



**KOMERCIJALNA BANKA AD BEOGRAD**

**BOARD OF DIRECTORS**

Number: 22622/4

Belgrade, 15 October 2009

**GENERAL TERMS AND CONDITIONS  
FOR RETAIL CUSTOMERS OF  
KOMERCIJALNA BANKA AD BEOGRAD**

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## **BOARD OF DIRECTORS**

Number: 22622/4

Belgrade, 15.10.2009

Pursuant to the Article 73, Paragraph 3, Item 4 of the Law on Banks ("Official Gazette of the Republic of Serbia" No. 107/2005), Decision on the Manner and Procedure for the Implementation of General Terms and Conditions which Banks Apply in Retail Customers Relationships ("Official Gazette of the Republic of Serbia" No. 74/2009) and the Article 27 of the Statute of Komercijalna Banka AD Beograd (revised text) at the 27th meeting held on 15th October 2009, the Bank's Board of Directors enacted

## **GENERAL TERMS AND CONDITIONS FOR RETAIL CUSTOMERS OF KOMERCIJALNA BANKA AD BEOGRAD**

### **I. INTRODUCTION**

#### Article 1

General Terms and Conditions for Retail Customers of Komercijalna Banka AD Beograd (hereinafter referred as the: General Conditions) regulate basic operational conditions of Komercijalna Banka AD Beograd (hereinafter referred as the: Bank) which are applicable to deposit and lending activities and relevant to opening, maintaining and closing accounts and issuing credit and debit payment cards

With respect to these General Conditions, the Bank's customer is a physical person, resident or non-resident, who is using or has used the Bank's services, or a physical person who has contacted the Bank for the purpose of using these services and who has been identified by the Bank as such. A physical person also implies an entrepreneur, that is, a physical person who performs an economic activity.

### **II. GENERAL PROVISIONS**

#### **Contractual Relations**

#### Article 2

Business relationship between a customer and the Bank shall be established by means of entering into a written agreement in compliance with the law and other written documents of the Bank in the way which assumes shared understanding about mutual rights and obligations (hereinafter referred as the: Agreement).

The Agreement shall contain clear and unambiguous provisions, which shall be understandable to the customer and which shall contain minimum conditions for performing deposit and lending activities and activities related to accounts and payment cards which are set forth in these General Conditions.

With a signed deposit / loan agreement, the Bank shall deliver to the customer also General Terms and Conditions which refer to the subject matter of the agreement and one copy of deposit disbursement / loan repayment schedule.

When entering an agreement on opening, maintaining and closing the customer's account, as well as an agreement on issuing and using payment cards, the Bank shall deliver to the customer General Terms and Conditions which refer to the subject matter of these agreements.

#### **Amendments of Contractual Relations**

#### Article 3

The intention of amending and/or supplementing the agreement arising from the changes of those general terms and conditions which have not been designated as variable shall be communicated to the customer by the Bank in writing within 15 days after the commencement of applying modified terms and conditions if legal regulations governing the concrete activities do not require other term.

The notice concerning modifications of the agreement which the Bank has sent to the customer shall contain the reason for changing the agreement, the manner in which customers shall give their consent to relevant amendment, the term for this consent, as well as the consequences regarding the failure to consent thereof, that is, necessity of the annex to the agreement which shall be delivered with the above mentioned notice – in the way which ensures the confirmation of receipt.

If the customer notifies the Bank that he shall not consent to the relevant amendment of the agreement, the Bank shall be obliged to leave a term of at least 30 days to the customer to terminate the agreement without charging additional costs.

## **Rights and Obligations of the Bank**

### **Article 4**

The Bank shall freely decide about the choice of customers.

The Bank shall be authorized to dispose of funds held with customers' accounts without their consent or order in the forced collection procedure, upon court execution orders and orders of other regulatory bodies, as well as in other legally prescribe cases.

The Bank shall be entitled to suspend without the customer's consent already established business relationship, the use of a certain product / service or execution of a transaction if based on provisions of a relevant law there are indications showing the suspicion of money laundering and terrorism financing.

The Bank shall be responsible for omissions of its employees and other persons engaged in providing contractual obligations to the customer if they have occurred as the result of vis major such as: war, natural or ecological disaster, epidemics, electrical energy outage, break in telecommunication lines and all other similar reasons which have not been caused by the Bank's activities.

## **Rights, Obligations and Responsibilities of the Customer**

### **Article 5**

The customer shall have the right to request from the Bank all relevant information and to receive corresponding explanations and instructions which refer to the direct application of General Conditions including the right to receive at written request the text of the proposed agreement pertaining to the products and services for which he is interested in.

The customer shall have the right to receive directly from the Bank information regarding the balance of his loan, that is, deposit account, as well as other information regarding business relationship.

If the request for information set forth in the paragraph 2 of this Article is sent in writing by the customer, the Bank shall send written reply within the term of 15 days after the request has been received.

### **Article 6**

The customer shall be obliged to inform the Bank about all changes of personal and family name, resident status, home / domicile address, telephone number and other changes which are essential for mutual communications without any delays and to the latest within the period of 15 days after change occurrence if legal regulations governing the matter do not envisage other time.

The customer shall also be obliged to inform the Bank without any delays about changes of other elements which are important for the fulfilment of his obligations towards the Bank such as the change of job, reduction or loss of income and other elements affecting contractual obligations.

The Bank's notifications shall be deemed as timely delivered if they have been sent to the last address of the customer known to the Bank:

- On the day written notification is dispatched to the post office for the purpose of delivery by registered mail;
- On the day the mail is handed over to the company registered for courier services;
- On the day of delivery in other way at the Bank's choice.

## **Conditions and Manner of Communication**

### **Article 7**

The communication between the customer and the Bank shall be carried out through informative and advertising materials available at the Bank's counters, internet presentations, telephone calls, mail, that is, communications in a written form, electronically and in direct oral communications at the Banks business premises or through the Call Centre.

The communications with customers shall also include marketing activities and advertising announcements in public media or in other way and shall enable customers that all advertising messages promoting certain product / service contain elements which clearly and understandably inform customers in compliance with the General Conditions and the Law on the Protection of Competition.

When advertising deposits and loans in its offer, the Bank shall clearly specify costs charged to the customer, as well as details specified below:

- Type of deposit and/or loan;
- Amount and variability of annual interest rate;
- Effective interest rate;
- Currencies in which deposits are taken and/or loans extended;
- Period for which deposit has been taken and/or loan extended;
- Criteria for indexing / revaluation of deposit and/or loan.

### **III. ACCOUNT OPENING, MAINTAINING AND CLOSING**

#### **Account Opening and Maintaining**

##### Article 8

Based on the agreement with the customer, the Bank shall open and maintain dinar and foreign currency accounts which can be current accounts or deposit accounts (for demand deposits or term deposits, short term deposits or long term deposits with or without cancellation term, with or without special purpose) whereas every account shall be designated unique number.

When opening an account or entering an agreement with a physical person, his legal representative or proxy, the Bank shall establish the customer's identity by inspecting valid and veracious personal documents with obligatory presence of the person whose identification is done and in so doing, the Bank shall obtain the following data: name and surname, date and place of birth, JMBG (unique personal identification number), home or residence address, type and number of personal ID document with date and place of issue and name of issuer.

The Bank shall retain a copy of personal ID document on the basis of which the Bank has identified the customer or certified documents which have been received by the Bank otherwise for the purpose of account opening.

When opening the account, the Bank shall provide one copy of the agreement for the customer. If a current account of physical person is in question, the Bank shall also provide to the customer checking card or payment card containing secret personal identification number (PIN).

If money deposit has been taken as demand savings deposit and/or term savings deposit, in addition to the agreement, the Bank shall give to the customer either identification card or savings booklet.

#### **Fees and Expenses for Account Opening, Maintaining and Closing**

##### Article 9

Fees and expenses for account opening, maintaining and closing for physical persons are as follows:

- For account opening, the Bank shall not charge any fees;
- For maintaining current account and earmarked account for trading with securities, the Bank shall charge monthly fees of RSD 80 – 200. The Bank shall also provide other services to account holders (SMS, e-banking, standing orders) and their use is included in the above mentioned fees. Maintaining other accounts shall be free of charge;
- For current account and demand deposit account closing, the Bank shall charge fees amounting to RSD 100 - 200, whereas closing other accounts shall be free of charge.

Fees and expenses for opening, maintaining and closing accounts for entrepreneurs are as follows:

- For account opening, the Bank shall not charge any fees;
- For maintaining RSD accounts of entrepreneurs, the Bank shall charge the customer monthly fees amounting from RSD 190 to 390 if the customer has had some changes on the account in that month and depending on the manner of account statement delivery whereas maintaining F/X accounts of entrepreneurs shall be free of charge.
- For closing the account of entrepreneurs, the Bank shall charge the fee amounting to RSD 500.

Above mentioned fees are variable and they can be adjusted every quarter based on the decision of competent bodies of the Bank regarding amendments and/or supplements to the Bank's Fee and Commission Tariffs.

#### **Authorizations**

##### Article 10

If the customer hires a proxy, written authorization – power of attorney in order to establish business relationship with the Bank, these documents should be certified by domestic or foreign competent authorities.

The customer may also authorize the proxy directly in the Bank by depositing both the customer's and the proxy's signatures and providing evidence for all necessary data for the power of attorney itself in compliance with the regulations about the prevention of money laundering.

The proxy shall assume legal actions within given authorizations.

Revoking and restricting the power of attorney shall have legal effects as at the date it has been received by the Bank. If the power of attorney has not been revoked or restricted on time and the Bank notified thereof, it shall have no effects on the legal action taken on the basis of the previously given power of attorney.

The proxy shall not be allowed to further transfer authorizations. For account closing, the proxy should provide specially designated authorization give by the customer, account holder.

The power of attorney shall cease to be valid after the death of either the customer or the proxy, by revocation, expiry of the time for which it has been given, by appointing a tutor to the customer and/or because of other legally prescribed reasons.

## **Account Blocking and Closing**

### Article 11

The Bank shall block the account upon the receipt of notice about the account holder's death, loss, disappearance or theft of savings booklet, payment card and cheques, as well as on the basis of court order, decision of competent authorities and other reasons in compliance with the legal regulations and the Business Policy of the Bank.

The Bank shall close the account in compliance with applicable legal regulations and provisions of the agreement, at the personal or written request of the customer, legal representative or proxy and on the basis of the court order. Upon receiving the request for account closing, the Bank shall calculate and accrue interest and disburse proceeds in full.

The Bank can close inactive account in compliance with the regulations and documents of the Bank and the customer shall be entitled to dispose of funds and accrued interest held with the earmarked account to which the funds have been transferred at any moment and in the manner in compliance with the regulations and documents of the Bank.

## **IV. DEPOSITS**

### **Types of Deposits**

#### Article 12

Money deposits imply monetary proceeds which the customer has deposited with the Bank on the basis of agreement, written request for money deposit or on the basis of obligations stipulated by the law.

Deposits can be: dinar and foreign currency, current or demand, fixed term, short term and long term, with or without cancellation term, with or without special purpose.

#### Article 13

The Enclosure 1 of these General Conditions defines conditions under which the Bank shall accept deposits from customers:

- Periods for which the Bank Accepts Deposits
- Minimum and Maximum Deposit Amount
- Currency in which the Customer Can Hold a Deposit
- Types, Amount and Range of Nominal Annual Interest Rates for Deposits of Physical Persons and/or Entrepreneurs
- Interest Accrual on Accepted Deposits
- Criteria for Modification of Interest Rates on Accepted Deposits
- Availability of Deposits
- Fees for Accepted Deposits
- Amount of Insured Deposit and Tax Payment Obligation.

## **V. LOANS**

### **Types of Loans**

#### Article 14

Within its Business Policy, the Bank shall extend loans to physical persons, farmers – physical persons who are owners of registered agricultural households and entrepreneurs – physical persons registered for carrying out activities which are registered in compliance with the law governing registration of economic subjects.

The Bank shall extend loans from own potentials as standard offer of the Bank and loans in joint lending activities with other banks, legal entities or state institutions, as well as loans from foreign credit lines.

The Bank's standard offer relates to loans which the Bank extends from own potentials as follows:

- 1) **Loans for physical persons:** cash loans, refinancing loans, consumer loans, loans for purchase of motor vehicles, housing loans, loans for purchase of business premises, loans secured by 100% deposit, as well as borrowings under customers' current accounts;
- 2) **Loans for farmers:** loans for working and fixed assets aimed at maintaining and promoting agricultural production and loans for purchase of land;
- 3) **Loans for entrepreneurs:** loans for financing working assets, financing current liquidity, financing stocks and receivables, financing exports and preparation for exports, framework revolving loans, investment loans (for purchasing equipment, machines, vehicles, loans for purchasing, constructing, reconstructing and adaptation of business premises), loans for refinancing own investments, loans for refinancing obligations and loans with other banks, loans covered with 100% dinar or foreign currency deposits, as well as overdraft loans – allowed borrowings under current accounts of customers.

The Bank can extend other types of loans when the relevant decision thereof is made by the competent bodies of the Bank.

#### Article 15

The Enclosure 2 of these General Conditions defines conditions under which the Bank shall extend loans to customers:

- Periods for which Loans are Extended
- Currency in which Loans are Approved and Indexed
- Loan Revaluation Criteria
- Minimum and Maximum Loan Amount
- Types of Nominal Loan Interest Rates
- Amount of Nominal Annual Interest Rates for Loans
- Criteria for Modification of Agreed Interest Rate on Approved Loans
- Type, Amount and Range of Fees and Commissions which are Accounted for the Effective Interest Rate
- Interest Rate Applicable in Case of Default
- Types of Security Instruments
- Conditions for Loan Prepayment
- Conditions and Procedure for Loan Agreement Termination

### VI. PAYMENT CARDS

#### Article 16

Payment card is an instrument of cashless payment issued by the Bank which enables the customer cash withdrawal and payment for goods and services at points of sale.

Operations with payment cards are carried out in compliance with set up rules and conditions and according to Operating Rules for every individual type of payment card within corresponding programme prescribed by the programme owner. The Bank issues payment cards from the following programmes: VISA, MasterCard and DinaCard.

Transactions which can be done with payment cards can be either cash or cashless ones and the customer's account can be debited at the moment transaction has been made, with delayed payment date of the full transaction amount (charge cards) or in line with agreed rights and obligations relevant to the use of credit cards.

Basic elements for issuing and using payments cards are:

- Opened current account, opened earmarked loan account and/or earmarked foreign currency account;
- Use of cards depending on stand alone account balances or approved monthly and/or credit limits,
- Use of cards with various devices (ATMs, POS terminals, imprinters and electronic payment devices);
- The customer's choice of debit, credit or charge card (delayed payment);
- Payment of membership fee depending on the type of payment card;
- Possibilities for issuing additional card(s);
- Limited validity term of the card.

## Types of Payment Cards

### Article 17

Payment cards are intended for physical persons and entrepreneurs and can be debit, charge or credit. Cards can also be national or international.

**Debit card** is intended for physical persons and entrepreneurs and represents an instrument for performing transactions in which the customer's account is debited at the moment relevant transaction is made in the maximum amount of **proceeds** available to the customer on his account.

**Charge card** is intended for physical persons and entrepreneurs and represents an instrument for performing transactions in which the customer's account is debited in the full amount of the transaction at the predefined future moment (30, 60 or 90 days). This card operates on the basis of predefined monthly limit.

**Credit card** is intended for physical persons and represents an instrument for performing transactions in which payment of the customer's due debt is carried out monthly on agreed day and in the agreed percentage of the remaining debt which cannot be lower than 5% of the credit limit and according to the revolving model.

The Bank issues payment cards with the validity period up to two years and until the last date of a month in a year indicated on the card.

### Procedure in Case Payment Card Has Been Lost / Stolen or Abused

#### Article 18

The customer shall be obliged to report lost / stolen card or card abuse immediately to the authorization centre or to any of the Bank's branches or outlets and in case of theft to the police as well. When reporting is made, the PIN code shall not be specified.

In case of reporting by telephone, the customer, or the person who has been authorized by him, shall be obliged to deliver to the Bank within 2 (two) business days written confirmation that the card has been lost / stolen.

Relevant to the lost / stolen card, the Bank shall notify the network of card acquirers and announce its invalidity. The expenses related to reporting / announcing the card null and void shall be borne by the customer in line with the Fee and Commission Tariffs of the Bank. The whole amount of damage which has occurred because of lost / stolen card or its abuse until the reporting date in writing shall be borne by the customer.

The customer and the Bank can make an arrangement that in case of suspected card abuse, the Bank can block further card use.

The customer who has found the card after it has been reported lost / stolen must not use the card but he will be obliged to return it to the Bank cancelled (cut vertically over the field for magnetic record). In the contrary, the customer shall bear all legal and financial consequences towards the Bank arising from unauthorized use of the card.

Upon the receipt of written report on lost or stolen card, the Bank may issue a new card to the customer. The cost of issuing new card shall be borne by the customer.

In case the card has been damaged, the customer shall be obliged to contact the Bank for the purpose of card replacement. Services related to cards replacement in case of damage shall be charged to the customer in line with the Fee and Commission Tariffs of the Bank.

#### Article 19

The Enclosure 3 of these General Conditions defines conditions for issuing and using payment cards for each of the payment cards separately.

## II. FINAL PROVISIONS

### Article 20

General Terms and Conditions shall come into force on the day of their adoption. They shall be announced at the business premises of the Bank and on the Internet presentation of the Bank and they shall take effect on 31<sup>st</sup> October 2009.

CHAIRMAN OF THE BOARD OF DIRECTORS

Vladislav Cvetković. M. Sc.

## **DEPOSITS**

### **Periods for which the Bank Accepts Deposits**

#### **Article 1**

The Bank shall accept deposits from physical persons:

- For current accounts and demand accounts without any time limits;
- For regular fixed term deposits in dinars and foreign currencies for the periods from 1 to 36 months;
- For fixed term foreign currency "Cricket Savings until Lawful Age" for the period up to 18 years, i.e., until the date the account's owner has reached the lawful age;
- For earmarked deposits tied to loans or for other purposes, for the period in conformity with the purpose.

The period for which the Bank shall accept deposits from entrepreneurs has been set up for the term up to one year except in case of earmarked deposits which are tied to loans or other purposes and for which the set up term is harmonized with the relevant purpose.

### **Minimum and Maximum Deposit Amount**

#### **Article 2**

The minimum amount of funds which the Bank shall accept as deposit from physical persons is as follows:

- For foreign currency term deposits, the minimum amount is EUR 100, that is, counter value of EUR 100 in other currency;
- For dinar term deposits, the minimum amount is RSD 5,000;
- For "Cricket Savings", the minimum amount is EUR 10;
- For current accounts, demand deposits, fixed term deposits created on the basis of savings standing order and earmarked deposits, the Bank shall not set up minimum amount in which deposits are accepted.

The minimum and maximum amounts of proceeds which the Bank shall accept as deposits from entrepreneurs are not determined and the deposit amount shall be agreed with mutual consent of both the customer and the Bank.

### **Currency in which the Customer Can Hold a Deposit**

#### **Article 3**

The Bank shall accept deposits from physical persons in the following currencies: RSD, EUR, AUD, CAD, DKK, JPY, NOK, SEK, CHF, GBP, and USD. Accepted deposits of physical persons shall be held by the Bank in currencies in which they have been deposited without any additional indexation.

The Bank shall take demand deposits from entrepreneurs in all currencies from the Exchange Rate List of the National Bank of Serbia. Fixed term deposits shall be accepted in the following currencies: RSD, EUR, USD, CHF, and GBP, as well as dinar deposits indexed in EUR and CHF at the middle exchange rate of the National Bank of Serbia.

### **Types, Amount and Range of Nominal Annual Interest Rates for Deposits of Physical Persons**

#### **Article 4**

The Bank shall calculate and disburse borrowing interest rate on proceeds held with the physical persons' accounts except in cases when the opposite has been agreed. The Bank shall calculate and disburse interest on proceeds held with earmarked accounts for foreign pensions.

The fixed term deposits of physical persons shall accrue fixed interest rate and current accounts and demand deposits shall accrue variable interest rates. If upon maturity the customer fails to withdraw term deposit in the agreed time, it shall be increased by the accrued interest and automatically extended under the conditions applicable at the moment of term extension without special annex to the agreement or transfer to the demand account if this has been agreed with the customer.

The interest rate for newly accepted and automatically renewed deposits shall be determined in the Decision on Interest Rates enacted by the Bank's competent bodies and established in the Bank's Business Policy.

Nominal interest rate shall be determined annually and the amount of the rate shall depend on the type of deposit, currency and term for which it has been deposited. The effective interest rate shall be equal to the nominal interest rate. For the same type and term of deposits, the Bank shall apply the range of interest rates depending on the deposited amount.

The amount and range of interest rates shall be defined on the basis of types of physical persons' deposits as follows:

Deposits in dinars held with current accounts:

- Up to 1.00% on the positive balance.

Demand deposits:

- Up to 2.50% on deposits held in dinars;
- Up to 1.00% on deposits held in EUR;
- Up to 1.20% on deposits held in USD;
- Up to 1.00% on deposits held in other currencies.

Fixed term deposits (depending on deposit term and amount)

- 5.00% - 19.00% on deposits held in dinars;
- 3.00% - 9.00% on deposits held in EUR;
- 2.00% - 7.50% on deposits held in USD;
- 1.80% - 6.50% on deposits held in held in other currencies.

In the course of special actions by the Bank, it shall be possible to agree upon the interest rate which is up to 2.00% higher than the applicable one.

For earmarked deposits such as Schooling Savings, the Bank shall approve bonus on accrued interest under the conditions set forth in the Bank's Business Policy.

For earmarked deposits held for the purpose of ensuring the Bank's loans, interest rate shall be determined in the decision of the body competent for lending terms and conditions and in compliance with the Decision on the Bank's Interest Rates.

Modifications of interest rates held with current accounts and demand deposit accounts shall be communicated by the Bank either by notifications to physical persons or by announcements at the Bank's website or by means of adequate text accompanying account statements.

### **Types, Amount and Range of Nominal Annual Interest Rates for Deposits of Entrepreneurs**

#### Article 5

For the average balance held with dinar current accounts of entrepreneurs, the Bank shall accrue monthly interest by deploying proportional method and disbursement shall be made half yearly at the rate varying from 0.50% to 2.00% per annum.

The Bank shall modify interest rates based on the demand and supply at the financial market, inflation rate, inter-currency movements and other macroeconomic parameters. The Bank shall be entitled to modify agreed interest rates once in a quarter in compliance with the Business Policy and decisions of managerial bodies.

Modifications of interest rates on proceeds held with dinar current accounts shall be communicated by the Bank to entrepreneurs and by means of announcements at the Bank's website, as well as through corresponding texts accompanying account statements.

For term deposits of entrepreneurs fixed for the period up to 60 days, the Bank shall apply fixed interest rate whereas for the term longer than 60 days, the Bank shall apply variable interest rate tied to the referent interest rate of the NBS with precisely stated margin and compound calculation method.

Adjustment of referent interest rate for entrepreneurs' deposits shall be effected with each change of the referent interest rate by the National Bank of Serbia, as well as modification of elements which are crucial for determining borrowing margin.

The amount of borrowing annual nominal interest rates for entrepreneurs' deposits shall vary in the range from 1.00% to 3.35% for deposits with currency clause whereas borrowing margins which are deducted from referent interest rate of the National Bank of Serbia shall be determined in the range from 1.00 pp to 3.50 pp.

### **Interest Accrual on Accepted Deposits**

#### Article 6

The amount of gross borrowing nominal annual interest rates for taken deposits of physical persons and entrepreneurs shall be determined by the Bank on the basis of the following elements:

- Average / prevailing borrowing interest rates for deposits with corresponding terms;
- Term of deposits;
- Amount of deposits;
- Currency in which the deposit is held.

For the purpose of interest accrual on deposits, the Bank shall apply compound method except in case of earmarked deposits which are held as guarantee for loans with interest accrual by means of proportional method.

Calculation and accrual of interest for fixed term deposits shall be done in line with agreed dates and in case of demand deposits, it shall be done at the end of calendar year, that is, upon deposit liquidation.

Calculation and accrual of interest for current accounts of physical persons shall be done at the end of each month, that is, upon deposit liquidation.

Calculation and accrual of interest for fixed term deposits of entrepreneurs shall be done monthly upon maturity term and for demand deposits it shall be done every six months.

### **Criteria for Modification of Interest Rates on Accepted Deposits**

#### Article 7

The Bank shall agree variable interest rate on the basis of demand and supply at the financial market, inflation rate, inter-currency movements and other macroeconomic parameters. The Bank shall be entitled to modify agreed interest rates once in a quarter in compliance with the Business Policy and decisions of managerial bodies.

If the agreement has envisaged variable interest rate, the Bank shall determine conditions for interest rate modification in the following way:

- 1) The amount of gross nominal annual interest rates for accepted deposits shall be determined by the Bank on the basis of:
  - Market borrowing interest rate which cannot be affected by the Bank and which represents average / prevailing borrowing interest rate for deposits with corresponding maturity at the market and which involves general state of the financial and real sector;
  - Borrowing margin which may be payable to depositors and lenders depending on the source maturity;
  - Borrowing interest rate which may be payable to depositors whose amount of deposits is much higher in relation to the average ones.
- 2) The change of borrowing nominal interest rate which is determined as referent interest rate (BELIBOR for RSD, EURIBOR for EUR and LIBOR for other currencies) reduced by the amount of borrowing margin shall be made when referent interest rate is changed.

The amount of borrowing margin shall be determined for each currency separately on the basis of following elements:

- Base margin which is not affected by the Bank and which represents average weighted margin paid by the Bank on credit lines with variable interest rate as the result of market and economic factors and which varies for different maturities of sources for which borrowing margin is determined;
- Borrowing margin which is payable to depositors depending on the maturity of sources;
- Borrowing interest rate payable to depositors if deposit amounts are much higher than average deposit amounts.

### **Availability of Deposits**

#### Article 8

The customer shall be entitled to dispose of his demand deposit freely and of term deposit upon agreed term expiry up to the amount of available funds held with the account. For current accounts, the Bank can conclude special agreement with the customer to use funds in excess of the available amount in compliance with applicable legal regulations.

Exceptionally, at the customer's written application, the Bank can make a decision on availability of term deposits even before term expiry in which case for the whole period in which the deposit was held as term deposit interest accrual shall be made in line with interest accrual for demand deposits if the deposit agreement does not anticipate otherwise. The Bank shall retain the right to request from the customer to document the reason for deposit withdrawal before maturity term expiry based on his application thereof.

In case of the account holder's death, funds held with the account shall be available exclusively to legal successors of the customer in compliance with the legally binding decision on inheritance.

Availability of earmarked entrepreneur's deposit shall be conditioned by fulfilling obligations for which the deposit has been earmarked irrespective of the maturity term expiry.

### **Fees for Accepted Deposits**

#### Article 9

For deposits of physical persons and entrepreneurs, the Bank shall not charge any expenses and/or fees which are included in the computation of effective interest rate so that effective interest rate shall be equal to nominal interest rate.

### **Amount of Insured Deposit and Tax Payment Obligation**

#### Article 10

According to the Law on Deposit Insurance, the Agency for Deposit Insurance shall insure deposits of physical persons and entrepreneurs in line with prescribed conditions up to the maximum amount of EUR 50,000.

Physical persons and entrepreneurs shall pay taxes on capital income in compliance with applicable legal regulations.

**General Terms and Conditions for Retail Customers of Komercijalna Banka AD Beograd  
Enclosure 2**

**LOANS**

**Periods for which Loans are Extended**

Article 1

Short term loans shall be extended with the repayment term up to 12 months including current account overdrafts and long term loans shall be extended with the repayment term up to 360 months for physical persons and /or up to 180 months for farmers and entrepreneurs.

**Currency in which Loans are Approved and Indexed**

Article 2

Loans are extended to physical persons and farmers in dinars, as well as in dinars with currency clause. Loans are extended to entrepreneurs in dinars, in dinars with currency clause and in foreign currencies. Current account overdrafts are approved exclusively in dinars.

Loans with currency clause shall be indexed in EUR or in other currency by the Bank in line with the terms and conditions of the concluded agreement.

For the disbursement and repayment of the principal in dinars with currency clause, the Bank shall apply middle exchange rate of the National bank of Serbia applicable as at the loan disbursement / repayment date. The exchange rate shall be adjusted on a daily basis.

**Loan Revaluation Criteria**

Article 3

If it is envisaged in the agreement with the customer, the Bank can revalue the loan and apply growth rates of retail prices. The criteria shall be adjusted on a monthly basis.

**Minimum and Maximum Loan Amount**

Article 4

Minimum loan amount for physical persons shall be defined by the lowest annuity payable by the customer to the Bank in the following way:

- For loans with currency clause, monthly annuity cannot be lower than EUR 15 in dinar counter value;
- For dinar loans without currency clause, monthly annuity cannot be lower than RSD 1,500;

For physical persons' current account overdrafts, the minimum and maximum amounts shall be determined on the basis of the customer's creditworthiness.

The minimum amount of loans with currency clause for farmers shall be EUR 1,000 in dinar counter value, and for dinar loans, minimum amount shall be RSD 50,000.

The minimum loan amount extended to entrepreneurs shall be RSD 80,000 for all types of loans except overdraft loans for which the minimum amount shall be RSD 20,000.

The largest loan amount extended by the Bank to customers shall be determined in compliance with the customer's creditworthiness, offered security instrument and estimated degree of risk in line with regulations governing overall exposure of the Bank towards one person with reference to the Bank's Business Policy.

**Types of Nominal Loan Interest Rates**

Article 5

For all the loans extended from the standard offer, the Bank shall agree variable nominal interest rate. Exceptionally, overdraft loans can be extended to entrepreneurs with agreed fixed interest rate. For interest accrual, proportional or compound method shall be applied depending on the type of product and in compliance with the Bank's Business Policy.

## Amount of Nominal Annual Interest Rates for Loans

### Article 6

The amount of interest rate for concrete loan or concrete customer shall be determined by the Bank's Credit Committee in charge of loan approvals and in compliance with the applicable Decision on Interest Rates and Business Policy of the Bank.

The amount of interest rate for current account overdrafts for concrete customer shall be agreed in compliance with the Decision on Interest Rates of the Bank.

Nominal interest rate can be stated as total interest rate or through two components: referent interest rate (monthly / three-monthly / six-monthly BELIBOR for dinar loans, that is, monthly / three-monthly / six-monthly EURIBOR/LIBOR for foreign currency loans and loans with currency clause) and margin depending on the type of loan.

Depending on the type of customer, type of loan, its purpose, term, currency and other conditions for lending activities, the interest rate shall move within the following ranges:

- For loans to physical persons, including current account overdrafts, the nominal interest rate range shall be from 3.00% - 35.00% per annum;
- For loans to farmers, the nominal interest rate range shall be from 3.00% - 27.00% per annum ;
- For loans to entrepreneurs, the nominal interest rate range shall be from 3.00% - 37.00% per annum.

## Criteria for Modification of Agreed Interest Rate on Approved Loans

### Article 7

The nominal interest rate can be changed in the course of contractual relations duration with the customer in compliance with changes of the Decision of Interest Rates of the Bank which are formed on the basis of changed prices of the Bank's funding sources and depending on the movement of referent interest rates at the domestic and foreign money markets, movement of inflation rate, inflationary expectations of competent institutions, movements of dinar exchange rate and other realistic basis in compliance with the Bank's Business Policy.

Adjustment of nominal interest rate stated as total can be on a quarterly basis.

If nominal interest rate is expressed through two components, referent interest rate and margin, the adjustment shall be done in compliance with the changes of referent interest rate and the schedule of adjustment shall be regulated in the agreement.

The adjustment can be made on a monthly three-monthly or six-monthly basis by applying agreed referent interest rate applicable on the last date in a month preceding the month in which adjustment has been made. If the loan repayment has been agreed in instalments, interest rate adjustment can be done on a monthly basis by applying last known value of a corresponding referent interest rate on the interest rate computation date.

As at the date these General Terms and Conditions have been prepared:

- Monthly BELIBOR is 12.71%, two-monthly is 12.76%, three-monthly is 12.81%, and six-monthly is 12.89%;
- Monthly EURIBOR is 0.432%, three-monthly is 0.741%, and six-monthly is 1.016%;
- Monthly LIBOR is 0.10%, three-monthly is 0.29%, and six-monthly is 0.39%.

Depending on the type of referent interest rate, type of customer, type of loan, its purpose, term, currency and other conditions for lending activities, the amount of the margin which is added up to the referent interest rate shall be agreed in the range from 3.00 p.p. to 11.00 p.p. and shall be determined on the basis of average cost of funds, expenses for required reserve, the customer's risk, loan maturity term, currency in which the loan is extended, the Bank's administrative costs related to lending activities, prevailing interest rate on certain types of loans and maturities at the market.

The Bank shall have the right to change all conditions which have been defined as variable in the course of the contractual relations duration with the customer without an obligation to conclude an annex to the loan agreement. The manner and terms for notifying the customer about new terms and conditions shall be defined in each individual loan agreement or current account overdraft agreement.

## Type, Amount and Range of Fees and Commissions which are accounted for the Effective Interest Rate

### Article 8

The fee amount within the range for concrete loan or for concrete customer shall be determined by the competent body of the Bank depending on type of customer, type of loan, its purpose, term, currency and other conditions for lending activities in compliance with the applicable Decision on the Fee and Commission Tariffs which the Bank applies in its operations and the Business Policy of the Bank:

- Application handling fee shall be charged for approved amount flat before loan disbursement in the range from 0.10% - 5.00%;
- Monitoring fee shall be charged within the range from 0.25% - 1.00% per annum on the outstanding loan amount upon the expiry of the 12<sup>th</sup> month if it has been defined in the contractual relations with the customer;
- The Bank's commission for establishing security instruments (mortgage, pledge, pledge of securities, loan insurance): from RSD 6,000 per instrument if it has been defined in the contractual relations with the customer;
- Commissions in favour of the National Corporation for Housing Loans Insurance shall be agreed according to the tariffs thereof. As at the date these General Terms and Conditions have been adopted these are: application handling fee is EUR 30 in dinar counter value and insurance premium varies from 1.50% - 4.00% on the Bank's loan increased by 0.25% if the customer does not have life insurance paid.

The Bank shall not charge any fees or commission for approving current account overdrafts. For the calculation and disclosure of the effective interest rate in case of current account overdrafts, the calculation shall involve only nominal interest rate.

Agreed fees and commissions shall not be changed in the course of contractual relations with the customer.

### **Interest Rate Applicable in Case of Default**

#### **Article 9**

In case of arrears, the Bank shall charge default interest at the rate set forth in the Law on the Default Interest Rate for all due outstanding debts of the customer. If the default interest rate set forth in the Law on the Default Interest Rate is lower than the agreed interest rate increased by 30%, the Bank shall apply agreed interest rate increased by 30%.

Interest rate in the period of default is variable in compliance with changes of legal regulations in the part governing rates for legal default interest.

Due outstanding obligations arising from non-permitted current account overdrafts of physical persons shall be charged by the Bank by applying interest rate varying from 36.00% to 62.00%. The interest rate is variable and in compliance with the Decision on Interest Rates and Business Policy of the Bank.

### **Types of Security Instruments**

#### **Article 10**

As security instruments the Bank shall take the following collators:

- Blank promissory note of the customer;
- Joint and several liability of creditworthy legal entity or entrepreneur;
- Surety of physical person;
- Authorization given to the Bank to debit accounts;
- Security interest (mortgage, pledge of movables or pledge of securities);
- Earmarked foreign currency or dinar deposit;
- Guarantees of commercial banks acceptable to the Bank;
- Other security instruments acceptable to the Bank which shall ensure regular debt servicing.

The replacement of security instruments shall be carried out on the basis of the customer's written request and the decision of the Bank's competent body to accept such a request in compliance with the Business Policy of the Bank.

The expenses associated with the replacement, that is, establishment of the new security instrument shall be borne by the customer. In case security instruments have been replaced, the customer may incur the following expenses:

- Fee for modifying terms and conditions of approved loan which is determined in the Decision on Fee and Commission Tariffs applicable in the Bank's operations;
- Fee for establishing new security instruments in compliance with the amount determined in the Decision on Fee and Commission Tariffs applicable in the Bank's operations;
- Charges of the Credit Bureau;
- Charges for providing certificates, confirmations, permissions, statements and resolutions of competent authorities;
- Application handling fee in favour of the National Corporation for Housing Loans Insurance;
- Difference in insurance premiums in favour of the National Corporation for Housing Loans Insurance;
- Charges for deleting the existing security interest;
- Charges for creating and registration of a new security interest;
- Charges for value estimation of a new subject matter of security interest;
- Charges for insurance of a new security interest, etc.

Security instruments shall be activated in case of failure to settle debts towards the Bank as they fall due or in case agreement has been terminated.

### **Conditions for Loan Prepayment**

#### Article 11

The customer shall be entitled to execute partial or full prepayment of the loan with an obligation to pay loan prepayment fee which shall be calculated on the prepaid amount of the loan within the range from 1.00% - 3.00%.

The amount of the fee agreed with the customer shall not be changed in the course of contractual relations with the customer.

The Bank shall not charge any fees for premature cancellation of current account overdraft.

### **Conditions and Procedure for Loan Agreement Termination**

#### Article 12

The Bank shall have the right to terminate the agreement and demand the payment of the principal, interest, fees and commissions and other expenses if the loan beneficiary:

- fails to pay his debt as it falls due which exceeds the sum of two annuities – when the loan beneficiary is a physical person;
- submits to the Bank incorrect data which are essential for loan approval and which are established to be legally invalid;
- uses loan proceeds for non-approved purposes;
- fails to submit or rejects to submit additional data or documentation which is crucial for the settlement of assumed obligations in compliance with the agreement or at the written request of the Bank;
- is not able to execute obligations assumed by the agreement because of certain circumstances having negative effects on the solvency (foreclosure procedure relevant to the property, loss of job, etc.);
- does not accept amendments to the agreement in cases anticipated therein, that is, notifies the Bank in writing on non-acceptance with a 30 day notice;
- exposes the Bank to the reputational risk and integrity risk by abusing banking services for the purpose of money laundering and terrorism financing;
- does not allow the Bank to control and monitor loan utilization and overall operations and fails to perform any of the obligations from the loan agreement;
- does not observe applicable regulations regarding environment protection, safety at work, protection of cultural heritage, protection of children and protection against forced labour, rules and legal regulations including international regulations, conventions and protocols for environment protection, safety at work, protection of cultural heritage, protection of children and protection against forced labour, principles and right to work which are legally binding for the Republic of Serbia;
- has been effectively convicted for fraud, corruption, organized crimes;
- based on veracious information about money laundering and terrorism financing, that is, under started proceedings at any court against loan beneficiary and/or occurred or possibilities for the occurrence of certain circumstances which may have negative impact on the loan beneficiary's capacity to service his obligations from the Loan Agreement;
- in other cases agreed with the customer, as well as in cases which are of crucial importance for regular debt servicing and execution of agreed obligations.

The Bank shall inform the customer in a written notice sent by registered mail with confirmation of receipt to the customer's address which is indicated in the loan agreement, that is, to the address of which the customer has later notified the Bank and documented it, about termination of the agreement, that is, about loan maturity. The loan agreement termination shall come into force as at the date written notice has been sent to the customer's address.

All conditions valid for loan extension (amount of nominal interest rate and method of interest calculation, fees and commissions and other charges, default interest rate and other things) in case of loans which the Bank extends from foreign credit lines or in joint ventures with other banks, legal entities or state institutions shall be done in compliance with the agreement which the Bank has signed with other participants in the lending venture.

## **PAYMENT CARDS**

### **I. DEBIT PAYMENT CARDS**

#### **Manner and Conditions of Use**

##### Article 1

The debit card shall be issued with the validity term of two years with a possibility of reissue as an instrument for performing transactions in which the customer's account shall be debited at the moment the transaction has been made and maximum up to the amount available at the customer's account.

The card shall be issued without any charges and the membership fee shall be up to RSD 500 per quarter whereas the commission for card replacement shall vary from RSD 100 to RSD 200 and compensation for blocking the card in case of suspicion of card abuse shall vary from RSD 300 to RSD 1,000.

The fees and commissions for certain types of transactions which are carried out with cards shall be determined by the Bank's competent body in compliance with the applicable Decision on the Fee and Commission Tariffs and the Business Policy of the Bank.

The transactions executed abroad which are paid in RSD shall be calculated at the Bank's selling exchange rate as at the payment date.

#### **Conditions and Procedure for Termination of Payment Card Agreement**

##### Article 2

The Bank shall have the right to cancel the use of a card without any explanations and announce it null and void in case of failure to adhere to provisions of documents and rules of VISA Inc., MasterCard Inc., and DinaCard – NCPK, (for example, pledging the card, giving the card to another person and the like).

### **II. CHARGE PAYMENT CARDS**

#### **Manner and Conditions of Use**

##### Article 3

The charge card shall be issued with the validity term of two years with a possibility of reissue as an instrument for performing transactions in which the customer's account shall be debited in the full amount of the transaction at the defined future moment (30, 60 or 90 days).

The charge card shall operate on the principle of established monthly limit which is stated in RSD without indexing. The lowest limit shall be RSD 8,000 whereas the highest limit shall depend on the customer's creditworthiness.

The card shall be issued without any charges and the membership fee shall vary from RSD 200 to RSD 2,000 per quarter whereas the commission for card replacement shall vary from RSD 100 to RSD 2,000 and compensation for blocking the card shall vary from RSD 300 to RSD 1,000.

The fees and commissions for certain types of transactions which are carried out with cards shall be determined by the Bank's competent body in compliance with the applicable Decision on the Fee and Commission Tariffs and the Business Policy of the Bank.

The transactions executed abroad which are paid in RSD shall be calculated at the Bank's selling exchange rate as at the payment date.

The customer's promissory note shall be taken as the security instrument.

#### **Type, Amount and Conditions for Interest Rate Modification**

##### Article 4

Nominal interest rate shall be agreed as variable at the annual level in the range from 15.00% to 30.00% and interest accrual by compound method.

Modification of nominal interest rate shall be done in compliance with changes of the Decision on the Bank's Interest Rates which are formed on the basis of changed prices of the Bank's funding sources and depending on the movement of referent interest rates at the domestic and foreign money markets, movement of inflation rate, inflationary expectations of competent

institutions, movements of dinar exchange rate and other realistic basis in compliance with the bank's business Policy. Adjustment of nominal interest rate established in the above manner shall not be done more often than on a quarterly basis.

In case of arrears, outstanding mature debts shall be charged by the Bank with default interest at the rate set forth in the Law on the Default Interest Rate

### **Conditions and Procedure for Termination of Payment Card Agreement**

#### Article 5

The Bank shall have the right to cancel the use of a card without any explanations and announce it null and void in case of failure to settle debts under the card on a regular basis, and/or in case of failure to adhere to provisions of documents and rules of VISA Inc., MasterCard Inc., and DinaCard – NCPK, (for example, pledging the card, giving the card to another person and the like) which shall be communicated to the card holder in writing.

### **III. CREDIT PAYMENT CARDS**

#### **Manner and Conditions of Use**

#### Article 6

The credit card shall be issued with the validity term of two years with a possibility of reissue as an instrument for performing transactions which are paid once a month on the agreed date and in the agreed percentage of the remaining debt which cannot be less than 5%.

The credit card shall operate on the principle of credit limit and revolving model which is stated in RSD without indexing. The lowest amount of credit limit shall be RSD 10,000 whereas the highest amount of credit limit shall depend on the customer's creditworthiness.

The card shall be issued without any charges and the membership fee shall vary from RSD 100 to RSD 500 per quarter. The commission for card replacement shall vary from RSD 100 to RSD 200 whereas the compensation for blocking the card shall vary from RSD 300 to RSD 1,000.

Prepayment of the loan under the credit card shall be done at the card holder's request without any charges.

The fees and commissions for certain types of transactions which are carried out with cards shall be determined by the Bank's competent body in compliance with the applicable Decision on the Fee and Commission Tariffs and the Business Policy of the Bank.

The transactions executed abroad which are paid in RSD shall be calculated at the Bank's selling exchange rate as at the payment date.

The customer's promissory note shall be taken as the security instrument which shall be activated in case of default and failure to react upon delivered written reminders when the Bank shall pronounce the loan under the credit card due and payable in the full amount.

#### **Type, Amount and Conditions for Interest Rate Modification**

#### Article 7

Nominal interest rate shall be agreed as variable at the annual level in the range from 15.00% to 30.00% and interest accrual by compound method.

Modification of nominal interest rate shall be done in compliance with changes of the Decision on the Bank's Interest Rates which are formed on the basis of changed prices of the bank's funding sources and depending on the movement of referent interest rates at the domestic and foreign money markets, movement of inflation rate, inflationary expectations of competent institutions, movements of dinar exchange rate and other realistic basis in compliance with the Bank's business Policy. Adjustment of nominal interest rate established in the above manner shall not be done more often than on a quarterly basis.

In case of arrears, outstanding mature debts shall be charged by the Bank with default interest at the rate set forth in the Law on the Default Interest Rate.

### **Conditions and Procedure for Termination of Payment Card Agreement**

#### Article 8

The Bank shall have the right to cancel the use of a card without any explanations and announce it null and void in case of failure to settle debts under the card on a regular basis, and/or in case of failure to adhere to provisions of documents and rules of VISA Inc., MasterCard Inc., and DinaCard – NCPK, (for example, pledging the card, giving the card to another person and the like) which shall be communicated to the card holder in writing.