

ERSTE BANK A.D. NOVI SAD

BOARD OF DIRECTORS

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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 of Business) shall define:

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

The following shall be an integral part hereof:

- General Terms and Conditions of Payment Service Provision to Retail Clients and Registered Farms,
- General Terms and Conditions of Payment Service Provision to Entrepreneurs, and
- General Terms of Payment Service Provision to Corporate Clients,
- General Terms of Executing One-off Payment Transactions

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

In its General Terms of Payment Service Provision, the Bank shall define the obligations and rights of users of payment services (payment transactions) of the Bank, as well as the obligations and rights of the Bank when executing such

services.

The Bank shall, in a visible location in the premises in which services are offered to users and in its web page (www.erstebank.rs), enable the user to be informed on the General Terms of Business in the Serbian language. In the event of the amendment thereof, the amended version will be made readily available by the Bank no later than 15 days prior to the beginning of the application thereof.

Article 2

All individual agreements entered into between client and the Bank shall contain the clause that the client is informed on and accepts the General Terms when entering into and signing respective Agreement. The General Terms, including all of the appendices, shall be an integral part of Agreement. In addition to concluded Agreement, the General Terms of Business shall be presented and made accessible by the Bank to the client, and upon the client's request, the General Terms of Business shall be delivered to the client in writing which shall also imply the delivery on the permanent data carrier (e-mail).

In case that agreement execution is not provided for business relation between the client and the Bank, the Bank shall ensure access to the General Terms in its premises and in the web page, and, upon the client's request, the client may be provided with the Terms of Business in writing which also implies the delivery on the permanent data carrier (e-mail).

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

In cases of the non-conformance of the provisions of concluded agreement and the Bank acts, unless the agreement includes relevant provisions, the provisions of the executed agreement shall be primarily binding, followed by the General Terms provisions and the provisions of other Bank acts defining particular areas of operation, aimed at implementing the General Terms.

The General Terms of Business defining the terms of business and the amendments thereof shall be presented by the Bank in the manner and within the terms set out in the regulations. The above acts shall be presented in a visible location, at the Bank's points of sale and/or on the Bank's Internet presentation and it shall be deemed that the client is informed on the content of the Bank's acts published in such manner.

Article 3

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

- offer, request or any other application or other form of the Bank signed by the client,
- agreement in writing between the client and the Bank,
- other forms of business co-operation between the client and the Bank where no agreement is entered into in conformity with the Bank's regulations and acts.

CLIENTS OF THE BANK

Article 4

Client of the Bank means any person (private individual, legal entity, or other entity registered for the purpose of performing agricultural profession or other activity, in accordance with the law and other regulations) (company, public company, cooperative, association, fund, endowment, foundation, chamber, sport association, society, federation, political party, religious organisation, residential community, institution, as well as other permitted forms of organisation), entrepreneur, farmer) who uses or has used the Bank's services or an entity that has addressed the Bank for the purpose of using the services identified as such by the Bank.

The Bank shall make discretionary decisions on co-operation with clients, and/or it shall make discretionary decisions whether it shall enter into business relation with a client. In its operation with clients, the Bank shall pay special attention to informing clients, in a precise and unambiguous manner, on the products and services inquired by the client, based on good and fair business practice.

Article 5

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

Article 6

During business relation with the Bank, the client shall have the right, free of charge, to be provided by the Bank with information, data and instructions in writing relating to client's business relation with the Bank, in the manner understandable to the client. The foregoing refers to specific requests of clients through which the Bank shall confirm or verify particular data required for a specific purpose of presentation, confirmation, etc. for which a specific fee is determined in its pricelists and other similar internal acts of the Bank.

The client of the Bank shall have the right to be informed on the balance of his/her loan, deposit account, in cases when the amount of the client's liability may be changed, on the manner and conditions, as well as on all other data regulating to respective business relation with the Bank.

Article 7

Since 1 July 2014, the Foreign Account Tax Compliance Act - FATCA has been effective. On 10 April 2019, the agreement was executed between the Republic of Serbia and U.S Governments on the application of the FATCA process. The agreement was ratified through the enactment of the Law on the Acknowledgement of the Agreement between the Government of the Republic of Serbia and the Government of the United States of America aimed at the improvement of the compliance with the tax regulations at the international level and the application of the FATCA regulation on 23 December 2019. In accordance with these laws, review is made whether taxpayers of the United States of America settle their tax liabilities in accordance with the U.S. regulations. The abovementioned regulation binds banks to notify the United States of America Internal Revenue Service (IRS) on cash accounts/inflows of their taxpayers at banks outside the territory of the U.S. Reporting shall be performed through the Administration for the Prevention of Money Laundering

To be in compliance with the above regulations - FATCA provisions, Erste Bank a.d. Novi Sad has the status of Foreign Financial Institution Reporting, model IGA 1. Erste Bank shall, because of the reporting complexity, reserve the right not to set up business relations with the clients who are U.S. taxpayers, and terminate the existing business relations with the clients who are the U.S. taxpayers.

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

Article 8

In pre-agreement stage, the Bank shall provide potential users of lending services, who are private individuals, entrepreneurs, farmers, with the List of Necessary Documentation in writing or electronically, which users must file in addition to application for credit product utilisation.

The Bank shall in its offer notify client who is private individual, farmer, entrepreneur, by providing information and relevant explanation on the conditions the client has shown the interest in (hereinafter: offer) which relate to deposit/loan/overdraft agreement, as well as to agreement on issuance and use of credit card in a manner which shall enable client who is private individual, farmer, entrepreneur to compare offers of different service providers and assess whether such agreement meets client's needs and financial situation, which shall not be misleading to the client who is private individual, into misapprehension, at any time.

Offer for services shall be received by a client who is a private individual, farmer, entrepreneur primarily in RSD and upon the request of respective client, the Bank shall enable such client to agree respective service in RSD equivalent of foreign currency in which case the Bank shall point out FX risks taken in such case to a client who is a private individual, farmer, entrepreneur, by providing signed form.

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

- 1) type of service;
- 2) corporate name and address of 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 time 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 total amount to be paid by client who is a private individual, farmer, entrepreneur i.e. which should be paid out to him/her, presented in a representative sample which indicates all of 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 costs in connection with deposit/loan which shall be borne by client who is private individual, farmer, entrepreneur, whereby it is determined whether they are fixed or variable, and if variable
 - periods in which they shall be changed and a method of change;
- 11) potential obligation of entering into an agreement on ancillary services in connection with loan agreement (insurance agreement and other) when it is necessary for the purpose of getting a loan at the conditions referred to in advertisement;
- 12) interest rates applicable in the event of default;
- 13) conditions and process of agreement termination, in particular relating to the offers of the agreements executed for an indefinite period;
- 14) warning in relation with the consequences of failure to make payment;
- 15) security instruments;
- 16) the right of client who is private individual, farmer, entrepreneur to waive agreement, conditions and method of waiver, and the level of respective costs;
- 17) the right to prepay loan and use credit card and the right of the Bank regarding fee, and level of such fee;
- 18) information that client who is private individual, farmer, entrepreneur has the right of notification on the results of accessing database for the purpose of assessing his/her creditworthiness and that such notification is free of charge in case that relevant data are obtained on the basis of accessing database regarding indebtedness of such client based on consent in writing of the person to whom the data refer.
- 19) the right of client who is private individual/farmer/entrepreneur and who intends to enter into the agreement with the Bank - to get free of charge copy of respective draft agreement if the Bank is, at the time of request, willing to enter into such agreement;
- 20) the period during which data in respective offer shall be binding to the Bank.

Offer for entering into agreement on overdraft shall consist of the elements referred to in the above paragraph, items 1, 2, 3, 5, 6, 7, 8, 10, 12, 18, 19, and 20 of this Article and the conditions and procedure of termination of agreement and notification in which cases a client who is private individual, farmer, entrepreneur may be required to make complete repayment of overdraft.

A client who is private individual, entrepreneur, farmer, as well as persons providing collateral, who intend to enter into an agreement with the Bank, shall be entitled to, upon their request, receive, free of charge, the wording of draft agreement as well as the proposal for entering into respective agreement.

Provision of Payment Service Information in Pre-agreement Stage

Article 9

The Bank, as the payment service provider, shall provide a client - user of payment services i.e. private individual/entrepreneur/farmer, in a timely manner, prior to entering into the framework agreement referring to payment services (account opening and maintenance, debit/credit card issuance, use of e- and m-banking, standing order, agreed standing order, direct debit, a vista deposit), with the information set out as the obligatory agreement elements, in the manner which will enable such user to become aware of the conditions relating to payment service provision, as well as to compare offers by various payment service providers and assess whether such conditions and services meet to his/her needs.

The Bank shall provide a payment service user with the information referred to in paragraph 1 of this Article in the manner which will not be misleading at any time in connection with the conditions relating to payment service provision. Payment service provider shall provide a payment service user with the information referred to in paragraph 1 of this Article in hardcopy or on another permanent data carrier.

Payment service provider may provide payment service user with the information referred to in paragraph 1 of this Article by way of providing draft framework agreement containing such information.

Article 10

The Bank shall notify clients who have filed applications for loans secured with mortgage, pledge, or guarantee, upon the receipt of complete documentation referred to in the Necessary Documentation List, without any delay, but not later than 3 (three) business days, that such provided documentation is complete. Such notification shall be provided by the Bank in writing or electronically.

Article 11

The period within which decision shall be made by the Bank on credit applications, secured with mortgage, pledge, or guarantee, shall be 30 (thirty) days from the time of the provision of complete and duly made documentation by service user if such service user is a private individual, entrepreneur, and farmer.

Article 12

The client who is private individual/farmer/entrepreneur shall have the right to waive executed agreement on loan, overdraft agreement, agreement on credit card issuance and use within 14 days following the date of agreement execution, whereby it is not necessary to indicate waiver reasons.

For loan agreement secured with mortgage and agreement where subject matter is purchase of real estate i.e. financing of real estate purchase, the client who is a private individual, farmer, entrepreneur can waive such agreement provided that such client has not started to utilise loan and/or finance.

When waiving an agreement referred to in paragraph 1, prior to the expiry of the period referred to in the respective paragraph, the client shall notify the bank on his/her intention to waive respective agreement by filing statement of waiver in the Bank form and delivering it at the Bank's point of sale, whereas it shall be deemed that the date of notification is the date of agreement waiver.

A client who is a private individual/farmer/entrepreneur who waives loan agreement, overdraft agreement, and agreement on credit card issuance and use, shall immediately, but no later than 30 days following the date of sending the notification referred to in paragraph 3 hereof, repay principal and interest from underlying transaction during loan utilisation to the Bank. In the event the client who is private individual, farmer, entrepreneur waives the agreement referred to in paragraph 2 of this article, the client shall also pay to the Bank the costs, if any, incurred by the Bank in connection with entering into loan agreement, on which he has been notified by the Bank prior to entering into loan agreement.

If the client who is a private individual/farmer/entrepreneur is also provided by the Bank with ancillary services in connection with loan agreement waived by the client who is private individual, farmer, entrepreneur, upon meeting the requirements regarding respective waiver referred to in this Article, the client shall also not be bound by agreements on ancillary services.

Article 13

In cases when credit application is rejected based on access to data base of indebtedness of the client who is a private individual/farmer/entrepreneur obtained based on consent in writing by a person such data refer to, the Bank shall provide clients with notification in writing on data from such database, free of charge.

Article 14

When entering into loan agreement, overdraft agreement, deposit agreement, credit card agreement the Bank shall, in addition to respective agreement, provide client who is a private individual/farmer/entrepreneur with a copy of overview of mandatory elements of respective agreement, and a copy of repayment schedule/deposit payment schedule for loan and deposit agreement (excluding demand deposit). Another copy of respective schedule and/or overview shall be stored in the documentation of the Bank.

For loans at variable interest rate, currency clause, and loans in FX, the Bank shall provide the client with Notification on Risks of Borrowing at Variable Interest Rate and Risks on Borrowing in Foreign Currency or by Arranging Currency Clause.

Article 15

Notification of the client who is a private individual, farmer, entrepreneur during agreement validity 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, overdraft agreement, deposit agreement, and credit card agreement by delivering notification to the client on intended change including information to the client that his/her consent in writing is required for respective application change within certain time period, within which, if client fails to provide his/her consent, the Bank shall not make respective change or unilaterally terminate agreement.
- if composite nominal interest rate is agreed (which contains a variable element - reference rate) the Bank shall notify the client on any change of such rate in writing in a manner agreed with client when the reference rate is known, indicating the date as of which such changed rate shall apply. For loan agreement, respective

- notification shall be provided including modified loan repayment schedule,
- in the event the amount of the fixed interest rate or fixed element of the fixed interest rate, or the amount of fees and other costs is changed in favour of client - such changes shall be applied by the Bank without prior consent by the client, and the client shall be notified thereof and provided with the new repayment schedule by the Bank.
- by providing loan repayment schedules during respective agreement validity, upon the client's request and free of charge
- on change of data which are not a mandatory element of agreement, by displaying notification in the business premises of the Bank, on the Internet presentation of the Bank, and by delivery on a permanent data carrier, in accordance with agreement between the Bank and client
- loan and credit card debt balance, on 6-month basis (01 January and 01 July), free of charge, in a manner agreed with the client.
- by providing statement of current account which shall also include event of overdraft, on a monthly basis, in writing, and free of charge, in the form of a statement on all changes on the client's account. The Bank shall, more than once a month, provide such statement upon the client's request without any delay, whereby fee shall be charged as defined in the Bank Pricelist. Minimum content of such notification is prescribed in the Law on Payment Services,
- for the services in connection with the payment account maintained for a private individual client, by providing the report on unpaid fees minimum on an annual basis, but no later than 1 March of current year for previous calendar year,
- in the event of significant overdraft exceeding particular limit (overdraft exceeding agreed limit, collectively based on all accounts in the amount of minimum RSD 500) of an account which is longer than one month, in writing, without any delay, whereby notification shall include, as a minimum: amount of overdraft, interest rate to be applied to the amount of overdraft, and other potential costs and penalties
- in the event of the amendments in the provisions of the framework payment service agreement, price list, and general terms of providing payment services.

When they are subject to a payment service agreement, the Bank shall notify the private individual clients/consumers, farmers/entrepreneurs on amendments to the Framework Agreement no later than two months prior to the enforcement of the proposed changes.

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

It will be deemed that the client has consented to the proposed amendments unless the client has, until the beginning of the application thereof, informed the bank that the client does not agree therewith.

Before the beginning of the application of the proposed amendments, the client shall be entitled to terminate the agreement, whereby the client shall not pay any fee and other expenses unless the client consents with such amendments.

Article 15a

Notification of private individual client, farmer, entrepreneur upon the termination of agreement

Upon the settlement of all liabilities set out in the agreement: the Bank shall notify the borrower and/or security instrument provider in writing that the borrower has settled all liabilities to it under particular agreement - within 15 days from the date of settlement of such liabilities. This notice includes the data on the agreement under which the liabilities towards the Bank have been settled, amount of settled liabilities, and signature of responsible person.

The borrower and/or security instrument provider shall be entitled to, following the entire settlement of the borrower's liabilities towards the bank under particular agreement, overtake any unused security instruments provided under such agreement, including the security instruments registered in relevant register.

If the bill of exchange is a security instrument – the right of the user i.e. provider of such security instrument (bill of exchange issuer) to overtake the unused bill of exchange shall be terminated one year following the date of settlement of the liabilities under the agreement in connection with which such bill of exchange was issued.

Following the expiry of the term for overtaking the bill of exchange, the Bank shall destroy the bill of exchange, on which the minutes shall be made and presented to the client and bill of exchange issuer.

Unless the bill of exchange issuer may be enabled to overtake the bill of exchange (lost or destroyed, at the time when the client has settled all liabilities), the Bank shall provide the client, i.e. issuer of the bill of exchange, in addition to the notice referred to in paragraph 1 of this Article, with the confirmation that the bill of exchange has been lost or destroyed.

In the event of paragraph 5 of this Article, the Bank shall pay the amount to the bill of exchange issuer corresponding to the amount of the costs the user has borne in connection with the blank bill of exchange, including statutory default interest from the date of settlement of the liabilities under the agreement on financial service referred to in paragraph 1 of this Article to the date of payment of such costs to the issuer.

If the bill of exchange referred to in paragraph 4 of this Article is collected or misused – the bank shall compensate the actual damage to the bill of exchange issuer, including statutory default interest from the date of bill of exchange collection to the payment of such fee.

If the security instrument referred to in paragraph 2 of this Article includes the mortgage registered in favour of the lender or a movable asset which has been pledged based on the registration of the right of pledge in the relevant register, the Bank shall, immediately upon loan repayment, take relevant activities for the purpose of the discharge of the mortgage or the right of pledge from this register and, without undue delay, notify the user i.e. provider of this security instrument thereof as well as on the discharge of these instruments unless it is prescribed that they are notified on the discharge of the mortgage or the right of pledge by this register.

The Bank cannot collect any fee for taking the actions referred to in the above paragraph, irrespective of the existence of the actual costs.

Article 15b

In the event of payment account closing, the Bank shall provide the client - private individual, without delay, with a confirmation that the account is closed, including the data that all liabilities to the bank in connection with opening, maintaining, and closing of such account have been settled, report on the collected fees relating to such account, for the period from the date of closing, but no later than the period of 30 days following the account closing

Article 16

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

- 1) For revolving loan agreement, to terminate revolving loan agreement in usual manner, free of charge and at any time, except if a notice period which cannot be longer than one month is agreed. If such notice period is agreed, the Bank may terminate revolving loan agreement by notifying the client on termination in writing or on any other permanent data carrier not later than two months. If it is agreed, the Bank may, on a reasonable basis, (utilisation of loan in an unauthorised manner, significant deterioration of the client's creditworthiness, etc.), deprive the client of the right to withdraw funds, whereby the client shall be notified in writing on the reasons of such deprivation, and, if possible, immediately or within next three business days, except when the provision of such notification is prohibited by other regulations.
- 2) For loan approval i.e. placing of deposit indexed in foreign currency, the right of the application of official middle exchange rate applied to loan repayment i.e. payment of deposit.
- 3) Application of the same method of interest calculation to escrow deposit with agreed interest which is placed for the purpose of getting a loan, which also applies to interest calculation in the amount of approved loan.
- 4) Free of charge, withdraw funds in cash from their RSD or foreign currency account maintained with the Bank, immediately after recorded inflow, except in cases of the amount exceeding RSD 600,000 or in RSD equivalent relating to foreign currency funds which the Bank may disburse no later than on the next day, whereby entrepreneurs and farmers may withdraw funds in accordance with the Rulebook on Conditions and Method Payment in RSD Cash for Corporate Clients and Private Individuals Performing an Activity ("Official Gazette of RS" No. 77/2011 of 14 October 2011) and FX funds in accordance with the Law on Foreign Exchange Operations ("Official Gazette of RS" Nos. 62/2006, 31/2011, and 119/2012)
- 5) Free of charge closing of account and payment card.

Article 16a.

Discharge of housing credit obligations in case of difficulties in repayment

In the case of housing credit agreements secured by a mortgage on real estate, before out-of-court settlement proceedings in accordance with the law governing mortgage and/or enforcement proceedings are initiated, a bank shall offer the consumer the following:

- 1) to sell the real estate within a deadline set by the bank which may not be shorter than two months and to transfer the proceeds from the sale of such real estate to the bank for the purpose of payment of the total amount of debt under such housing credit, including interest and any costs accrued;
- 2) to transfer the right of ownership of such real estate to the bank within one month.

In accordance with paragraph 1 hereof, the bank shall offer to the consumer the option to transfer the right of ownership referred to in item 2) of that paragraph only where, according to the latest valuation, the market value of the real estate is at least 5% higher than the consumer's debt, including interest and any costs.

The transfer of the right of ownership referred to in paragraph 1, item 2) hereof shall represent the substitution of fulfilment within the meaning of the law regulating contracts and torts and shall not be considered to represent a transfer with a fee within the meaning of the law regulating property tax. The bank has the right to charge interest on the consumer's debt in the period designated for the sale of real estate, and/or for the transfer of the right of ownership of the real estate, at a rate which is one half of the default interest rate and/or of the regular interest rate if the regular interest is higher than the default interest.

If the consumer sells the real estate, the sale/purchase price shall be credited to the account of the creditor bank, and the provision of the real estate sale/purchase agreement stipulating otherwise shall be null and void.

After collecting its claim by the transfer of the sale/purchase price referred to in paragraph 4 hereof, the bank shall, on the same day, transfer to the consumer's account any remainder of the sale/purchase price referred to in that paragraph.

The bank shall not be required to act in accordance with paragraph 1, item 2) hereof in the following cases:

- 1) the user of the credit is not the owner of the mortgaged real estate, with a 1/1 share;
- 2) the mortgaged real estate was acquired in the course of marriage and the spouse, who is a co-borrower or guarantor under a housing credit, has not given explicit consent to the transfer of the right of ownership of such real estate to the bank;
- 3) there are several users of a housing credit secured by a mortgage on real estate, and not all users have consented to the transfer of the right of ownership of such real estate;
- 4) a second-rank mortgage, annotation of dispute and/or enforcement has been registered on the real estate, or, after establishing the mortgage in favour of the bank, a usufruct, right of lease, usus or any other lien which would in any other way limit the bank's right of ownership of such real estate after the transfer, and/or prevent the bank from immediately registering as the owner of the real estate, has been registered;
- 5) the housing credit is insured with the National Mortgage Insurance Corporation which has not consented to the option of discharge of the consumer's housing credit obligations by transferring the right of ownership of real estate;
- 6) the credit is called due in its entirety before 14 March 2025.

Where a consumer refuses the offer referred to in paragraph 1 hereof and/or fails to transfer the proceeds from the sale of such real estate within the deadline set by the bank referred to in that paragraph or fails to transfer the right of ownership of real estate to the bank, the bank may initiate out-of-court settlement proceedings in accordance with the law governing mortgage and/or enforcement proceedings in order to settle its claim.

The National Bank of Serbia may prescribe in more detail the conditions, criteria and manner of applying the measures and/or of banks' handling of the discharge of housing credit obligations referred to herein.

Article 17

In the event of the assignment of the Bank claims under loan agreement (including overdraft agreement, agreement on credit card issuance and use) to only one 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 complaint against another bank which the client has also had in relation to the original bank, and another bank cannot put the client who is a private individual, farmer, entrepreneur into less favourable position than the one which such client would have unless such claim had been transferred, accordingly, the client cannot be exposed to any additional costs.

The client who is a private individual/farmer/entrepreneur shall be notified by the Bank on claim assignment referred to in the above paragraph in the manner set out in agreement (in a writing, electronically to reported electronic contact address, or otherwise) within a reasonable time period immediately upon the execution of claim assignment.

Article 18

The client who is a private individual/farmer/entrepreneur shall have the right to full or partial loan prepayment, in which case the total price of loan shall be decreased in the amount of interest and costs for the remaining period of agreement validity.

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

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

The fee referred to in paragraph 2 of this Article shall not be charged by the Bank:

- if repayment is executed based on entered into Insurance Agreement the purpose whereof is to insure respective repayment;
- in case of overdraft
- if repayment is executed during the period for which variable nominal interest rate is agreed, except for the loans the purpose of which is real estate purchase.

In this case, the Bank can charge fee up to the level of suffered damage and not more than 1% of prepaid amount of the loan (if the period between prepayment and term for liability settlement in agreement is longer than one year) i.e. up to 0.5% of the prepaid amount of the loan (if the period between prepayment and term for liability settlement in agreement is shorter than one year), and only provided that the prepaid amount for the period of 12 months exceeds RSD 1 million, whereby the fee shall not be higher than the amount of the interest which the client would pay for the period between prepayment and term for liability settlement in loan agreement.

The damage referred to in the above paragraph shall include the difference between interest agreed with the client who is a private individual, farmer, entrepreneur, and market interest at which the Bank can disburse the amount obtained through prepayment at the time of such repayment, also including administrative costs.

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

Article 19

In cases when there are related loan agreements and agreements on commodities purchase where purchaser of commodities purchased through loan (the client who is a private individual, farmer, entrepreneur) terminates purchase of commodities in accordance with the law governing the protection of consumers, such client shall cease to be bound by respective loan agreement - the loan which should have been means of payment of commodities purchased.

In the event referred to in the above paragraph of this Article, the Bank shall return, with no delay, to the client who is a private individual, farmer, entrepreneur, repaid amount of loan, including interest repaid by borrower until the time of the agreement termination, but not later than 30 days following the date of the notification of termination.

RESPONSIBILITIES OF THE BANK

Article 20

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

Marketing activities of the Bank are directed towards timely and true informing of the public about its financial status, types of services and quality of services, staff, and capital resources, whereby the Bank shall act in accordance with the applicable regulations setting out this matter.

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

Communication between the client and the Bank shall be made through information and marketing material, telephone contact, through the Internet presentation (web site) of the Bank i.e. by communication in writing, email, by SMS service of mobile telephony, through the social networks in the ownership of the Bank, and direct verbal communication. Verbal communication shall be made at the Bank's teller desk through Call Center or by calling respective loan advisor.

Article 21

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 the employees at banks and all their business relations with clients. The code introduces minimum of standards of good banking practice to clients, 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 22

The Bank shall provide the client, upon request, with information on the balance of his/her loan and/or deposit account, as well as other information from the business relation of the client and the Bank.

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

Article 23

The Bank shall not be liable for any damage resulting from the effect of force majeure (force majeure means extreme events and emergency which may not be foreseen, which have occurred without the will and impact by the Parties, and could not be prevented, eliminated, or avoided by the Party affected by force majeure. Without limitation, events such as natural disasters, armed conflicts, major civil unrest, imperative measures taken by a national, foreign, or international public authority, boycotts, strikes, electric power outage, telecommunication and other traffic disturbances, errors resulting from data transfer by telecommunication and Internet networks, as well as due to any similar causes the occurrence of which may not be attributed to the bank, may be deemed as force majeure events.

The Bank shall not be liable for the damage if, for reasonable cause, it suspends or restricts its business activity on certain days or for certain time.

The Bank will take the actions necessary to minimise or restrict any impact which could result in damage to the client.

The Bank shall not be liable for any damage resulting from clients' investment in buying virtual currencies or other instruments prescribed in the law governing digital assets.

Article 24

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

The Bank shall not finance illegal activities and businesses or 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's relevant departments, reject entering into agreement and/or providing a service to client. Also, the Bank shall have the right to, without the client's consent, suspend the possibility of using particular services and/or products in line with the regulations in the area of the prevention of money laundering and terrorism finance, as well as in accordance with its internal acts, which are fully in line with the 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 executive decisions of Court and other regulatory authorities,
- and in other cases prescribed in the law.

The Bank shall have the right, based on special consent by the client, to use data provided by the client to the Bank when entering into agreement or signing application for some of the Bank's services (address, number of telephone, fax, e-mail address, and other client contact data), to provide notification to the client on its products, services, and other activities in the form of messages, brochures, presentations, and other forms of business communication.

PROTECTION OF PERSONAL DATA OF CLIENTS AND OTHER PERSONS

Article 24a

With a view to establishing and maintaining its business relation with the client, the Bank shall, in the capacity of the Personal Data Controller, in accordance with the provisions of the Law on Personal Data Protection ("Official Gazette of the RS", number 87/2018) - hereinafter: Law, be obligated and it shall be necessary for the Bank to hold and process particular data in its database relating to its clients and other persons whose data are necessary to it for the operation, which are, in accordance with such Law, deemed as the personal data.

Personal data means any data relating to a private individual, based on which it is identified or identifiable, directly or indirectly, irrespective of the form in which such data is expressed and the information carrier (paper, tape, film, electronic media, etc.).

As the controller of personal data of its clients and other persons whose data are necessary to the Bank for the execution of its business obligations, the Bank is responsible for the protection of such data, in accordance with the Law.

In its operation, the Bank shall process the personal data of clients and other persons whose data are necessary for the execution of business obligations (hereinafter: data subjects), for the purpose of entering into and executing agreement with client, as well as for the purpose of meeting obligations set out in law and other regulations. Implementation of business relation with the Bank is not possible unless obligatory data relating to particular business are collected and processed. In the processing actions, the Bank shall act in accordance with the principles of processing prescribed in the Law.

The Bank shall process the following personal data categories:

1) data the Bank must process based on various regulations governing its operation (fulfilment of statutory obligations of the Bank).

Those are identification data from valid ID, and other data which the Bank is obligated to collect in accordance with the Law on the Prevention of Money Laundering and Terrorism Finance and other applicable regulations, as follows:

name and surname, date and place of birth, address of domicile and/or residence, personal identification number, type and number of ID, name of issuer, date and place of issuance, and, as necessary, the data relating to the tax residence outside the Republic of Serbia.

In the event the person is an entrepreneur or sole trader, the basic data collected by the Bank are data from competent register, as follows: corporate name, legal form, address, head office, registration number, and PIN.

2) data the processing of which is necessary for the purpose of the execution of agreement with data subject or to take actions upon request of data subject, prior to agreement execution. In specific case, these data depend on service/product agreed and/or used, whereby strict care is taken by the Bank to be in compliance with the "data minimum" principle (only those personal data necessary for respective processing purpose are processed).

For products and services s credit exposure towards the Bank, data for credit risk management by the Bank are necessary, in particular, data on client's property, household members, income and employment, in the event of sole traders, they also include status data, financial data on business, and similar data.

Other data necessary for agreement execution may also be contact data, as necessary for the implementation of Bank service or product (e.g. e-mail address for e-banking service or mobile telephone number for the service of sending SMS on balance/turnover under account).

3) Contact data are voluntarily provided data, used for notification of persons by the Bank, in the fastest and simplest manner, on facts and events significant for respective product or service such persons have shown interest in or use, and for providing other useful information/documentation by the Bank upon their request unless otherwise agreed or prescribed as the statutory obligation of the Bank. The contact data must relate to the person who, as the Bank's client, submits such data to the Bank, not a third party.

Such data include: address if it differs from the address of domicile or residence submitted based on the law, telephone number, mobile telephone number, e-mail address in the event of sole traders, and: address if it differs from the address of domicile, contact person name and surname, number of telephone, mobile telephone, fax, and/or e-mail address.

When the client, as the data subject, executes an agreement with the Bank, he shall grant his consent and be informed that the Bank processes his data necessary for the purpose of the execution of the rights and obligations referred in respective agreement, in accordance with this part of the General Terms of Business and the Law. Unless the client wants that his particular data are processed at the Bank, it shall be necessary to notify the Bank thereof when the client is on-boarded, or subsequently, in writing. In this case, the client shall, as the data subject, be entitled to the information that the submission of the personal data shall be a necessary prerequisite for the execution of agreement, and that

possible consequences to the business relation with the Bank are possible unless he wants to provide the requested data.

The personal data are stored and kept in the electronic and other databases of the Bank in the Republic of Serbia, the EU, and/or states which are the members of the Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, and/or countries found by the EU institutions to ensure an adequate protection level. In exceptional cases, i.e. as necessary, the personal data may be stored in the state not found by the EU institutions to ensure an adequate protection level solely if the Bank ensures the application of relevant protection measures, in accordance with relevant provisions of the Law on Personal Data Protection. Data on the clients, as the data subjects, shall solely be used for the purpose of on-boarding, implementation, and maintenance of the business relation of the client and the Bank, in accordance with the statutory processing principles. These data are, in accordance with the Law, protected against abuses, destruction, loss, unauthorised changes, or unauthorised access, whereby the Bank has taken necessary technical, human, and organisational resources of data protection, in accordance with the stipulated standards of conduct in this field, and set out the obligation of the personnel dealing with processing to keep the secrecy of such data.

The data on the clients shall be used (processed) by the authorised personnel at the Bank, members of the Bank bodies, legal entities affiliated with the Bank, and, as necessary, and based on the legal request, also by the public authorities. Particular processes of data processing shall be performed by the Bank using the services of service providers, while applying relevant technical and organisational measures of personal data protection, e.g. IT service provider, archiving service, writing and sending of letters to clients, provider of card transaction processing services, etc. Service providers of the Bank, as the processing controller, shall be in the capacity of processors in relation to personal data, therefore, care is taken by the Bank that such service providers are from the Republic of Serbia, EU, or the states which are the members of the Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, thereby ensuring the highest level of the protection of the personal data of the persons whose data are processed in accordance with the Law. If it is necessary to process the data by a processor whose head office is not in the aforementioned states, the Bank shall ensure additional relevant measures of the protection of such data, in accordance with the relevant provisions of the Law on Personal Data Protection.

In addition, the Bank shall, based on particular agreement (or specific provisions of other agreements), stipulate that processor are to treat the data at the level which is at least equal to the one used by the authorised persons of the Bank, including the technical, human, and organisational resources of data protection which must also be ensured.

The Bank shall be entitled to forward the data on the persons whose data are processed, as well as the data on their related persons, and additional documentation and other information relating to such persons which have been collected by the Bank during the business relation to the following:

- Members of its bodies, its shareholders, affiliates - Erste Group members,
- Bank's external auditor,
- relevant tax authorities,
- Serbian Bank Association Credit Bureau,
- National Bank of Serbia,
- other public authorities and persons who, due to the nature of the operation they perform, must have access to such data, in accordance with the Bank Law and other laws
- third parties with which the Bank has entered into Agreement setting out treatment of confidential data ensuring the security of such data,

The data subjects may, for the purpose of exercising their rights and additional information in connection with the protection of their data, address the Bank through ordinary communication channels (e.g. at a branch), or directly to Personal Data Protection Officer by e-mail to the address dpo@erstebank.rs.

Article 24b

Grounds for Personal Data Collection and Processing

1. Business relation implementation and fulfilment of obligations set out in regulations.

Data are collected by the Bank directly from client, as the data subject, when contracting or showing interest in services and products, using Bank products and services (e.g.: when executing a using payment transaction), as well as in any communication of client with the Bank (e.g.: call to contact center).

For the purpose of implementing business relation and exercising the rights and obligations of the Bank set out in

regulations, data are also collected by the Bank from publicly available registers, such as register of Business Registers Agency, Single Account Register, Credit Bureau, etc.

2. Personal consent to data processing

Based on consent granted, data included in statement on agreement are processed by the Bank solely for the purpose or purposes for which such consent has been granted. Consent for personal data processing for one or several specified purposes is completely voluntarily granted by the data subject, therefore, consent granting and revocation do not impact agreement relating to use of the Bank products or services or realisation of already agreed products and services.

Data processing based on personal consent impacts continuing quality improvement of the Bank products and services.

Acceptance of data processing may be given for one or several specified processing purposes, such as:

- Creation of specific offers/recommendations, and possibilities of use of products and services (personalised marketing) aimed at efficient personal assets managements and high quality definition of the Bank products and services. The aforementioned data processing may including client profiling based on clear criteria while ensuring relevant measures of the protection of the rights, freedoms, and legitimate interests of such persons solely used to forecast the needs of the data subjects for the purpose of the preparation of relevant product or service offer by the Bank.
- Information on products and services, advantages, prize games, news, and changes in the Bank operation, Erste Group members, and the Bank business partners (direct marketing), time from time.
- The improvement of the Bank product and services, based on the results of researches, time from time, on client experience in connection with the use of such products and services.

Granted acceptance of data processing may be withdrawn (revoked) at any time, after which the Bank will not further process data for the purpose for which the acceptance has been granted. Such acceptance may be withdrawn in the manner in which it has been provided, through all available communication channels provided by the Bank. The acceptance may be withdrawn only partially, as well.

The withdrawal of the acceptance shall not impact the legality of the processing performed based on the consent granted before the withdrawal.

Article 24c

Personal Data Retention Term

The personal data collected for the purpose of exercising the rights and obligations from business relation shall be processed by the Bank as long as the business relation of the Bank and respective data subject lasts, save in cases when the Bank is obligated to retain data for a limited period after the termination of business relation with data subject, based on the law (e.g. Law on the Prevention of Money Laundering and Terrorism Financing), acceptance of the data subject, or a legitimate interest of the Bank (e.g. in the event of any dispute of a data subject and the Bank).

Personal data processed solely based on consent by data subject are processed only within the period necessary for the fulfilment of processing purpose for which consent has been granted, or until the revocation of consent by data subject.

Rights of Data Subjects in Connection with Personal Data Processing

Article 24d

The client, as the data subject, may request the Bank to provide him with the access to the data from his business relation with the Bank as well as with the copy of such data. The manner in which the client files this request must be such to ensure the identification of the person filing the request, for the purpose of the data protection. The application shall be directly identified when he visits the Bank's teller desk. All other types of contacting the Bank (telephone, e-mail, social networks, etc.) for the purpose of exercising the rights in connection with personal data protection shall solely require the use of the contact data officially reported by the client to the Bank for the purposes of the communication with the Bank (reported current address of domicile/residence - in the event of request delivery by mail, reported current e/mail address - in the event of request delivery by e-mail).

The client shall be entitled to request the information from the Bank whether the Bank processes his personal data, which personal data are processed, access to such data, as well as the additional information on processing purpose and the types of the data processed, and who are the users of such data.

The Bank must provide the data subject with the information based on his request, no later than 30 days from the date of request receipt. Such deadline may be prolonged by further 60 days as necessary, also having regard to the number and complexity of the requests.

The Bank (as the controller) will provide the data subject, upon his request, with the copy of the data processed. The Bank may request the fee for the necessary costs for the creation of additional copies requested by the data subject. The request for the copy may be filed to the Bank directly, at the Bank teller desk, by filling in the particular form for respective request, or in writing, through ordinary mail, or electronically. If the request for the copy is delivered electronically, the information shall be delivered in the usually used electronic form, unless otherwise requested by the data subject.

If it is found, in the procedure based on the request for data access, that the applicant's personal data are not processed, the Bank will, without delay, but no later than 15 days, notify the application in writing that the check has found that there are no personal data in connection with which the rights provided for in the Law on Personal Data Protection could be exercised, as well as that such applicant may address the Commissioner for Information of Public Importance and Personal Data Protection, or by lodging a claim to court.

The right to the notification on processing - The data subject shall be entitled to request the information from the Bank whether his personal data are processed, to access such data, as well as the information on the processing purpose and the types of the data processed, on the recipient or types of the recipients the personal data have been or will be revealed to, anticipated period of the personal data storage, the existence of the right to request the correction or deletion of his personal data, the right to the restriction of processing, and the right to complaint to processing, the right to file claim to the Commissioner. The request for notification, access, and copy shall be filed to the Bank in writing, by mail, electronically, or directly, at the Bank's teller desk, by completing particular form, and the necessary costs of the creation of additional copies shall be borne by the client.

Right to correction and supplement - The client and/or the person whose data are processed shall be entitled to the correction of his incorrect personal data, excluding unnecessary filing of a document. Depending on the processing purpose, these persons shall be entitled to supplement their incomplete personal data, which may also include provision of an additional statement or evidence on the data change. The data correction and supplement may be made by the client, in the most facilitated and prompt manner, in the same way in which such data have been initially reported/submitted to the Bank or in accordance with the agreement clause stipulating the obligation of data change.

Right to deletion - The client and/or the person whose data are processed shall be entitled to the deletion of his data by the Bank, in particular in cases when the personal data are not further necessary to fulfil the purpose for which they have been collected, and when the client has revoked the acceptance of processing, and there are no other legal grounds for processing. In accordance with the Law, the legal grounds for further data processing may be the compliance with the statutory obligation of the Bank (as the financial institution) requesting the data processing and storing, in accordance with other regulations governing the operation of financial institutions. In the event the client, in accordance with the Law revokes his acceptance of the processing, he will be warned by the Bank about possible consequences to the business relation with the Bank resulting from the fact that the data the Bank will not have access are necessary for maintaining such business relation.

Right to the processing restriction - The client and/or the persons whose data are processed shall be entitled to the restriction of his personal data processing by the Bank as the controller, in the cases provided for in the Law. If processing is restricted, the Bank shall inform the client on the termination of the restriction. If the processing is restricted for statutory reasons, the data may be further processed only based on the consent of the data subject unless it relates to storing thereof or for the purpose of filing, exercising, or defending a legal requirement or for the purpose of the protection of other private individuals and/or legal entities, or for the purpose of exercising significant public interests.

Right to data portability - The client and/or the person whose data are processed shall be entitled to receive his personal data the Bank, as the controller, has previously been provided with in a structured, commonly used, and electronically readable form, and he shall be entitled to transfer such data to other controller without any interference by the Bank solely if the following conditions are, in aggregate, fulfilled:

1) processing is based on legal acceptance or based on agreement and 2) processing is automated.

Exercising of the right to the data portability may not have a harmful effect to exercising the rights and freedoms of other persons.

Right to complaint - If deemed reasonable in terms of particular situation, data subject whose data are processed is entitled to, at any time, provide the Bank, as the controller, with complaint regarding processing of his/her personal data,

in accordance with the Law, including profiling based on such Law. The Bank shall terminate the processing of the data on the person who has filed complaint unless such person is provided with the explanation of the statutory reasons of the processing which prevail relative to the interests, rights, and freedoms of the data subject or in connection with filing, exercising, or defending the legal requirement.

The client and/or data subject shall also have other rights and obligations defined in the General Terms of Business, other general and individual acts of the Bank, and the agreements executed with the Bank.

Article 24e

The provisions of this part of the General Terms of Business relating to personal data protection shall also apply to the clients of the special organisational areas of the Bank performing custody transactions (Custody Unit) and broker-dealer transactions (BDD).

In addition to the provisions of these General Terms of Business, the protection of the personal data of the clients of the Custody Unit and BDD shall be made based on the internal and general acts of such organisational areas of the Bank and executed agreements on executing the aforementioned operations with their clients.

In the course of personal data processing and protection, the Custody Unit and BDD shall act in accordance with the statutory principles of processing.

Bank Secrecy

Article 25

The bank secrecy means 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 its operations with its clients.

The Bank and the members of its bodies, shareholders, employees, and employees at the members of the Group the Bank belongs to, as well as the Bank's external auditor and other persons who, due to the nature of the operation they perform, have access to the data that are bank secrecy, may not disclose such data to third parties or use them contrary to the interest of the Bank and its clients, and they cannot provide access to such data to third parties.

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

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

Article 26

Exceptions from the obligation of bank secrecy if data are disclosed:

- on the basis of Decision or request by competent court;
- for the purposes of the Ministry in charge of internal affairs, authority in charge of countering organised crime, and authority in charge of anti-money laundering in accordance with the regulations governing anti-money laundering;
- regarding property proceedings based on request by property trustee or consular agencies of foreign countries, including submission of relevant documents in writing evidencing reasonable interest of respective parties;
- regarding enforcement of client's property by relevant authority;
- to regulatory authorities in the Republic of Serbia for the purpose of performing activities within their authority;
- to the entity established by banks for the purpose of collecting data on total amount, type, and timeliness of liabilities settlement by private individuals and corporate clients that are the Bank's clients;
- to competent authority regarding the control of payment transaction execution by corporate clients and private individuals performing an activity in line with the regulations governing payment system;
- tax administration in line with the regulations governing the activities within its authority;
- to the authority responsible for foreign exchange operation control;
- upon request of organisation for deposit insurance in conformity with the law governing deposit insurance;
- to foreign authority as set out in agreement on co-operation entered into between respective authority and the National Bank of Serbia.

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

Article 27

By executing an agreement, the client shall grant his/her consent and authorise the Bank to use, process, and keep all data presented to the Bank when entering into the agreement, as well as data the Bank may have access to when implementing respective agreement, which are in terms of the Bank Law deemed as secrecy i.e. bank secrecy.

Executing the agreement the client shall grant his explicit consent to the Bank to, in accordance with the Bank Law, forward the data presented to the Bank when the Agreement has been concluded, as well as the data obtained by the Bank during the implementation of such Agreement, which are, in sense of the Bank Law deemed as secrecy i.e. bank secrecy (data on client, his related persons, documentation included in the credit file to the Agreement, data on the liabilities under the agreement, and manner of settlement thereof, and compliance with the agreement provisions, etc.), and outsource the processing of such data to Erste Group members, its shareholders, the National Bank of Serbia, Credit Bureau, Serbian Bank Association, Credit Transaction Fraud Prevention Forum, or a third party, which, due to the nature of the operation performed, must have access to such data, for the purpose of having higher quality and more efficient data processing, efficient fulfilment of statutory obligations and implementation of the agreement with the client, provided that the Bank has, in its contractual relation (save in the event of the regulatory obligation of data delivery) with the respective legal entities and institutions which are transferred data and/or outsourced processing of such data, ensured the same or higher level of confidentiality, business secrecy, and integrity applied when the processing is performed by the Bank, as well as that the Bank has ensured that such data are properly protected against fraud, destruction, loss, unauthorised changes and access, including the obligation of the persons engaged in processing to keep data secrecy.

Obligation of Client's Creditworthiness Assessment

Article 28

Prior to the execution of the agreement on any lending product of the Bank from the adopted or applicable product catalogue of the bank (e.g. loan, credit card, and/or overdraft under current account), the Bank shall make the assessment of the Client's creditworthiness based on the data and documentation prescribed in the law and the Bank acts, it has been provided with by the Client as well as based on accessing the database on the exposure of such Client - Credit bureau at the Serbian Bank Association (hereinafter: Credit Bureau), executed based on the Client's signed consent. If the Bank and the Client agree to increase the Client's credit exposure, the Bank will re-asses his creditworthiness.

The Bank will, free of charge, notify the client in writing on the rejection of the client's application for requested lending product from Bank's product catalogue if such application has been rejected for the reason of his unacceptable status in the data base i.e. the Credit Bureau.

Conflict of Interest Management

Article 29

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

- Between the interests of the Bank (including managers and employees, related agents, or companies of the Group) or respective 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 identify the possibility of conflicts of interest occurrence, and, if possible, avoid them.

Unless conflicts of interest may be avoided through the existing organisation or internal processes within the Bank, the Bank's priority shall be to solve such conflicts 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 the client the basic nature i.e. sources of conflict of interest, before client on-boarding, i.e. before beginning of rendering services on behalf of and for the account of the client.

The disclosure shall, as the final measure of managing the conflicts of interest, be made in general, i.e. in the manner which does not breach the provisions on business secrecy to other clients.

Gift Policy

Article 30

The Bank's Gift Policy defines conflict of interest management arising at the time when the Bank's personnel 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.

The Anti-corruption Policy prescribes the rules prohibiting the conducts by the personnel resulting in the corruption

criminal offence. The personnel shall not be permitted to, in connection with performing business activity, offer or provide advantages to third parties, in terms of cash benefits or advantages in the form of other services.

Through the personnel reports on offered business gifts, the Bank shall collect and process the data relating to business gifts, as follows: data on identity of client/business partner offering gift to a Bank member of staff, as well as the type and valuation of offered business gift. The purposes of processing of these personal data shall be the conflict of interest management at the Bank, and the prevention of the damage to other Bank clients due to their worse position relative to certain clients.

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

CLIENT'S RESPONSIBILITIES

Article 31

The client shall, prior to entering into agreement with the Bank, carefully read all conditions offered by the Bank, included in the Bank's documents in writing, starting from the General Terms of Business, offers of the Bank, wording of agreement or agreement annex conditions, general terms of using particular products, provided by the Bank with the aim of concluding respective legal transaction. Also, the client shall have the right to be informed on the changes of the conditions offered by the Bank on a regular basis and to ask for any additional relevant information and explanations.

Notification of the Bank

Article 32

The client shall, without any delay, within 15 days at the latest from change occurrence, notify the Bank on any changes of his name and surname, home address, employer's address, authorised person, change in the FATCA status (in accordance with the Law from Article 7 hereof) and other changes important for smooth execution of the client's transactions through the Bank.

The client - private individual shall immediately notify the Bank on the status or other changes registered with the Business Registers Agency, court, or other relevant authority by providing the documentation based on which data are reconciled in connection with the resulting change, no later than 3 days from the arisen change or 3 days from the date of the receipt of resolution on the registration of the change, registered with court or other relevant authority.

The Client's notice to the Bank on the changes must be supported with the documentation evidencing such change or indicating the circumstances that could impact the change.

The client shall, without any delay, notify the Bank on any change of other elements important for servicing his/her liabilities to the Bank, such as job change, job loss, income decrease or loss, and other elements.

The client shall also notify the Bank on the change of any data reported to the Bank as relevant for the delivery of notification and information which are not included in the officially registered client data, otherwise the Bank shall not bear the consequences of non-reporting such changes. The foregoing shall particularly refer to the contact information reported for the purpose of notifying the client which is performed 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 the client and the Bank and which include postal address, telephone number, e-mail address, etc. The client's conduct in connection with his obligation of reporting the change in his data (in particular the change in the contact data) to the Bank shall be, in particular, taken into consideration in relation to the regulations governing personal data protection. In the event of any unwanted disclosure of personal data when the Bank (due to the failure by the Client to report the contact data change) continues, in good faith, to notify the client in accordance with the regulations and these General Terms of Business using the communication channels known to the Bank, the Bank shall not be liable for the disclosure of the data to other person due to the aforementioned circumstances, therefore any damage in connection with his personal data which may be revealed in such case shall be borne by the Client.

A private individual client shall solely provide the Bank with his data (the Client is the data subject), not the data of a third party, irrespective of the degree of kinship or other close relationship he has with such person. If the client must provide the Bank with the personal or contact data of a third party, he shall provide the Bank with prior notice thereof and obtain (in the agreement with the Bank) explicit consent in writing of such third party that his data may be used by the Bank for the purpose of the communication with the client.

The client shall also respond to discussion, whenever it is estimated by the Bank as necessary, and provide relevant information to the Bank.

Article 33

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

In case the client fails to notify the Bank, in a timely manner, on the change of his/her address of residence, domicile, seat, as well as other data which may impact duly sending of the Bank's notifications, all of the Bank's notifications shall be deemed duly submitted if sent to the 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 the material in writing - mail to post office to be sent by registered mail,
- on the date of delivery of the material in writing - mail to the firm registered and engaged by the Bank for delivery
- on the date of delivery made electronically on a permanent data carrier which enables data warehousing - e-mail, sms indicated by the client as his/her contact information.
 - on the date of delivery by other means selected by the Bank unless otherwise agreed with the client.

The consequences of failure to meet the obligation referred to in the above paragraph shall be borne by the client. In case the mail/electronic mail delivered to the 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 mails in writing/electronically to the client until the client notifies the Bank on the change i.e. exact data necessary for mail delivery. If it is found by the Bank that the registered numbers of telephone, e-mail, fax, and other electronic contact addresses do not belong to the client or that they are incorrect, the Bank's obligation of client notification shall be terminated.

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

Article 34

The documents and notifications provided to the Bank by the client in a foreign language shall, upon the Bank's request, be submitted as certified translation into the Serbian language by a certified court interpreter/translator for such language, and in some cases foreign documents must be certified by notary and legalised with apostille.

The documents, notifications, and orders, and any further amendments of basic requirements provided to the Bank by the client must be clear, complete, and unambiguous, legibly filled in/written. Any amendments of requirements must include clear designation and reference to the basic requirement which is the subject matter of amendment. The client shall be liable for the damage originating from the non-compliance of the obligations of notifying the Bank, in sense of Article 31 and 32.

Proxy

Article 35

The proxy granted by the client to a third party must be a special proxy and include the scope of the proxy holder's authorisations, including specifically listed actions which may be taken by the proxy holder. The Bank shall not accept general proxy.

The Bank may request proxy notarisation by notary public, i.e. if it was provided abroad, to be apostilled.

In cases when the client has granted proxy to third party, the client must notify the Bank in writing on the proxy change or revocation, otherwise the Bank shall not be liable for any actions of the proxy holder.

The proxy holder shall provide the Bank with the proxy, including original identification document of the proxy holder, in his/her presence, whereby the Bank shall collect any obligatory data from such person or by examining his/her identification documents, and copy of the principal. The proxy holder may not be authorised to further transfer the proxy or terminate and/or close account without the special proxy granted by the client.

Article 36

The proxy granted shall be terminated:

- in case of death of the client or proxy holder,

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

The Bank may restrict the proxy validity in its internal acts.

Article 37

In case of the revocation of the proxy granted by the account holder, the revocation shall solely be valid from the date of its presentation to the Bank i.e. when the account holder modifies supplements or revokes the given proxy in the Bank's premises. If the account holder is not able to personally visit the Bank, the proxy revocation/supplement certified by the relevant authority shall be accepted.

Orders to the Bank

Article 38

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

The Bank shall not be liable for any damage arisen in the course of the order execution if such damage has been caused due to additional verification of insufficiently precise orders.

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

The Bank shall not be liable for the damage sustained by the client, resulting from security failures on the client's personal computers (using non-licensed software, occurrence of unwanted software, virus, "trojan", etc.).

Article 39

The client shall fully complete the Bank's forms as necessary, to immediately ensure the execution of order included in the form.

The Bank shall have the right not to execute orders if orders are provided in the forms not made or approved by the Bank. In case of incorrect or incomplete information provided to the Bank by the client, the Bank shall not be liable for any loss or damage resulting from such execution or non-execution.

Article 40

If the client requires urgent order execution, the Bank must be specifically informed thereof at the same time when order is provided.

The payment orders in the amount of RSD 300,000 for which the Client checked instant option when the order is completed will be, in accordance with the instant payment rules, executed by the Bank instantly or almost instantly at any time of the day, every day in year, depending on the receipt channel (during the business hours of branch, 24/7/365 by e-banking or m-banking).

Article 41

The client must, without any delay, check the correctness and completeness of the statement of current account or other account, as well as all other reports received from the Bank, and for the purpose of the adjustment/correction of any noticed irregularities, the Bank shall be notified thereof.

Article 42

The manner and conditions of issuing payment orders are specified in the General Terms and Conditions of Providing Payment Services to Private Individuals and Farmers, General Terms of Providing Erste Bank Payment Services to Corporates, General Terms and Conditions of Executing Single Payment Transactions.

Complaint by Client

Article 43

If the client considers that the Bank does not adhere to the obligations referred in the Agreement executed between the Client and the Bank, provisions of the Law on the Protection of Financial Service Consumers, and other regulations governing financial services, Law on Contracts and Torts, good business practice, and General Terms of Business of the Bank, the client may send the complaint in writing - in the Bank business premises, by e-mail, mail, through eBank and mBank application, and through the Bank web page, in accordance with the procedure on the manner of the Bank's procedure on the treatment of the Client complaint.

Competent organisational units which are provided with clients' complaints, their postal and e-mail addresses, as well as the explanation about the form for the complaint submission shall be displayed on the Bank's teller desks and the Bank's Internet presentation.

Article 44

The client shall be entitled to file complaint in writing to the Bank (hereinafter: complaint) if he considers that the Bank does not comply with the provisions of the Law on Financial Service User Protection, Law on Payment Services, other regulations governing these services, General Terms of Business and good business customs relating to such services or obligation from the agreement entered into with the client. The client shall be entitled to send complaint within three years from the day of the breach of his/her right or legal interest. The collateral provider shall also be considered as client.

The Bank shall issue confirmation on complaint receipt, indicating the location and time of receipt, and, if the complaint is filed through the Bank web page, by e-mail, or otherwise in electronic form, the Bank will immediately confirm the receipt of such complaint in other relevant manner in the electronic form.

The Bank shall deliver clear and understandable response to complaint in writing within 15 days from the complaint delivery, and, in its response, it shall inform client on his/her right to file claim to the National Bank of Serbia.

If the client has filed a complaint upon the expiry of the term referred to in paragraph 1 hereof, the Bank shall immediately notify the client that the complaint has been filed upon the expiry of the prescribed term, due to which the Bank shall not be further obligated to consider this complaint.

Submission of the notice referred to in the above paragraph shall not prevent the Bank to consider and/or accept this complaint if the Bank considers that it is reasonable.

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 to in the respective paragraph, such period may be prolonged by up to 15 days, on which the Bank shall inform the client in writing within 15 days from the receipt of complaint. The Bank shall clearly and understandably state the reasons for failing to deliver the response within 15 days from the date of the receipt of complaint, as well as the final deadline for providing the response in accordance with the above paragraph.

The Bank cannot charge fee to the client who has filed complaint or any other costs for handling complaint.

The Bank shall provide the client with the possibility of filing complaint in its business premises where services are offered to clients and on its web-site, within the mBnk and EBank applications, or by e-mail, i.e. the possibility of introducing to the client or provider of collateral the manner of filing complaint and the manner of handling complaints.

The National Bank of Serbia shall set out the manner of filing complaint, as well as the method of handling complaint by financial service provider.

Article 45

If the client is not satisfied with response to complaint, or if complaint is not delivered within the period referred to in the respective Article, the client may, before initiation of litigation, provide the National Bank of Serbia with claim in writing, or via the National Bank of Serbia web site (hereinafter: claim), if he deems that the Bank fails to comply with the provisions of the Law on Financial Service User Protection, other regulations governing respective service, General Terms of Business and good business customs relating to such services or obligations referred to in agreement entered into with client and/or provider of claim. The client may file claim within six months from the date of the receipt of response or upon the expiry of the period referred to in paragraph 1 of this Article.

Upon the receipt of claim, the National Bank of Serbia will request the Bank to provide explanations about claim allegations and adequate evidence - within the period set out in its request, which may not be longer than eight days from the day of receipt of such request. After the Bank provides explanation about claim, the National Bank of Serbia may request additional comments, i.e. delivery of the adequate evidence by the Bank within the period set out in request.

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

The National Bank of Serbia shall set out the method of filing claim, as well as the method of claim handling.

Article 46

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

Mediation procedure may also be initiated upon the completion of the complaint-based procedure.

After mediation has been initiated, the client may no longer file complaint, unless such mediation has been terminated by way of suspension or waiver, and if claim has already been filed - the National Bank of Serbia shall halt such handling of complaint i.e. suspend handling if mediation has been terminated by way of agreement. The period for filing claim shall not run during mediation procedure.

Mediation procedure shall be initiated at the proposal by one party in dispute which is accepted by other party. Such proposal must include due date for acceptance, which may not be longer than 5 days after the day of the delivery of the 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 included 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 after the maturity of a 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 by court or a notary. Initiation and implementation of mediation procedure between the client and service provider shall not exclude or impact exercising of the right of judicial protection, in accordance with the law.

Security Instrument

Article 47

The client shall, upon the Bank's request, provide adequate security instruments of the Bank claims.

The client shall, upon request by the Bank, provide adequate instruments of security of the Bank's claims.

To secure the Bank's claims, the following security instruments may be arranged with the Client: bill of exchange, attachment of salary, guarantee, escrow deposit, pledge of real estate (mortgage), pledge of movable assets and rights, securities, intellectual property rights, cession, loan insurance with insurance companies, and other security instruments accepted by the Bank, in accordance with its internal acts on security instrument valuation.

Security instruments are one of the most important factors for mitigating risks. Certain security instruments shall, for the purpose of risk mitigation, be specifically valued by the National Bank of Serbia, therefore the Bank shall particularly request the client to provide such collateral.

Article 48

If the collateral provided by the client is insufficient or if it, during 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 the client defines the collateral in the form of mortgage of real estate or pledge of movable property, the client shall provide the Bank with real estate and/or movable property valuation and insure such property and assign insurance policy in favour of the Bank.

Valuations 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. Valuation shall be valid for 3 (three) years from date of enforcement. Insurance of real estate and/or movable property and policy assignment shall be made on an annual basis during the validity of agreement between the Bank and the client. During contractual relation both parties may replace set up collateral in accordance with regulations and internal acts of the Bank.

Failure to Fulfil Agreement Obligations by Client and Agreement Termination

Article 49

Should the client, upon notification delivery or warning (after the lapse of the term referred in the warning or notification), fail to settle his due liabilities or the client fails to eliminate other agreement breaches pointed out by the Bank in the warning or notification, the Bank shall have the right to declare its total claim due and to require the collection of due claim. In the same notification, the bank may, at own discretion, cancel or terminate the respective agreement. Such a notification shall be made by the Bank in writing.

Article 50

The Bank may collect the amount of due debt from available funds of the client and/or guarantor with the Bank up to the amount of the due debt, in accordance with the law.

Article 51

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 the client and a third party, shall be borne by client, and the Bank shall be entitled to debit the client's account.

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

Article 52

The client and the Bank may cancel or terminate agreement in line with the provisions of these General Terms of Business, general terms and conditions of payment service provision, and in line with specific conditions defined in the respective agreement.

Cancellation, termination, and/or declaring of the maturity of the agreement obligations shall come into legal force upon the expiry of the notice period, starting from the date of the notice to the last reported address of residence and/or domicile and/or the e-mail address reported by the client to the Bank, unless otherwise explicitly agreed.

Article 53

For current/payment account transactions, the Bank may terminate or cancel agreement even if it is not explicitly defined in the agreement in the following cases and in the following manner:

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

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 compliance with the provisions of the Law on Payment Services which define obligation to report status and other changes which are registered at other authorities and organisations and delivery of relevant documentation to the Bank which verifies and proves such change
- 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

the expiry thereof or according to regulations irrespective of the validity of data and document applicability

- in the case the contradictory documentation exists from which the beneficial owner or representative cannot be determined.

If a client, following the reminder, fails to act based on the Bank's request referred to in the above paragraph, the Bank shall be entitled to terminate the agreement based on 15-day notice period.

The above-mentioned blocking shall cease when the client meets the requirements or when the Bank and client make a decision to terminate or cancel their relation.

Article 54

For all business relations, the Bank may cancel or terminate, without any notice period, particular or all agreements though it is not specified in the agreement, in the following cases:

- if the client fails to meet the requirements of the Law and other regulations (and the Bank's internal procedures based on them) in the area of the prevention of money laundering and terrorism finance
- if, in accordance with the Bank's assessment, significant reputation risk for the Bank is recognised in relation to the client and his/her related persons, personnel, or founders
- pursuant to the assessment by the Bank, in connection with the client or the client's related persons or founders, the existence of increased financial crime risk has been identified

Article 55

When performing its activity, the Bank shall apply the provisions of the Law on the Prevention of Money Laundering and Terrorism Finance, by-laws, and regulations in the sanction area.

The Bank shall, based on the aforementioned regulations, take particular actions and measures in its relations with clients which, among all, relate to risk analysis, client due diligence, keeping of records, and other actions and measures provided for in the regulations.

Client Identification

Article 56

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

- prior to client on-boarding by the Bank,
- when executing a transaction in the 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 the transaction execution irrespective of whether it is a single transaction or several interrelated transaction, in case when the business relation is not set up
- in the event of the transfer of funds in the amount of EUR 1,000 or higher, in RSD equivalent, at the official middle exchange rate of the National Bank of Serbia if the business relation is not set up;
- for any exchange transaction in the amount of or exceeding EUR 5000 in RSD equivalent irrespective of whether it is a single or several interrelated transactions
- for 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
- for executing safe lease agreement.

Necessary documentation to be provided by the client 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 shall be available to clients. The documentation list shall also include the method of providing 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 when providing documentation.

The Bank shall reserve the right to reject client on-boarding in the event that submitted documentation fails to comply with the 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 on-boarding.

Special notes:

Minimum Documentation for Private Individuals

Valid personal document (ID or passport) for: the client who is a private individual and entrepreneur opening account or on-boarded, authorised employee, or proxy holder who opens account for an entrepreneur/corporate client, and legal representative of private individual and entrepreneur.

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

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

Special conditions for Corporate Clients and Entrepreneurs

All corporate clients and entrepreneurs shall complete data on legal entity beneficial owners, in accordance with the Law on the Prevention of Money Laundering and Terrorism Finance, in the form, which shall be an integral part of application for account opening, and provide the documentation relating to them, as well as to all corporate clients and private individuals referred in the data on legal entity beneficial owners.

Respective documentation list shall vary depending on legal entity type (legal entity, 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 provide 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 the client provides necessary documents.

The Bank shall on-board a legal entity, entrepreneur, and other entity of foreign law only when the beneficial owner/s have been identified, in accordance with the regulations in the area of the prevention of money laundering and terrorism finance.

Article 57

The Bank may also require the following from the 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 business relation and/or transaction;
- information on expected turnover on account;
- evidence on paid tax
- name and surname, date and place of birth, domicile or residence of the private individual, who is a beneficial owner and/or holder of 25% or more of interest, shares, or other rights based on which he/she has the interest in the legal entity's capital of 25% or higher or has a directly or indirectly prevailing impact to operations management or decision-making at the legal entity, or of the private individual who has provided or provides funds to a company in an indirect manner, which entitles him to influence significantly the decisions made by the managing bodies of the company concerning its financing and business operations;
- other data deemed necessary in sense of acting in compliance with the Law on the Prevention of Money Laundering and Terrorism Financing, regulations in the area of sanctions, and internal acts.

Article 58

The Bank shall restrain from on-boarding a client and reject executing transaction and it ne able to terminate the existing business relation in the event that the client fails to provide complete or updated documentation or if it is not possible to identify the client's beneficial owner to the satisfaction of the Bank.

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

Documentation and Data Significant for the Assessment of the Client's Creditworthiness

Article 59

For the purpose of correct assessment of the client's creditworthiness, long-lasting successful business cooperation, and clear assessment of client needs, it is in the interest of the client, at the time of initial submission of credit 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 Registers Agency or business incorporation decision, for farmer - excerpt from register of agricultural holdings);
- 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 the 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 - 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 and salaries in past 3 or 12 months issued and certified by the employer (credit application, including confirmation of employment and salary amount, net salary statement), including the statement that they may be used for checking paid taxes and contributions, and the valuation of the client's assets, depending on the client's assets and income type, the Bank may also request other documentation (excerpt from current account, evidence on rent income, royalties, etc.) ;

other documentation as per the applicable regulations, as well as other documentation deemed as necessary by the Bank for the proper creditworthiness assessment, whereby other personal data, which could be deemed as particularly sensitive in sense of the Law on Personal Data Protection, are provided by the client based on explicit consent in writing.

Article 60

Inquiry on indebtedness provided to the Bank by the Credit Bureau of the Serbian Bank Association shall be obtained based on client's consent in writing. On the basis of data from this Inquiry, the Bank shall verify the balance of total client's indebtedness. The objective is to assess the client's ability to be further indebted which will not affect his/her financial situation.

Final decision on service provision and/or lending product approval shall be made by the Bank.

DEPOSITS

Article 61

Cash deposits mean cash deposited by corporate clients, entrepreneurs, and private individuals with the Bank on the basis of 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 the client on his/her intention to withdraw deposit.

Article 62

The Bank shall, in conformity with Law on Deposit Insurance, insure deposits of private individuals, farmers, entrepreneurs, and micro, small and medium corporate clients in the amount of EUR 50,000 (insured amount) in RSD equivalent at the middle exchange rate applicable on the date of decision approval 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 the client with the Bank, but not based on individually agreed

deposit transaction of the client.

The following deposits of private individuals/farmers/entrepreneurs, and micro, 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;
- 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;
- investors whose funds are protected, in accordance with the law governing the capital market,
- which are the agreed security instruments if the amount of the bank's claim towards the depositor secured with such deposit is higher than or equal to the amount of such deposit,
- insolvency or liquidation estate.

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 the client has any debts to the Bank, they shall be offset with the deposit at the Bank as of the date of the approval of 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 debt amount shall be paid.

To exercise the right based on deposit insurance in case of the bankruptcy of the Bank, the client shall provide the Agency with application for payment of insured amount and evidence on deposit accompanying the 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.

The client's request for the payment of insured deposit amount may not be provided after the expiry of three years from the date of the approval of decision by the National Bank of Serbia on meeting conditions for initiating bankruptcy procedure against the bank.

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

LOANS

Article 63

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.

Lending 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, based on loan repayment schedule which shall be an integral part of Agreement on Lending Product/Loan.

The Bank shall approve loans by assessing reasonableness of filed application according to creditworthiness and on the basis of other relevant factors relating to the client's business. In its assessment of the reasonableness of filed application, the Bank shall also suggest financial arrangements to its clients which are safer and provide better financial effects.

Provision of documentation required by the Bank for the purpose of the assessment of the client's creditworthiness, as well as for gaining knowledge about the client's needs, based on which the client shall also be provided with consultancy relating to finance development, shall be necessary but not sufficient condition for getting required credit or other service of the Bank used for direct or indirect financing of the clients.

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, not a direct lender (such as loans approved by relevant Ministries or Funds of the Republic of Serbia) shall be made by competent bodies that are direct lenders i.e. Ministries, Funds, etc.

Article 64

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

The Bank may, in line with the agreement with the 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 TRANSACTIONS AND CUSTODY TRANSACTIONS

Article 66

The Bank shall offer the custody services, as follows:

- Custody of financial instruments (hereinafter FI) and funds on accounts,
- Administering FIs and funds i.e. payment transaction clearing and settlement (DvP, RvP), non-payment transaction execution (DF, RF), and other money transfers,
- Collection of income resulting from FIs (dividends, principals, interests, coupons, and other income),
- Notification on corporate events, exercising of rights resulting from FIs and execution of orders for corporate activities,
- Services of opening and maintaining cash accounts and execution of funds transfer as per client's instructions,
- Foreign currency conversion services in connection with investment services,
- Reporting of clients,
- Other services relating to financial instruments, arranged between the Client and the Bank, which do not breach the Law on Capital Market

In addition to the custody services, the bank also offers the depositary services to collective investment undertakings prescribed in the Law on Open End Investment Funds with a Public Offering (hereinafter: UCITS funds), Law on Alternative Investment Funds, and Law on Voluntary Pension Funds and Pension Schemes.

The Bank is a member of the Central Securities Depository and Clearing House, and it has license of the Securities Commission for the account of client, for executing client order and for executing operations in conformity with the Law on Open-ended Investment Funds with a Public Offering and Law on Capital Market, consents for performing depositary operations, in accordance with the Law on Alternative Investment Funds. The Central Securities Depository and Clearing House is a joint stock company performing operations of single records of legal securities holders, calculation and set-off of liabilities and claims on the basis of securities transactions.

FX AND MONEY MARKET OPERATIONS

Article 67

Within the domain of FX and money market operations, the Bank has an active relation towards the market and its clients, offering the clients the contemporary financial instruments, pointing out the client the benefits such instruments have to the effect of the client's business, liquidity, and assets use efficiency.

The aforementioned instruments include FX spot transaction, FX forward and FX swap transaction, interest rate swap and interest rate option (CAP/Floor) enabling clients to execute their obligations in required currencies or hedging, in accordance with the Law on Foreign Exchange Operations.

Within its usual operations on the money market, the Bank offers financial institutions (banks and non-bank financial institutions) to conclude repo transactions, as follows: repo and reverse repo transactions.

CARD BUSINESS

Article 68

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

Transactions that may be performed using card may be cash and cashless, and the client's account may be debited at the time of transaction execution or for deferred term by using the principle of reserving the funds on the client's account. Cards may be debit and credit, valid in Serbia or internationally.

Debit card is a payment instrument for electronic transaction execution where the client's account is debited at the time of transaction booking, maximum to the amount available on the client's account.

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

The method and procedure of payment card transactions are set out in the general terms and conditions of payment service provision.

PAYMENT SERVICES

Article 69

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

Direct payment service execution shall be made on the basis of Framework Agreement on Payment Services. The respective agreement and documents which shall be an integral part of Framework Agreement on Payment Services shall govern mutual rights and obligations of the Bank and the client.

Specific conditions and methods of payment service execution are set out in the General Terms and Conditions of Payment Service Provision, in particular in the part relating to instant payments and payment order through the generation/reading of QR code at a point of sale and on the invoices of the payees

Single Payment Transactions

Article 70

The Bank provides services of executing single payment transactions based on single payment transaction agreement governing the execution of single payment transaction which is not covered in framework agreement. The Bank shall be entitled to reject the execution of single payment transaction/s in the event it is not able to execute its obligations set out in the regulations and internal acts governing the prevention of money laundering and terrorism finance or in order to act pursuant to the sanction lists towards persons, countries, and activities, in accordance with the local and/or international regulations, and/or Erste Group policy, or in the event a person whose payment order is executed breaches laws and other regulations.

Single Payment Transaction Agreement is an agreement for which written form is not required. The obligatory content of such agreement is ensured by making available the General Terms of Executing Single Payment Transactions and other acts which include necessary information for payment order execution.

Article 71

The Bank shall make daily statement on account balance and all realised changes and deliver it to the client - corporate client or entrepreneur to the e-mail address, or by submission at the Bank's teller desk.

The Bank shall make the statement on the account balance and all realised changes and deliver it to the client - private individual on a monthly basis, in the manner agreed with the client, or in the manner on which it has subsequently agreed with the client.

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

In accordance with the Law on Bill of Exchange, the Bank shall also execute payment transactions based on bill of exchange. Payment transaction based on bill of exchange means a transaction where payee initiates transaction for debiting payer's payment account based on bill of exchange and payment order requiring funds transfer from payer's account to own account.

Article 72

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

Foreign exchange i.e. foreign 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, charges a commission for the transfer costs. The Bank shall, in its Pricelists, present the exact amount of respective costs.

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 AND M-BANKING

Article 74

E-banking and m-banking are the bank products with which clients are enabled to satisfy their needs for particular services, whereby they do not need to visit the Bank - electronically, they do not need to provide the accompanying documentation in connection with payments, save for the payments for which providing of documentation is set out in accordance with the Law on the Prevention of Money Laundering and Law on Foreign Exchange Operations. E-banking and m-banking enable clients to view account balance; view account turnover; view statements; execute payment orders for RSD (including instant - urgent orders) and FX payment transactions on current date and future date.

E-banking and m-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 respective services may include corporate clients, entrepreneurs, farmers, and private individuals in accordance with the executed agreements.

Specific conditions and manner of executing payment services through e-bank/m-bank are set out in the General Terms of Providing Payment Services.

BROKER-DEALER TRANSACTIONS

Article 75

The Bank shall perform investment services and activities 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 149 and 228 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) order execution for the account of client;
 - (3) trading for own account;
 - (4) investment advisory;
 - (5) underwriting services in connection with the offer and sales of financial instrument, including repurchase obligation;
 - (6) services in connection with the sales of financial instruments, excluding repurchase obligation
- 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) approval of loans and borrowing to investors to be able to make transactions of one or more financial instruments when company is a lender involved in a transaction;
 - (3) advisory to companies in connection with capital structure, business strategy and related strategy, as

well as the services in connection with merger and purchase of companies, and similar issues;
(4) services of foreign currency conversion with regard to investment services provided;
(5) research and financial analysis in the field of investments or other forms of general recommendations regarding financial instrument transactions;
(6) underwriting services;
(7) investment services and activities as well as additional services which refer to the underlying of derivative financial instrument in line with the law and in relation to the provision of investment services and activities and ancillary services.

Article 76

Conditions and methods of executing transactions referred to in the above Article, types of client orders, methods, conditions and sequences of executing client order, mutual rights and obligations of the Bank and client, code of ethics, fee tariffs, and other issues significant for the operation of the Bank are defined in the Rules of Operation of Erste Bank a.d. Novi Sad when executing investment services and Rulebook on Tariff of 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 77

The Bank shall execute investment banking transactions i.e. corporate finance transactions, providing clients with 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 BANK OPERATIONS

Article 78

The Bank shall execute transactions on behalf of and for the account of third parties - the Bank's clients.

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

The Bank shall make registration (recording) of 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 and sending of money transfers from abroad (Western Union or other money transfer processor) as the representative of the payment institutions holding the NBS license for executing respective transactions
- insurance agency operations (operations of initiating, proposing, or performing of the preparation and execution of insurance agreement on behalf and for the account of insurance company)
- safes of private individuals
- exchange transactions - foreign currency buying and selling
- international payments - loro payment transfers, nostro payment transfers
- execution of clients' standing orders
- guarantee operations (guarantees for the Republic of Serbia Privatisation Agency, other guarantees, in accordance with the law, customs guarantees, and other guarantee types)
- documentary business
- factoring operations and bill of exchange discount,
- other standard banking services.

BANK SERVICES PRICES

Article 79

The Bank shall define, calculate, and charge service prices in line with the Pricelists.

The level, nature (variability), and period to which the Bank's service price is related, method, dynamics, and calculation terms, as well as collection frequency and terms shall be defined in agreement, General Terms of Providing Payment Services, and/or Pricelist. Agreement shall also specify penalty (default) interest and other possible costs, such as indexation and revaluation (currency clause).

Individual agreements shall also define possibility of loan prepayment, prepayment costs, as well as the terms and methods of prepayment of a part of loan or the whole loan.

Nominal Interest Rate

Article 80

Nominal interest rates shall be defined within the Pricelist.

Nominal interest rate may be uniform or composite. Nominal interest rates for FX deposits shall be presented in percentages with two decimal places per annum. Annual interest rate means the period of 360/365/366 calendar days, and monthly period of the number of days in respective month for which interest is calculated.

Nominal interest rates for **lending products of private individuals, entrepreneurs and farmers** shall be presented in percentages per annum. Annual interest rate means the period of 360/365/366 calendar days, and monthly period of the number of days in respective month for which interest is calculated.

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

Nominal interest rate may be expressed on an annual or monthly or daily basis.

Single nominal interest rate shall be presented in percentage amount.

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

The Bank shall reserve the right to, during the whole period of contractual relation, make the change in the level of reference interest rates for which variability clause is agreed. 15 days before the application of new interest rate, the Bank shall notify the client about the reason of respective change and provide the client with the changed Loan Repayment Schedule and state the date from when the changed interest rate applies.

Irrespective of the above-mentioned, the Bank shall reserve the right to change the agreed interest rate to all clients in the event of non-special purpose use of disbursed funds.

For agreements with private individuals, entrepreneurs and farmers the Bank shall agree nominal interest rates as follows:

- single nominal interest rate which is agreed as non-variable (fixed), which may be changed during agreement validity only upon written consent of parties, and
- composite nominal interest rate which shall consist of reference interest rate which is officially published and which shall not depend upon the will of parties (EURIBOR, BELIBOR, reference interest rate of the National Bank of Serbia) and fixed margin, which may be changed during agreement validity only upon written consent of parties.

Article 81

Composite interest rate, contrary to single interest rate, shall include variable element (reference interest rate) which does not depend on the Bank's 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 means an interest rate whose amount depends on agreed variable elements, i.e. variable and fixed, and variable elements are those which are officially published. The nature of variable elements 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, BELIBOR or the reference

interest rate of the National Bank of Serbia. In its business premises, the Bank shall publish notice regarding fluctuation of values of agreed variable elements - reference interest rates, and at the Bank's web page.

EURIBOR means interbank reference interest rate applied in euro zone. It is computed as the average of 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 the offered funds, there is one-week, monthly, quarterly, semi-annual, and annual EURIBOR.

Official data on the EURIBOR value are provided by Reuters, and the information may be found on Internet page: www.euribor.org/html/content/euribor_data.html

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

BELIBOR means reference interest rate for RSD funds offered by the banks' Panel, on the 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 published on www.thomsonreuters.rs every business day at 11:30 a.m.

The Bank applies monthly, quarterly and semi-annual BELIBOR updated on a monthly, quarterly, and semi-annual basis. The frequency of change (updating) of this interest rate determines the frequency of the change of the total nominal interest rate.

Reference interest rate of the National Bank of Serbia means a benchmark interest rate on the basis of which the values of interest rates for money market transactions 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 sale i.e. purchase of securities with 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: <https://nbs.rs/sr/ciljevi-i-funkcije/monetarna-politika/kamatne-stopе>

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

Average weighted interest rate means an interest rate calculated and published by the NBS for the existing loan agreements of the same type, tenor, and currency, i.e. for new housing loans at fixed interest rate.

Average weighted interest rate is a part of the maximum weighted interest rate the banks can calculate and collect for certain types of lending service.**Effective Interest Rate**

Effective Interest Rate

Article 81a

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

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 proceeds with present values of all cash expenditures on the basis of financial service use, which are known at the time publishing 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 ancillary services which are a condition for financial service use, i.e. for use in a specific manner (for example, costs of life insurance, property and personal insurance, costs of account opening and maintaining if it there is the same condition for financial service use, costs of signature authentication, costs of registration of right of pledge of 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 account opening and maintaining as well as all costs relating to the execution of respective cash flows.

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

- costs incurred as a result of non-compliance with agreement provisions;
- costs incurred in relation to purchase of commodities regardless of whether payment is made in cash or otherwise.

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

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

The calculation of effective interest rate to loans approved against deposit as collateral shall also include funds of respective deposit.

Effective interest rate shall be disclosed in per cent with two decimal places and rounding of the second decimal place, and it shall be valid on calculation date.

Interest Rate Amount Limit to Loans, Credit Cards, Overdraft, and Breached Limit Approved to Private Individuals

Article 82

Law on the Protection of Financial Service Consumers prescribes the maximum interest rates the bank is obligated to apply, presented as the sum of the average weighted interest rate plus certain percentage for particular loan type approved to private individuals and/or in the manner that, at the time of the execution, the effective interest rate cannot exceed the prescribed effective rate for such loans.

The Law on the Protection of Financial Service Consumers prescribes the periods in which maximum limited interest rate to housing loans at variable and fixed interest rate, as well as limitation of interest rates to existing credit cards and overdraft executed prior to the enforcement of this Law, shall apply.

The National Bank of Serbia shall publish the average weighted interest rates on its web-site on 1 June of current year – based on the data as of 31 March of that year and on 1 December of current year – based on the data as of 30 September of that year.

In the case that such rate is higher than the prescribed maximum interest rate for any type of the loan agreement at variable interest rate on the agreed date of adjustment – the bank shall, for the next repayment period i.e. until the next adjustment of the nominal interest rate, apply the maximum prescribed interest rate if it is lower than the arranged interest rate.

The National Bank of Serbia stipulates the type as well as the purpose and structure of loans for which average weighted interest rate, referred to in this Article, as well as the method of rate calculation and publication, are published.

Maximum Interest Rates to Loans / Credit Cards, Overdraft, and Limit Breach Approved to Private Individuals

Article 82a

Variable interest rate in loan agreement may not be applied by the Bank in any value exceeding average weighted interest rate to existing loan agreements of the same type and/or purpose in the same currency (indexation) increased by 1/4 of such rate.

Variable interest rate in housing loan agreement may not be applied by the Bank in any value exceeding average weighted interest rate to existing housing loan agreements at variable interest rate in the same currency (indexation) increased by 1/4 of such rate.

Fixed interest rate in housing loan agreement may not be arranged by the Bank in any value exceeding average weighted interest rate to new housing loan agreements at fixed interest rate in the same currency (indexation) increased by 1/4 of such rate.

Effective interest rate in loan agreements, at the time of execution of such agreements, may not exceed the rate of the statutory default interest rate prescribed in the Law on the Protection of Financial Service Consumers increased by four percentage points.

Effective interest rate in housing loan agreement, at the time of execution of such agreement, may not exceed the statutory default interest rate prescribed in the Law on the Protection of Financial Service Consumers increased by two and a half percentage points.

Effective interest rate in credit card agreement, at the time of execution of such agreement, may not exceed the statutory default interest rate prescribed in the Law on the Protection of Financial Service Consumers increased by six percentage points.

Effective interest rate in overdraft agreement, at the time of execution of such agreement, may not exceed the statutory default interest rate prescribed in the Law on the Protection of Financial Service Consumers increased by eight percentage points.

Credit card re-issuance or overdraft prolongation in sense of the provisions of this Article means execution of credit card or overdraft agreement.

Provisions of para 7 and 8 of this Article shall apply to overrunning.

Article 82b

Provisions of Article 82a. para 2 and 3 hereof (maximum interest rates to housing loans at variable and fixed interest rate) shall be effective from **1 January 2028**.

Until the beginning of the application of Article 82a. paragraph 2 hereof, variable interest rate in housing loan agreement may not be applied by the Bank in any value exceeding average weighted interest rate to existing housing loan agreements at variable interest rate in the same currency (indexation) increased by 1/5 of such rate.

Until the beginning of the application of Article 82a. paragraph 3 hereof, fixed interest rate in housing loan agreement may not be arranged by the Bank in any value exceeding average weighted interest rate to new housing loan agreements at fixed interest rate in the same currency (indexation) increased by 1/5 of such rate.

Until 31 December 2025, variable interest rate in housing loan agreement may not be applied by the Bank, while fixed interest rate in housing loan agreement may not be arranged in the value exceeding 5%.

Nominal interest rate that cannot exceed the statutory default interest rate prescribed in the Law on the Protection of Financial Service Consumers, increased by six percentage points, effective on particular date, shall apply to the credit card agreements executed 13 March 2025.

Nominal interest rate that cannot exceed the statutory default interest rate prescribed in the Law on the Protection of Financial Service Consumers, increased by eight percentage points, effective on particular date, shall apply to overdraft agreements executed until 13 March 2025.

Article 83

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

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

Revaluation means the application of inflation rate measured by the index of consumer prices according to official data of the Statistical Office of the Republic of Serbia which increases principal - basic loan debt.

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

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

Article 84

If 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 the private individual, farmer, and entrepreneur on respective change before the beginning of the application of changed effective interest rate or periodically according to the agreement.

Notification of the client who is a private individual, farmer, entrepreneur shall include announcement of the change of the elements impacting the amount of effective interest rate, explanation of respective 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), as well as the date of the application of the changed interest rate. For loan agreements, the Bank shall provide, in an agreed manner, changed loan repayment schedule. Changed loan repayment schedule is formed so as to include the balance of loan from the beginning of the application of changed element of effective interest rate to the date of loan repayment in line with agreement.

Fees, Commissions, Default Interest, and Tax Costs

Article 85

The Bank shall calculate and charge fee for executed services to its clients. Fee is the cost of bank service in fixed amount, whereas commission is determined in relative amount in relation to basic bank service. Charge is the administrative category, arranged as fixed category or with variability clause.

The Bank shall reserve the right to change the charge in line with the market conditions, criteria for adjustment shall include: retail price index growth, change of legislation or the NBS acts, inflation rate, and increase in operating expenses.

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

The collection of fees and commissions, loan instalments, interest, redemption instalments shall be made by the Bank on maturity date irrespective of whether such date is a non-business day.

Fee and commission collection for the services for which an agreement is not executed with the client (loro, collection, etc.), as well as for the documentary business shall be made by the Bank by debiting client's account.

Article 86

For agreements with private individuals, farmers, entrepreneurs the Bank shall define all fees and commissions as determinable in terms of time and value i.e. with variability clause.

For specific fees which are defined in the Pricelists and other similar internal acts of the Bank, the Bank shall agree adjustment of the value of fee for the exact level of annual inflation rate measured by consumer price indices which are officially announced by the Statistical Office of the Republic of Serbia. Adjustment shall be made once a year using officially published data for April and it shall be applicable as of 1 July, followed by notification of the client within 15 days before application in line with regulations.

Exceptionally from the above paragraph, annual adjustment will be made only if the amount of the published inflation rate measured by consumer price indexes of the current year is higher than +3% (plus three per cent) or lower than -3% (minus three per cent) in relation to the inflation rate for the same period of previous year.

Article 87

Fees and other costs which shall be borne by the client who is a private individual, farmer, entrepreneur under as defined in agreement on account opening and maintaining, or in other agreement the subject matter whereof includes payment service provision, may be increased by the Bank only provided that the client who is a private individual, farmer, entrepreneur is notified thereof not later than two months before the beginning of the application of changed fees i.e. other costs.

The Bank shall notify the client on the Pricelist amendment electronically if e-mail address is available to the Bank and/or by mail.

It will be deemed that the client has accepted the pricelist amendments unless notification in writing on nonacceptance thereof is provided by the client to the Bank until the date of the beginning of application.

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

Article 88

To any due claims (loans, fees, etc.), the Bank shall calculate and charge the default interest calculated at the rate prescribed in the Law on Default Interest rate, to entrepreneurs, registered farms, and corporates

To any due claims (loans, fees, etc.), the Bank shall calculate and charge the default interest rate calculated at the rate prescribed in the Law on the Protection of Financial Service Consumers, to private individual

In its contractual relations with clients who are private individuals/farmers/entrepreneurs in which, during agreement validity, circumstances occur resulting in the client's difficult financial situation and/or other significant circumstances which cannot be impacted by the 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 due and outstanding claims.

Article 89

The Bank shall collect from the client the value added tax, for the services taxable in accordance with the Law on Value Added Tax, and charge, withhold, and pay capital gains tax to the accounts prescribed in the law, based on the gains generated from term deposits and avista FX savings, in accordance with the Law on Income Tax.

CLOSING PROVISIONS

Article 90

Any issues and relations regarding the implementation of the General Terms and Conditions shall be set out in the instructions of relevant Bank bodies and other Bank's acts, in conformity with applicable legal and other regulations.

Article 91

Any dispute arising from or in connection with the relation of the Bank and the client shall be resolved in an amicable manner and in good faith, and, in the event of litigation, the territorial and subject matter jurisdiction of shall be agreed in accordance with the law.

Article 92

The General Terms on Providing Payment Service to Corporates, General Terms of Providing Payment Services to Entrepreneurs, General Terms of Providing Payment Services to Private Individuals and Registered Farms, General Terms of Executing Single Payment Transactions, and Price Lists for private individuals, entrepreneurs, and registered farms, Product and Service Price List for Entrepreneurs, Corporate Product and Service Price List of the Small Enterprises and Entrepreneurs Department, Corporate Payment Service Price List, and Corporate and Entrepreneur Product and Service Price List for Express Sub-branches shall be an integral part hereof.

Article 93

The provisions of the Law on the Protection of Financial Service Consumers, Law on Payment Services, Law on the Protection of Financial Service Consumers in Distance Contracts, Law on Interchange Fees and Special Operating Rules for Card-based Payment Transactions, Law on Foreign Exchange Operations, Law on Contracts and Torts, Law on the Prevention of Money Laundering and Terrorism Finance, Law on Confirming the Agreement between the Government of the Republic of Serbia and the Government of the United States of America with a View to Enhancing the Alignment of the Tax Regulations at the International Level and Applying the FATCA Regulations, Law on Banks, Law on Personal Data Protection, Law on Capital Market, as well as the provisions of other laws and regulations of the Republic of Serbia shall apply to any issue which is not set out herein.

In the event of rendering of new regulations as well as amendments of the statutory acts and by-laws applied to the provision of the Bank services, they will directly apply to the agreed rights and obligations of the Bank and Consumer until the relevant amendments of the General Terms are rendered and made effective.

The General Terms of Business shall come into force on the fifteenth day following the date of their announcement in the Bank's business premises and the Bank's Internet presentation, and they shall be effective from 18.04.2025.