee within its authorisations and/or by the Bank Managing Board.

Decision on approving loans where the Bank is only an intermediary rather than direct lender (such as loans approved by relevant Ministries or Funds of the Republic) shall be made by competent bodies that are direct lenders i.e. the Ministries, Funds, etc.

Article 65

The purpose of loan utilisation by corporate clients and entrepreneurs must be in line with the activity type dealt with by client, in line with the Bank acts and legislation.

Purpose of loan utilisation by private individuals shall be defined in individual decisions and/or agreement entered into with client.

The Bank may control specific utilisation of approved funds and implementation of other obligations in agreement by borrower, as specified and according to the procedure defined by legislation and the Bank acts.

Article 66

The Bank may, in line with the agreement with client, define maintenance of loan value by applying inflation rate expressed through consumer price index according to the official data of the Statistical Office of the Republic of Serbia.

SECURITIES AND CUSTODY OPERATIONS

Article 67

The Bank shall offer services of depository and/or custody operations. Custody transaction means provision of services regarding transactions for which depositaries and experts shall be required to perform services following trade or investment, especially regarding investment, pension funds, and insurance companies. Such services shall include:

- opening and maintaining securities accounts which constitute the assets of open-end fund at the Central Securities Depository and Clearing House (hereinafter: Central Registry), on its behalf, and for the account of members of open fund (custody account)
- opening and maintaining securities accounts which constitute assets of closed-end fund at the Central Registry, on behalf and for the account of closed-end fund;
- opening and maintaining securities accounts at the Central Registry on behalf of custody bank, and for the account of legal holders – its clients;
- opening and maintaining securities accounts at the Central Registry on behalf of its clients who are not legal holder of such securities, and for the account of legal holders;
- opening and maintaining securities accounts at the Central Registry on behalf of and for the account of legal holders who are clients of management company (management account)
- opening and maintaining investment fund account, collecting incoming payments for investment units, transfer of funds when investing assets, and outgoing payment regarding investment unit redemption;
- executing orders for assigning rights from securities and order for registering third-party rights to securities and taking care of the assignment of rights arising from such securities;
- executing orders of management company for buying and selling of investment fund assets unless they are contrary to the law and fund prospectus;
- notifying management company on executed orders and other activities taken relating to investment fund assets;
- control and verification of calculated net value of assets of open-end and closed-end fund, value of investment unit i.e. net asset value per share;
- control of calculation of open-end fund yield;
- collection of claims from issuers based on due securities, interests, and dividends for the account of legal holders of such securities and taking care of exercising other rights of legal holders of securities which are its clients;
- based on authorisation of client, taking care of the fulfilment of clients tax liabilities regarding securities;
- notification to management company on corporate activities with regard to investment fund assets or to client whose assets are managed by such company;
- notification to the Commission regarding identified irregularities of management company transactions with regard to fund management, immediately upon identifying such irregularities;
- other operations in accordance with the law.

The Bank is the member of the Central Securities Depository and Clearing House, and it has got the operating license of the Securities Commission for the account of client, for executing client order and for performing other operations in conformity with the Law on Investment Funds. The Central Securities Depository and Clearing House is a joint stock company performing operations of single records of legal securities holders and operations the calculation and set-off of liabilities and claims on the basis of securities transactions.

FX AND MONEY MARKET OPERATIONS

Article 68

The Bank, within the domain of collecting financial resources, has got an active relation with the market and clients, providing contemporary forms of fund raising, advising clients on pointing out advantages these instruments have to the financial effects of client's operation, liquidity, and assets utilisation efficiency.

The above instruments shall include FX Spot Transaction, FX Forward, and FX Swap Transaction enabling clients to execute their liabilities in desired currencies or particular hedge in line with the Law on Foreign Exchange Transactions.

CARD BUSINESS

Article 69

The Bank shall issue payment cards to the Bank clients. Card is payment instrument for funds disposal from card holder's account in electronic form and the instrument for obtaining information on holder's account as well as for using other electronic services.

Transactions that may be executed using card may be in cash and cashless, and client's account may be debited at the moment of transaction execution or for deferred term using the principle of reserving funds on client's account.

Cards may be debit and credit, valid in Serbia and internationally.

Debit card is payment instrument for electronic transaction execution where client's account debiting is made at the moment of transaction execution, up to the maximum amount available on client's account.

Credit card is payment instrument for electronic transaction execution, where payment for card holder becomes due after particular agreed term, up to the maximum amount approved to client for utilisation as loan, where such amount is tied to respective card type.

The method and procedure of payment card transactions shall be governed in the general terms for payment service provision.

PAYMENT SERVICES

Article 70

In line with the Law on Payment Services and by-laws in this field, the Bank shall execute all RSD payments.

Direct execution of payment services shall be made based on Framework Agreement on Payment Services. This agreement and the documents which shall be an integral part of Framework Agreement on Payment Services shall govern mutual rights and obligations of the Bank and client.

Specific conditions and methods of payment service execution shall be set out in the general terms of payment service provision.

Article 71

The Bank shall make daily statement on account balance and any implemented changes, which is to be provided to client – corporate client or entrepreneur to reported address or registered e-mail, and to private individual/entrepreneur/farmer in the manner defined in agreement.

The Bank shall make statement on account balance and any implemented changes and deliver it to client – private individual on a monthly basis, in the manner agreed with client.

In conformity with the law, the Bank shall perform and execute enforcement orders as well as other transactions regarding enforcement from client account.

The Bank shall, in accordance with Law on Bill of Exchange, also execute payment transactions based on bill of exchange. Payment transaction based on bill of exchange shall be a transaction where payee initiates transaction for debiting payer's payment account based on bill of exchange and payment order requesting transfer of funds from payer's account to his account.

Article 72

In line with applicable regulations and authorisation of the National Bank of Serbia, the Bank shall execute international payments.

Foreign currency and/or foreign payment currency shall be used for payment, collection, and transfer from the Republic of Serbia to abroad. The Bank, as well as a bank abroad receiving the money, shall charge commission for transfer costs. The Bank shall set out exact amount of these costs in its Price Lists.

Payment, collection, and transfer in Serbia shall solely be made in RSD. The exceptions in which transfer, payment, and collection in the Republic of Serbia may be made in foreign currency are defined in the Law on Foreign Exchange Transactions.

Article 73

The Bank shall execute international payments and/or clients' orders executed through foreign banks, in line with international SWIFT standards and Standards for the Prevention of Money Laundering and Terrorism Finance.

The above-mentioned standards shall apply to all banks participating in international payment, thus, each member bank in client transaction shall be entitled to reject a transaction in line with the above standards and local regulations of its country. In such cases, Erste Bank shall reserve the right to reverse booked payments to the account of beneficiary and/or to request the return of funds from beneficiary in the event of lack of cover for certain payment transfer from abroad.

E-BANKING

Article 74

E-banking is a banking product enabling clients to satisfy their needs for particular services without physically coming to the Bank – electronically, without delivering accompanying documentation relating to transactions, excluding transactions in the value of or exceeding EUR 15000, for which it is obligatory to submit original agreements (transaction grounds) within two days upon transaction date. E-banking shall also include transfer of funds between RSD and FX account of the same client through exchange transaction.

The services offered in this way shall constantly be available for 24 hours, 7 days a week, 356 days in year.

Users of these services may include corporate clients, entrepreneurs, farmers, and private individuals in line with agreements entered into.

Electronic payment system is the service enabling clients to execute transactions in RSD on line, to receive information on account balance, received inflows, etc., at the time and from the place most favourable to client.

ELECTRONIC MONEY

Article 75

The Bank shall issue electronic money through Visa electron gift card.

Visa electron gift card (hereinafter: Card) shall be a prepaid payment instrument, on which electronic money is magnetically stored equivalent to pre-paid money value to account the Card is tied to.

Electronic money means electronically (including magnetically) stored money value which is cash claim from the Bank as the issuer of such money, issued upon the receipt of money value by Card Client/User for the purpose of executing payment transactions.

Methods and conditions of electronic money are specified in General Terms and Conditions of Electronic Money Issuance and Visa Electron Gift Card Issuance and Use and in individual agreement created for this product.

BROKER-DEALER TRANSACTIONS

Article 76

The Bank shall perform operations of the authorised Bank in line with the Decision on Authorisation for performing these transactions by the Securities Commission.

As a member of the Belgrade Stock Exchange and the Central Securities Depository and Clearing House, in line with the provisions of Articles 147 and 211 of the Capital Market Law, the Bank may perform the following operations:

- investment services and activities which refer to all financial instruments:
 - (1) receipt and transfer of orders which refer to purchase and sales of financial instruments;
 - (2) filling order for the account of client;
 - (3) trading for own account;
 - (4) investment advisory;
- additional services:
 - (1) custody and administration of financial instruments for the account of client, including custody of instruments and services related to it, such as administration of cash funds and collateral;
 - (2) loan and borrowing approval to investors to be able to make transactions of one or more financial instruments when company is a lender involved in a transaction;
 - (3) services of foreign currency transactions with regard to investment services provided;
 - (4) research and financial analysis in the field of investments or other forms of general recommendations regarding transactions in financial instruments;
 - (5) investment services and activities as well as additional services which refer to the basis of derivative financial instrument in line with the law and in relation to the provision of investment services and activities and supplementary services.

Article 77

Conditions and methods of performing the operations referred to in the above Article, types of client orders, methods, conditions and sequences of executing client order, mutual rights and obligations of the Authorised Bank and client, code of ethics, fee tariffs, and other issues significant for the operation of the Authorised Bank are defined in the Rules of Operation of the Broker-dealer and Investment Advisory Department of Erste Bank a.d. Novi Sad and the Rulebook on Tariff of the Authorised Bank Erste Bank a.d. Novi Sad.

The above rules of operations and tariff rulebook may be downloaded on the Bank Internet presentation as well as taken at all points of sale of the Bank.

INVESTMENT BANKING

Article 78

The Bank shall perform investment banking operations i.e. corporate finance operations providing clients active advice regarding investments on capital markets, most often in cases of **mergers and acquisitions – M&A**. The advisory services of such type may cover complete M&A process, from negotiations with potential investee, through coordination of all bidders, up to the issuance of securities i.e. entering into agreement, and complete agreement implementation.

Investment banking operations shall be performed in coordination with Erste Group Investment Banking.

OTHER BANKING OPERATIONS

Article 79

The Bank shall perform operations on behalf of and for the account of third parties – the Bank clients.

In conformity with the Law on Bill of Exchange, within its credit potential, the Bank may guarantee and accept bills of exchange for regular execution of liabilities of the Bank clients.

The Bank shall register international credit transactions on behalf of and for the account of client, with the National Bank of Serbia.

The Bank shall also perform other operations standard in the bank operation:

- receipt of cash transfers from abroad (Western Union or other money transfer processor) as the representative of payment institutions having the NBS license for executing these transactions
- retail safe boxes
- exchange transactions – buying and selling of FX cash
- international payments – foreign cheques, loro payment transfers, nostro payment transfers
- execute client's direct debits
- guarantee transactions (guarantees for the Privatisation Agency of the Republic of Serbia, other guarantees in line with law, customs duty guarantees, and other types of guarantees)
- other standard banking services.

BANK SERVICE PRICES

Article 80

The Bank shall define, calculate, and collect service prices in line with the Price Lists.

The level, nature (variability), and period to which the Bank service price is related, method, schedule, and deadlines of calculation, as well as collection schedule and terms shall be defined in agreement and/or Price List. Agreement shall also specify default interest and any other costs, such as indexation and revaluation (currency clause).

Individual agreements shall specify possibilities of loan prepayment, prepayment costs, as well as terms and methods of defining prepayment of a part or the whole loan.

Nominal Interest Rate

Article 81

Nominal interest rates shall be defined within the Price Lists.

Nominal interest rate may be uniform or composite.

Nominal interest rates for deposits shall be presented in percentage with two decimal places per annum. Annual interest rate shall imply the period of 360/365/366 calendar days, and monthly shall imply the period of the number of days in given month for which interest shall be accrued.

Nominal interest rates for **credit products of private individuals, entrepreneurs, and farmers** shall be presented in percentage with four decimal places per annum. Annual interest rate shall imply the period of 360/365/366 calendar days, and monthly rate shall imply period of the number of days in given month for which interest shall be accrued.

Nominal interest rate shall be calculated using compound interest method and linear interest calculation method. Method of calculation shall be defined in agreement.

Single nominal interest rate shall be presented in percentage.

Composite nominal interest rate (agreed variable nominal interest rate) shall contain two elements: reference interest rate (EURIBOR, LIBOR, BELIBOR, reference interest rate of the National Bank of Serbia) and margin.

With regard to contractual relations with corporate clients and micros, the Bank shall agree a clause of the variability of single interest rate or margin for composite interest rate. The above variability clause shall enable the Bank to, in exceptional cases resulting in substantial changes on the market, adjust interest rates upward or downward.

The exceptional cases resulting in significant market changes may include:

- change in price of sources of funds from which the Bank is financed which is determined by the Bank financier,
- amendment of statutory regulations or the NBS acts,
- change in the situation of the state resulting in the change of country risk (rating), which positively or negatively impacts the rating of funds offered to the Bank by foreign financiers,
- liquidity and, in general, financial standing of the Bank corporate clients which impacts the price of investment risk,
- change in the competition offer trend.

The Bank shall reserve the right to, during the whole period of contractual relation, change the level of agreed single interest rates and margins for which variability clause is agreed. 15 days prior to the application of new interest rate, the Bank shall notify client thereof including the explanation of reason.

Irrespective of previously stated reasons, the Bank shall reserve the right to change the agreed interest rate for all clients in the event of non-specific use of disbursed funds.

With regard to contractual relations with private individuals, entrepreneurs, and farmers the Bank shall agree nominal interest rates as follows:

- single nominal interest rate agreed as non-variable (fixed) which may only be changed during contractual relation upon consent in writing by contractual parties, and
- composite nominal interest rate consisting of reference interest rate which is officially declared and whose level shall not depend on the will of contractual parties (EURIBOR, LIBOR, BELIBOR, reference interest rate of the National Bank of Serbia) and margin which is fixed which may only be changed during contractual relation upon consent in writing by contractual parties.

Article 82

Composite interest rate shall, contrary to single interest rate, include variable element in itself (reference interest rate) which does not depend on the Bank business policy, but on the movements conditioned by the market which may not be influenced by the Bank or market.

Interest rate may be fixed or variable. Variable nominal interest rate shall be an interest rate whose amount shall depend on contractual variable elements, i.e. variable and fixed, whereby variable elements shall be those which are officially published. The nature of variable rates must be such that they may not be influenced by unilateral will of either party.

Reference interest rate (variable element of composite interest rate) may be: EURIBOR, LIBOR, BELIBOR or the reference interest rate of the National Bank of Serbia. The Bank shall display notice regarding fluctuation of values of the agreed variable elements – reference interest rates, in its business premises.

EURIBOR is interbank reference interest rate applied in Euro Zone. It is determined by European Banking Federation and Financial Market Association. It is computed as the average of the interest rates within top panel banks offering funds for defined term, and it is published in Brussels on a daily basis and applied for two business days from the date of publishing. Depending on the term of offered funds, one-, two-, three week, monthly, quarterly, semi-annual, etc., EURIBOR is distinguished. Official data on the EURIBOR value are provided by Reuters, and the information may be found on the Internet page: www.euribor.org/html/content/euribor_data.html

The Bank usually applies monthly, quarterly, and semi-annual EURIBOR including monthly, quarterly, and semi-annual updating of this datum. The frequency of change (updating) of this interest rate determines the frequency of the change of the total nominal interest rate.

LIBOR is a daily base rate based on the interest rate offered by the banks for lending to other banks on London banking money market. It is published by British Bankers Association on every business day. Depending on the term of offered funds, one-, two-, three week, monthly, quarterly, semi-annual, etc., LIBOR is distinguished. Official data on the LIBOR value are provided by Reuters, and the information may be found on the Internet page: <http://www.bba.org.uk/bba/jsp/polopoly.jsp?d=141&a=627>

The Bank applies monthly, quarterly, and semi-annual LIBOR including monthly, quarterly, and semi-annual updating of this datum. The frequency of changing (updating) this interest rate determines the frequency of the change of the total nominal interest rate.

BELIBOR is the reference interest rate for RSD funds offered by the banks' Panel, on Serbian interbank market. BELIBOR rates are calculated on Reuters system and announced every day at 11:00 a.m. i.e. at 11:15 a.m. as the arithmetic mean of the quotes which have remained after the elimination of the highest and lowest rate, with two decimal places. BELIBOR rates are announced on www.thomsonreuters.rs every business day at 11:30 a.m.

The Bank applies monthly, quarterly, and semi-annual BELIBOR including monthly, quarterly and semi-annual updating of this datum. The frequency of changing (updating) this interest rate determines the frequency of the change of the total nominal interest rate.

Reference interest rate of the National Bank of Serbia is a benchmark interest rate on the basis of which the values of the interest rates for money market operations are determined. It is the highest i.e. the lowest interest rate applied by the National Bank of Serbia in the process of executing repo transactions of selling or buying securities with the maturity from 12 to 16 days. It is published by the National Bank of Serbia, and it may be seen on the NBS Internet page: http://www.nbs.yu/export/internet/cirilica/30/30_4/30_4_5/index.html.

The change of this interest rate is made by the National Bank of Serbia, the intervals are neither specified nor determinable. Published reference interest rate remains applicable until the next official change.

Effective Interest Rate

Article 83

The Bank, in its contractual relation with private individuals, farmers, and entrepreneurs, in conformity with the central bank regulations, shall, in a unique manner, calculate and announce interests and other costs of bank services. In line with the above, the Bank shall announce and calculate the effective interest rate. The effective interest rate helps clients to compare actual loan/deposit price among various offered products of banks.

The effective interest rate is discount rate which equalises, on an annual basis, present values of all cash flows i.e. present values of all cash receipts with present values of all cash expenditures on the basis of financial service use, which are known at the moment of presenting this rate.

Cash flows referred to in the previous paragraph shall include:

- all repayments and outgoing payments of loans/lease/deposits;
- costs payable by user of financial services (for example, interests, fees, taxes, etc.), i.e. benefits received (interests and other unconditional benefits);
- costs related to secondary services which are condition for financial service use i.e. for the use thereof in a specific manner (for example, costs of life insurance, property and personal insurance, costs of opening and maintaining account if it is the same condition applicable to the use of financial services, costs of signature authentication, costs of registration of security rights over real estate, etc.

If account opening is a condition for financial service use, then cash flows referred to in paragraph 1 of this Article shall include costs of opening and maintaining such account as well as all costs related to executing such cash flows.

Cash flows referred to in paragraph 1 of this Article shall not include:

- costs incurred as a result of non-compliance with contractual stipulations;
- costs incurred in relation to the purchase of commodities irrespective of whether payment is made in cash or in any other manner.

Calculation of the effective interest rate shall be based on the following assumptions:

- financial service agreement shall remain in force during the agreed period;
- contractual parties shall honour a contract and it shall be done within the time limits as set out in such agreement;
- nominal interest rate and other costs shall remain unchanged until the end agreement validity.

With regard to loans approved against deposits as collateral, such deposited funds (deposit cash flows) shall also be included in the calculation of the effective interest rate on such loans.

The effective interest rate shall be disclosed in per cent with two decimal places, rounding the second decimal place, and shall be valid until the calculation date.

Article 84

The Bank shall, within its offer, upon the inquiry of client who is a private individual, farmer, entrepreneur on deposits received and loans approved, in clear and unambiguous manner, disclose the data included, as well as specific data not included in the effective interest rate calculation.

The data not included in the effective interest rate calculation, not known as of the date of entering into agreement, but which may occur in the course of agreement validity, shall also be the cost borne by client. The most significant data with such impact shall, if agreed, include revaluation and indexation. These are the two systems applied by the Bank in its attempt to protect the value of its RSD loans in case of inflationary disruptions on the market.

Revaluation means the application of the inflation rate measured by consumer price index according to the official data of the Statistical Office of the Republic of Serbia with which rate principal – basic loan debt – is increased.

Indexation (currency clause) means reducing of loan approved in RSD to the value equivalent to the value it has had in foreign currency as of the date of approval by applying foreign exchange rate to which the indexation is related.

In case of inflation rate increase (revaluation) or the increase of the value of the currency to which debt principal is related (currency clause), this also means the increase of the costs of debt repayment to the Bank by client.

Article 85

If the effective interest rate is changed due to the change of agreed nominal interest rate or other elements based on which it is calculated, which have impact to utilised loan or deposit, the Bank shall notify private individual client on such change prior to the application of changed effective interest rate or periodically according to agreement.

Notification of the client who is a private individual, farmer, entrepreneur shall include the announcement of the change of the elements impacting the amount of the effective interest rate, explanation of given element, and if nominal interest rate is also changed, it shall also include the value of new nominal interest rate (or the variable part of interest rate). In connection to loan agreement, the Bank shall deliver, in an agreed manner, changed loan repayment schedule. Changed loan repayment schedule shall be formed so as to include the balance of loan from the moment of the beginning of the application of a changed element of the effective interest rate until the date of loan repayment in line with agreement.

Fees, Commissions, Default Interest and Tax Costs

Article 86

The Bank shall calculate and collect fee for executed services to the Bank clients. Fee is the cost of bank service determined in fixed amount, whereas commission is determined in relative amount in relation to the basic bank service. Charge is an

administrative category, it is agreed as the fixed category or with variability clause.

The Bank shall reserve its right to change the charge in line with the market conditions, criteria for adjustment shall include: retail price index growth, change of statutory regulations or the NBS acts, inflation rate, and competitive environment.

The Bank may calculate and charge fee also in cases of loan prepayment.

Article 87

With regard to contractual relations with private individuals, farmers, entrepreneurs the Bank shall define all fees and commissions as determinable according to the time and value i.e. determinable with variability clause.

With regard to specific fees which are defined in the Price Lists and other similar internal acts of the Bank, the Bank shall agree on the adjustment of the value of fee for the exact level of annual inflation rate measured by the consumer price indices officially announced by the Statistical Office of the Republic of Serbia. The adjustment shall be made once a year using officially announced data regarding the month of April and applicable as of 1 July, followed by notification to client within 15 days prior to the application thereof in line with regulations.

By way of exception to paragraph above, annual adjustment **will be made** only if the level of the announced inflation rate measured by the consumer price indices of current year is higher than +3% (plus three percent) or lower than -3% (minus three percent) in relation to the inflation rate for the same period of the previous year.

Article 88

Fees and other costs which shall be borne by client who is a private individual, farmer, entrepreneur under contractual relation as defined in agreement on account opening and maintaining or other agreement subject whereof shall be the provision of payment services, may be increased by the Bank only provided that client, private individual, farmer, entrepreneur is notified on such increase not later than 60 days prior to the application of changed fees and/or other costs.

The Bank shall electronically notify client on the Price List change if e-mail address is available to the Bank and/or by mail. It shall be deemed that client has accepted price list changes if, until the date of the beginning of the application thereof, he notifies the Bank that he does not accept them.

In the event that client who is a private individual/farmer/entrepreneur does not accept increased fees and other costs, the client shall be entitled to, upon the settlement of liabilities on account, transfer funds free of charge to another bank or to withdraw funds in cash and close his account.

Article 89

The Bank may charge and collect from client default interest to all due claims (loans, fees, etc.) calculated at the rate set out in the Law on Level of Default Interest Rate or at the rate of the agreed interest if this interest rate is higher.

In terms of contractual relations with clients who are private individuals, farmers, entrepreneurs in which, during agreement validity, circumstances resulting in client's difficult income situation or other significant circumstances arise which may not be impacted by client – the Bank may, upon client's request, declare a stoppage of repayment (moratorium) for a specific period of time, during which the Bank shall not calculate default interest to outstanding claims.

Article 90

The Bank shall also collect value added tax to the services which are taxable in conformity with Law on Value Added Tax and it shall suspend and pay tax to the accounts prescribed in law taxes based on the income generated from term FX savings, in accordance with the Law on Individual Income Tax.

CLOSING PROVISIONS

Article 91

The instructions of relevant Bank bodies and other Bank acts shall, in conformity with applicable legislation other regulations, govern any other issues and relations regarding the implementation of the General Terms of Business.

Article 92

Any dispute arising from or regarding the relation of the Bank and the Client shall be resolved in an amicable manner and in the spirit of good business practice, and, in the event of litigation, the court having in rem and territorial jurisdiction, in accordance with the law, shall be the competent court.

Article 93

Erste Bank General Terms of Payment Service Provision to Corporate Clients, General Terms of Payment Service Provision to Entrepreneurs, General Terms of Payment Service Provision to Retail and Farmers, and service price lists for private individuals, entrepreneurs, and farmers and Price Lists setting out fees and other costs charged by the Bank to private individuals, farmers, and entrepreneurs shall be an integral part hereof and they are enclosed hereto.

Article 94

The General Terms of Business shall come into force on the fifteenth day following the date of their announcement in the Bank business premises and on the Bank Internet presentation, and they shall be effective from **01 October 2015**.