

GENERAL BUSINESS REGULATIONS OF PROCREDIT BANK A.D. BELGRADE APPLICABLE IN BUSINESS OPERATIONS WITH PRIVATE INDIVIDUALS – PART THAT REGULATES CREDIT PRODUCTS

VIII CREDIT PRODUCTS

1. Introductory provisions

The General Business Regulations of ProCredit Bank a.d. Belgrade (hereinafter: the Bank) shall apply to business relations between the Bank and the clients, private individuals (hereinafter: the client).

This part of the General Business Regulations comprises establishment, amendment and termination of business relation, rights, obligations and responsibilities of the Bank and the client, communication between the Bank and the client, in respect of credit products. The Bank's Price List for Private Individuals is an integral part of these General Business Regulations, and it is attached herewith (Schedule 1).

2. Establishing and changing business relationship

The business relationship between the Bank and the clients is established by concluding an agreement in the written form, online form or in any other adequate form, prescribed by the internal acts of the Bank, including the use of the Web application, and which both Contractual parties have acknowledged.

If during the validity term of the contractual relationship the need for change of one of the mandatory elements of the agreement arises, as prescribed by applicable regulation, the Bank is obliged to obtain the client's previous written consent, prior to application of the respective amendment, and if the client should not agree with the proposed amendment, the Bank may not unilaterally change any significant element of the agreement.

If the Bank wishes to change any other element of the agreement, which does not have the character of a mandatory element of the agreement defined by the applicable regulation, the Bank has the right to change those elements, provided it has previously timely informed the client about the respective amendment. It shall be considered that the Bank has timely informed the client about the respective amendment in case of delivery of a notification to which the client previously reported to the Bank, to the e-mail address, by SMS message or in any other manner provided for in the General Business Regulations for communication between the Bank and the client.

Every six months the Bank shall deliver to clients private individuals a notification about their debt balance under the concluded loan and/or credit card agreements, and upon the client's request as well, in which case the notification will be charged pursuant to the current Price List for Private Individuals.

When using FlexFund, the Bank shall deliver to its clients, at least at the monthly level, a notification – statement on all account changes, free-of-charge, in writing or in any other durable medium, and at the client's request, without delay, at a fee charged in accordance with the applicable Price List.

During the agreement validity term, the client shall be entitled to a copy of the repayment plan, free-of-charge, in case of any change in the repayment plan, or on an annual basis if the repayment plan has not been changed.

3. Loan types

The Bank shall grant to clients private individuals investment loans, green investment loans, housing loans and FlexFund.

Depending on the type and intended use, the Bank's credit products can be with or without a purpose, long-term or short-term, indexed or non-indexed.

4. The maximum and the minimum amount of a granted loan

The maximum and the minimum amount of a loan granted to a client depends on the type of loan, credit eligibility and the need of a certain client. The minimum and maximum amount of loan granted to a private individual by the credit product type shall be as follows:

- for investment loans and green investment loans and the maximum loan amount shall be EUR 30,000, with the maturity term from 12 to 60 months.
- The minimum loan amount on housing loans of EUR 50,000 may be approved in reduced amounts with a higher down payment is made on the loan (minimum property value of EUR 60,000), for a period from 96 to 240 months.

- for FlexFund (FlexFund) the minimum amount shall be RSD 60,000.00 with the maturity of 12 months. The maximum amount of FlexFund which the Bank approves depends on the client's salary and credit capacity.

For special conditions, it is necessary to acquire the special approval of the Bank in line with authorisation. Limits determined in EUR currency are indexed at the middle exchange rate of the NBS on the day of disbursement of funds of the specific credit products

The internal acts of the Bank define the terms of using credit products and the minimal amount of the salary necessary for the use of credit products.

NMIC – The National Mortgage Insurance Corporation; insurance premium with the NMIC depends on: LTV ratio, whether premises are registered/non-registered, whether the borrower has life insurance or not. If the borrower does not have life insurance assigned to the Bank, relative premiums shall be increased by 0.25%. If mortgaged premises are under construction, said premiums shall be increased by 0.50%. If mortgaged premises are legalised in accordance with the Law on Planning and Construction based on minimum technical documentation, as stipulated per Articles 188, 189 and 191, said premiums shall be increased by 0.15%. If the borrower's or co-borrower's indebtedness is equal to or higher than 60%, said premiums shall be increased by 0.50%. If the borrower's or co-borrower's indebtedness is equal to or higher than 70%, said premiums shall be increased by 1.00%. If the borrower's or co-borrower's indebtedness is equal to or higher than 80%, said premiums shall be increased by 1.50%, only in cases when it is 80% and above.

For the users of lending products approved against a 100% deposit, interest rate for this deposit shall be 0.00%.

5. Currency used for expressing/granting or indexing a loan, applicable exchange rate and exchange rate coordination periods

The Bank grants dinar loans to its clients which can be non-indexed or indexed in a foreign currency. The respective loans are indexed in EUR.

During disbursement and repayment of loans, the bank applies middle exchange rate of the National Bank of Serbia.

6. Types of nominal interest rates

Depending on the type, maturity and amount of the loan the Bank disburses loans with variable or fixed interest rates. The variable interest rate can be linked to the change of the corresponding reference interest rate (EURIBOR, referential interest rates of the Serbian National Bank, BELIBOR). Interests linked to the reference interest rate include the reference interest rate and the margin which is fixed.

7. The range of annual nominal interest rates

The amount of nominal interest rates depends on the type, maturity and purpose of the credit product and whether or not it is an indexed loan or a dinar loan.

The amount of nominal interest rates for individual credit products are defined in the Price List for Private Individuals, which is an integral part of general Business Regulations.

8. Criteria for alteration of the interest rate

The Bank coordinates the annual nominal interest rate, which has been stipulated as variable, and which is linked to a reference interest rate, with the trends of the six-month EURIBOR and three-month BELIBOR depending on the loan type.

Adjusting to the six-month EURIBOR is executed semi-annually on 01.12. and 01.06. preceding the month in which the change will start to apply, i.e. on the first subsequent working day 01.12. and 01.06. are non-working days, and shall apply as of the first day in January and as of the first day in July of the current year for the upcoming six-month period. An exception to the rule defined in the previous paragraph are loans disbursed after the 01.12. and 01.06. in the months in which the six-month EURIBOR is executed in which case the new value of the six-month EURIBOR shall apply until the following six-month period as was previously described.

Adjusting to the three-month BELIBOR are determined quarterly on 01.12, 01.03, 01.06. and 01.09. preceding the month in which the change shall start to apply, i.e. on the first subsequent working day if 01.12., 01.03., 01.06. and 01.09. are non-working days, and shall apply as of the first day in January, April, July, i.e. October. An exception to the rule defined in the previous paragraph are loans disbursed after the 01.12, 01.03, 01.06 and 01.09. in the months in which the three-month BELIBOR is executed in which case the new value of the three-month BELIBOR shall apply until the following three-month period as was previously described.

On the day of conclusion of the individual agreement with the client, the bank shall apply the value of the six-month EURIBOR and the value of the three-month BELIBOR which are valid at the moment the agreement is concluded, and is determined as described above.

The Bank shall notify clients that the value of EURIBOR and BELIBOR is specified in the Price List. If the Bank should enter into an agreement with the competent institutions or the state authorities under subsidized or other types of loans, interest rate formation shall be regulated by special agreements between the Bank and those institutions, i.e. state authorities, and/or special regulations and/or other enactments.

9. Method of interest calculation

The interest is calculated on the basis of the nominal interest rate calculated onto the unpaid amount of the principal i.e. the used amount of (FlexFund) under current accounts or the approved credit card limit, taking into consideration the real number of calendar days in the period between the previous installment and the upcoming one (for loans), i.e. in the period between the previous and the upcoming interest calculation (FlexFund) and credit cards). The Bank applies the proportional method of interest calculation for all types of loans, except for the (FlexFund) under private individuals' current account and private individuals' credit card for which it applies the conformal method.

10. Amount of interest rates in case of belated payments

In case of belated payments of the client, the Bank will charge the default interest rate.

11. Types and expenses, i.e. range of all fees and other costs included in the calculation of effective interest rate and charged to the Client

The effective interest rate, in addition to the nominal interest rate, the loan amount and repayment period, in accordance with the by-laws of the National Bank of Serbia, should also include the commission for the following fees and expenses:

- as compensation for processing applications for insurance with the National Mortgage Insurance Corporation (NMIC) and a fee for insurance with the same institution, if the client has been granted a housing loan insured with the NMIC,
- Expenses incurred for obtaining the report of the Credit Bureau with the Association of Serbian Banks defined in the Price List issued by the Credit Bureau with the Association of Serbian Banks,
- Expenses incurred for evaluation of the pledged asset used as security of regular fulfillment of the obligations under the agreement on the subject credit product,
- Expenses incurred by obtaining a statement from the relevant registry of immovable property or registry of pledge on the movable property and rights,
- Expenses and fees paid for the realization of the pledge related to securing the receivables,
- Expenses incurred by insuring the immovable property which is used as a security for regular fulfillment of the obligations undertaken under the agreement on the subject credit product against fire, additional risk of water damage from a pipe and other risks (thunder, explosion, storm, hail, etc.). The client shall submit to the Bank a proof on the payment of the insurance premium in accordance with the policy, shall vintulate the policy for the benefit of the Bank, pay the insurance premium regularly for the entire agreement validity period, and regularly submit evidence to the Bank,
- insurance costs for movable assets taken as collateral for the purpose of duly meeting liabilities arising from the agreement on a specific credit product,
- costs of opening and maintaining a Total Account (the mentioned expenses are included in the EIR for FlexFund whereby they are not included in the calculation of EIR for any other credit product. In the event that the client is not a FlexFund user, but only a user of this loan, the previously mentioned expense is included in the calculation of the EIR)
- costs of client promissory notes.

The remaining costs which are not part of the calculation of the effective interest rate, and are borne by the client are costs which relate to the regular sending of notifications to the client.

The type and amount of all the fees and other costs given in the Price List for Private Individuals.

12. Type of collateral and the possibility of replacement during loan repayment period, as well as costs that the client may have based on said

The Bank shall accept, as a security of the loan and other credit products, the following:

- mutual surety of a private individual or legal entity or entrepreneur,
- blank bill of exchange of the client and the guarantor,
- administrative prohibition of the client and the guarantor,
- collection authorizations issued by the client and guarantor,
- pledge on movable property, shares, stocks and rights,
- pledge on immovable property,

- dedicated deposit funds,
- dedicated deposit funds,
- pledge to the bank (gold or jewelry with a certificate issued by a certified appraiser or other valuables which can be stored in the Bank's safe
- old foreign currency savings bonds,
- insurance of the pledged asset,
- loan insurance,
- other collateral depending on the nature of the subject business and applicable regulations.

The Bank reserves the right to change or add collateral types deemed acceptable when granting credit products to clients and restructuring clients' debts during the loan repayment period.

The Bank can, based on the evaluation of the client's credit rating, for the entire period of validity of the Agreement on a particular credit product, that are not mentioned in this article, to ask for additional collateral, in accordance with the decision of the Credit Committee of the Bank.

The client can, during the period of loan validity, submit a request for replacement of the collateral given, and the Bank shall, in accordance with the decision of the Credit Committee, analyze the collateral offered and reach a decision on acceptance or rejection of the said collateral. The service of replacement of collateral is charged by the Bank on the one-time basis for each replacement in an amount stipulated by the Bank's current Price List.

13. Terms and Conditions for early loan repayment and the amount of costs

The client may prematurely repay the entire loan amount or a portion of it provided he/she submits a written request or in online form to the Bank, in line with the Price List for Private Individuals.

The request for early loan repayment shall be accepted by the Bank only if, on the date of the early repayment, the client has sufficient funds for early repayment in his account with the Bank. On the day of early repayment, the client is obliged to pay to the Bank, in addition to the principal, the amount of the due but unpaid interest on the outstanding principal as of the date of early repayment.

The Bank does not pay fees for the early repayment agreements on FlexFund under current account, agreement on credit card issue and use, as well as in the case when early loan repayment is executed during the period for which variable nominal interest rate has been agreed, except with loans the purpose of which is purchase of immovable assets.

Prepayment fees shall not be charged for early loan repayment with a variable interest rate (with the exception of housing loans). Prepayment fees shall be charged if: a fixed loan interest rate is stipulated; if the subject of purchase are premises, with a fixed or variable nominal interest rate being agreed, prepayment fee amount is: 0.50% (if the period between prepayment and period until the fulfilment of contractual obligations per relative loan agreement is shorter than 1 year and if prepayment amount is higher than RSD 1,000,000); 1.00% (if the period between prepayment and period until the fulfilment of contractual obligations per relative loan agreement is longer than 1 year with an additional condition that prepayment amount should be higher than RSD 1,000,000).

14. The terms for the early withdrawal of the concluded loan agreement, FlexFund and credit card

The client may withdraw from the concluded loan agreement, agreement on FlexFund under current account and agreement on credit card issue and use, within the period of 14 days from the day of the agreement conclusion, without stating the reason for withdrawal. If loan agreement has been secured by mortgage, and in the case of agreements the purpose of which is purchase or financing of real estate purchase, the client may withdraw from the agreement, provided he/she has not started using the loan or initiated financing.

The client shall be obliged to inform the Bank, in case of withdrawal from the agreement, and prior to expiry of the specified term, about his/her intention so as to confirm receipt of this notification, whereby the day of the notification receipt shall be deemed the day of withdrawal from the agreement, and that in written form or in another durable medium.

The client, i.e. beneficiary of a loan, Flex minus under current account and credit card, shall be obliged to immediately, and no later than within the period of 30 days from the day of the notification sending, refund to the Bank the principal and interest under the underlying agreement for the period of using the respective product.

The Bank shall be entitled to the stated fees and costs incurred with the competent authorities, including reimbursement of real costs arising from conclusion of the agreement, and it is necessary that the client be acquainted with real costs prior to conclusion of the loan agreement.

15. Terms and conditions for collateral activation and the consequences of default

The client shall repay full amount of the granted loan with the amount of the interest and all incidental expenses, in monthly installments and within the deadlines defined in the agreement and/or the current repayment plan

which is an integral part and an important element of the Agreement on the subject credit product if the loan repayment plan is submitted to the client for the subject credit product.

If the client fails to repay the loan in accordance with the repayment plan and if he/she fails to observe any one provision of the subject agreement and the General Business Regulations, the Bank is entitled to unilaterally terminate the agreement and collect its receivables by activating the collateral given.

The Client agrees that, if for any reason he/she fails to pay all due amounts or other possible expenses incurred to the Bank through realization of collateral items in order to settle the due payment which has not been made into the account of the Bank within the stipulated period, the Bank can, automatically and without requesting a special permission and approval, transfer the unpaid amount from all of the client's accounts with the Bank into its own account, and activate all collateral given in order to settle the outstanding debt.

In case the above liabilities have to be settled from the funds in the client's foreign currency accounts with the Bank, the client hereby gives an unconditional and irrevocable order to the Bank to buy the necessary foreign currency amount from his/her accounts with the Bank, automatically and without further queries or the necessity for obtaining permission, and such foreign currency shall be bought at the middle exchange rate of the Bank on the effective date of purchase – conversion into dinar equivalent, and all in the total amount of the Bank's receivables from the client under this agreement, and the Bank shall settle the outstanding debt from the dinar amount obtained in the above-mentioned manner.

The Bank can activate collateral as stated in the preceding paragraphs without termination of the agreement, in accordance with the decision of the Credit Committee of the Bank.

On the date of unilateral termination, the outstanding debt amount shall become due for payment, together with all pertaining interests and other expenses incurred or which may be incurred to the Bank in the process of court or out-of-court settlement of the outstanding receivables.

In order to collect its receivables, the Bank can institute court and/or out-of-court proceedings in accordance with the decision of the competent department of the Bank.

In the event that the client fails to settle his/her obligations towards the Bank, the Bank retains the right to transfer receivables to a third party in line with valid provisions, with notice to the client of the assignment of receivables.

16. The terms and procedure for termination/withdrawal of the loan agreement, FlexFund, credit card, as well as the reasons why the Bank may require the client to settle his/her obligations in full before the expiration date

The Bank is entitled to unilaterally terminate the contract on a particular credit product, whereof it is obligated to inform the client, in the following cases:

- if the client fails to settle its outstanding liabilities, including due principals, interests, one-time fees, expenses and other chargeable amounts within the period and in the manner stipulated in the loan agreement concluded between the Bank and the client,
- in case of salary decrease or cessation of salary receipt through an account open with the Bank,
- if the client submits incorrect data which the Bank relied upon when concluding the loan agreement,
- if the Bank, after an analysis of the client's business situation and cash flows or in some other way depending on the type of client, becomes acquainted with the fact that some changes have occurred with the client (including, without limitation, loss of regular monthly income due to termination of employment) which, in the Bank's opinion, have or may have influence on the client's credit eligibility and the ability to regularly settle liabilities,
- if the client no longer meets credit eligibility criteria
- client does not duly fulfill the obligations undertaken under the agreements and statements regulating security instruments,
- if the client fails to provide additional collateral within the period determined by the Bank as of the day of receipt of the Bank's request for delivery of additional collateral,
- if the client uses the loan for the purposes other than those described in the loan agreement,
- if the client is involved in any kind of a court proceedings or any other proceedings the outcome of which might have an adverse effect on repayment of the respective loan or on its property in general,
- if criminal proceedings have been initiated against the client, or he/she is under criminal investigation and/or that he/she has been criminally charged
- if all or some of the documents submitted by the client are not valid, complete, truthful and do not represent the real financial situation of the client, as well as if they are the subject of dispute with any one third party, with respect to their validity,
- if the client has paid a certain amount of money or gave any kind of property or valuables to an employee of the Bank or a third party in order to obtain the loan,

- if the client issues a written statement withdrawing the consent given to the Bank for obtaining a report from the Credit Bureau, or the consent for personal data processing which are necessary for establishing or executing Contract agreement or Banks responsibilities,
- if the client, without the prior consent of the Bank, disposes of movable property pledged by the Bank, which results in criminal liability,
- within the period from loan granting to final loan repayment, fails to provide the Bank's representatives and the Bank's shareholders with access to the pledged movable and/or immovable assets for the purpose of establishing the pledge condition,
- act contrary to applicable regulations.

Business relationship shall be terminated on the day when the competent body of the Bank has reached the decision on termination. The Bank shall submit to the client notice on termination of a specific business relationship, and the submission of such notice shall be subject to the provisions of these General Business Regulations that are related to the communication between the Bank and the client.

On the day of unilateral termination of the agreement by either party, the outstanding amount of the loan or receivables of the Bank based on other products approved to the client shall fall due for payment, together with all accrued interests and other costs to which the Bank has been exposed or may be exposed in the process of court and/or out-of-court collection of outstanding receivables. In such case, the Bank shall submit to the client-debtor a notice on termination of the specific agreement. If the client fails to fulfill his/her obligations, the Bank may institute court and/or out-of-court proceedings for collection of the entire amount of outstanding receivables.

Upon termination of business relationship between the Bank and the client, and provided all the client's obligations toward the Bank have been fulfilled, the remaining amount in client's account shall be made available to the client.

Provisions specified herein that are applicable to the termination of business relationship between the Bank and the client shall be applied mutatis mutandis on partial termination of business transactions between the Bank and the client, and provisions of these General Business Regulations shall remain applicable after the termination of business relationship between the Bank and the client, until the final fulfillment of all mutual rights and obligations.

17. Other provisions related to credit products

The client agrees that the Bank can, at any given time during the duration of the contractual relationship, as well as during the automatic extension of the validity of said, obtain reports on the client's credit eligibility from the Credit Bureau. In these cases, the Bank shall charge the client's account for the amount of fees paid for obtaining the report from the Credit Bureau.

Provided it has the client's written consent, the Bank may activate the standing order service by means of which it can automatically debit funds in all of the client's current accounts maintained with the Bank for regular operations, and thus the Bank itself may transfer the due amount under the relevant agreement into the Bank's account.

If an installment or another client's liability is due on a non-working day or a public holiday, the client shall be obliged to make the payment on the last working day preceding the non-working day, i.e. the public holiday.

A loan, i.e. a credit product, as used in these General Business Regulations means loans, credit cards, FlexFund under the account, documentary products and guarantees, and other credit products of the Bank.

A portion of the Bank's funds intended for lendings financed by the Federal Ministry of Germany for Economic Relations and Development through the European Fund for Serbia, which is governed by the KfW.

The Bank shall provide potential clients in the pre-contractual phase with information in written form about the documents which beneficiaries are obliged to submit along with the written loan application.

The Bank shall inform the client once the submitted documents are complete for a specific loan application.

The Bank shall within the period of 45 days as of the day of delivery of complete documentation reach a decision on the loan application.

The Bank retains the right to transfer receivables toward client in line with valid provisions with notice to the client of the assignment of receivables.

18. Related loan agreements

If the client, in case of a related agreement, should withdraw from the agreement on purchase of goods, the seller shall be obliged to inform the Bank about withdrawal from the agreement on purchase of goods or provision of service within the period of 8 days, while the Bank shall be obliged to refund to the borrower, without delay, the repaid loan amount with the interest, which the borrower has repaid until the moment of withdrawal from the agreement, namely no later than within the period of 30 days from the withdrawal notification date. If the agreement on purchase of goods or provision of service has been concluded, but the loan based on the related

agreement has not been granted, then the agreement on purchase of goods or provision of service shall be terminated, unless the person to whom the loan has not been granted should decide that the agreement shall remain in force.

19. Right to collateral reimbursement

The client, i.e. collateral provider, has the right, provided the client's liabilities to the Bank under the respective agreement have been fully settled, to take the unused collateral provided under the agreement, including the collateral registered in the appropriate register.

The Bank shall inform the client, i.e. collateral provider, in writing, about the fact that the client has settled all his/her liabilities under the agreement, within the period of 30 days from the day of the liability settlement, and then instruct the client, based on the prior written request, to visit the Bank and take over the unused collateral.

20. The client's right to complaint

The client is entitled to submit a written complaint to the Bank if he/she believes that the Bank fails to comply with the legislation and other regulations which regulate financial services, general provisions or good business customs which refer to the services, or obligations from the Contract concluded with the client.

The client must submit his/her complaint to the Bank in writing, as follows:

- in person, at any of the bank's commercial premises within the Republic of Serbia, directly to a Bank's employee;
- by sending the written complaint to the Bank's address: ProCredit Bank a.d. Belgrade, Compliance and AML Unit, Milutina Milankovića 17, 11070 Novi Beograd (label the envelope: Complaint);
- Via email to the following email address: srb.prigovor@procredit-group.com;
- Via the link provided on the homepage of the Bank's website at www.procreditbank.rs, clicking on the option: 'Complaint';
- In electronic form, via the e-banking application.

Complaints submitted in any other form shall not be taken into consideration and the Bank is not required to respond. If the client isn't satisfied with the Bank's reply, or if the Bank failed to reply within 15 days, this period can exceptionally be prolonged for another 15 days in a clear and understandable way, the client can inform the National Bank of Serbia, Nemanjina 17, Department for Financial Consumer Protection and Education or Poštanski fax 712, 11000 Belgrade, or via the National Bank of Serbia's by selecting Consumer Complaint dedicated email address indicated on its website www.nbs.rs, or he/she may initiate mediation proceedings before the National Bank of Serbia, for extrajudicial settlement purposes.

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