KOMERCIJALNA BANKA A.D. BANJA LUKA
- Supervisory Board -

No. NO – 39/12

Date: 28.02.2012
Pursuant to Article 42 of the Statute of Komercijalna Banka AD Banja Luka, at their sixty-first meeting held on 28.02.2012 the Supervisory Board of Komercijalna banka a.d. Banja Luka passed the following:

DECISION

Article 1
The General Terms and Conditions for Business Operations of Komercijalna Banka AD Banja Luka are hereby approved in the wording which makes the integral part of this Decision.

Article 2
The Decision shall come into effect as of the date of its enactment.

Copy to:
1. Bank Director
2. Secretary of the Bank
3. Files

President of the
Supervisory Board
Lidija Sklopic
GENERAL TERMS AND CONDITIONS FOR BUSINESS OPERATIONS OF

of Komercijalna banka AD Banja Luka

February 2012
GENERAL TERMS AND CONDITIONS FOR BUSINESS OPERATIONS OF KOMERCIJALNA BANKA AD BANJA LUKA

1st PART
GENERAL PROVISIONS
I INTRODUCTION

Article 1

General Terms and Conditions for Business Operations of Komercijalna Banka AD Banja Luka (hereinafter referred as the: Terms and Conditions) govern standard terms and conditions for business operations which Komercijalna Banka AD Banja Luka (hereinafter referred as the: Bank) applies to the Bank’s customers, general terms and conditions for establishing relationships between Customers and the Bank, communication procedures between the Customers and the Bank, as well as general terms for conducting transactions in operations of loans approval, receipt of cash deposits, account opening, maintenance and closing, issuing and using of payment cards, as well as other activities performed by the Bank.

Terms

Article 2

In the sense of Terms and Conditions individual terms shall have the following meaning:

Customers are natural persons, natural persons who conduct economic activities, legal entities and other subjects registered and established in compliance with the law, residents and non-residents, who use the Bank’s products and services or who address the Bank in order to use its products and services and which the Bank has identified as such; (hereinafter referred to as: the Customers)

Client - natural person is the natural person entering in the relationship with the bank for the purpose of using the services that are not intended for their business or other commercial activity (hereinafter referred to as: the Customer – Natural person);

Bank services are the services offered by the bank to the customers in operations of loan approval, receipt of cash deposits and savings deposits, account opening and maintenance, approval of allowed account overdraft, payment card issuing, as well as other operations derived from them and performed by the Bank in compliance with the law;

Financial services are bank services and products, as well as other financial services in compliance with the Law;

The agreement, with respect to the Law on Contractual Relations and these Terms and Conditions implies the agreement of wills of two parties, that is: the agreement which is concluded between the Customer and the Bank and/or the Application Form or other document signed by the Customer in compliance with the Bank’s documents and/or other documents arising from various forms of business cooperation between the Customer and the Bank in compliance with the law, other regulations and/or in compliance with the rules of the international banking practice confirming mutual agreement of wills between the Customer and the Bank and which are based on mutual interest and general principles of banking operations. The agreement on financial service is made in writing or in electronic form;

EURIBOR or Euro Interbank Offered Rate represents the reference interest rate based on the average interest rate at which the banks borrow money to each other at the interbank market. EURIBOR value is defined by the European Banking Federation every day;

Coverage is the positive balance on the account;
Available balance is the coverage and allowed overdraft on the account;
Order is the request of the customer for transfer of funds from or to their account;
Business relationship is any legal or other operation between the Bank and the Customer which has the elements of secrecy;
Complaint is the statement of disapproval with a particular activity of the Bank;
Account is any of the Customer's accounts with the Bank which show the records on balance of customers proceeds received or given by the Bank.

The Application of Terms and Conditions

Article 3
The Terms and Conditions are applied in all relationships between the Bank and the Customer which arise from the agreement. Within the legally prescribed term, the Bank shall put the Terms and Conditions, as well as amendments and supplements thereof, at the visible place in business premises and at the Bank's website in the Serbian language or other language in Bosnia and Herzegovina, 15 days prior to the start of their application at the latest. Publication of terms and Conditions shall be made in a clear and understandable manner, with correct, complete and unambiguous standard data presented with illustrative example. The aim is to provide the average customer with the conditions to make the appropriate decision on using of services, establishing of relationship and conclusion of the agreement with the Bank.
It will be deemed that the Customer agrees with the amendments to the Terms and Conditions if they do not submit the written request to cancel the business relationship within 30 days from the date of their release.

II RIGHTS AND OBLIGATIONS OF THE CUSTOMER, GUARANTOR AND THE BANK

Rights and obligations of the Customer

Article 4
The Customer shall have the right:
- To request from the Bank corresponding explanations and instructions which refer to these Terms and Conditions;
- To receive information about the balance of his loan / deposit account directly, as well as other information regarding the business relationship, that is, in the connection with the agreement concluded with the Bank;
- As well as other rights in compliance with the law, other regulations, these Terms and Conditions and other Bank’s documents and the agreement which has been concluded with the Bank.
The Customer shall be obliged to deliver to the Bank truthful and authentic documentation, data and statements prescribed by the law, other regulations and the Bank's documents.
The Customer shall be liable for the damage which has occurred as the result of unclear, wrong or imprecise orders and given instructions to the Bank, as well as the result of the failure to comply with the obligation to notify the Bank in line with the agreement and these Terms and Conditions.
The Customer shall have other obligations in compliance with the law, other regulations, these Terms and Conditions and other Bank’s documents, as well as in compliance with the agreement which the Customer has concluded with the Bank.

Special Rights and Obligations of the Customer – Natural Person

Article 5
General terms and conditions

The Customer – Natural Person shall have the right:
- to receive all information and adequate explanation about the service;
- prior to conclusion of the agreement, at the verbal request, free of charge, to receive the draft agreement for deliberation outside of the premises of the Bank;
- in the agreed way, and at least once a year, receive free of charge the written statement on the balance of their credit debt, including the data on the amount of repaid principal and interest, as well as on the amount of the remaining debt;
- To cancel the loan agreement, overdraft agreement, credit card agreement within the time of 14 days after the day on which the agreement has been concluded without specifying the reason thereof, i.e. in the shorter term agreed for putting of the credit facilities at disposal at their explicit request, provided they have not started to use credit facilities;
- repay the loan in full or partially prior to the deadline defined for repayment under the loan agreement, in accordance with the law and along with the obligation to inform the Bank within the agreed term about the intention of early loan repayment;
- to receive one copy of the agreement and loan repayment schedule/deposit disbursement plan which make the integral part of the agreement;
- to be informed in writing or in other agreed way about the change of the interest rate (if variable interest rate has been agreed) and since when the change in the interest rate is to be applied;
- to withdraw the funds from their account opened with the Bank, free of charge of the special fee, in the amount of available funds on the account;
- To close the account or payment card at no cost;
- To send in writing a complaint to the Bank if he believes that the Bank has failed to comply with the law, the Terms and Conditions, good business practice and provisions of the agreement;
- To initiate out of court settlement for the disputed relationship in the mediation procedure in compliance with the law;
- In case of the occurrence of circumstances putting him in a difficult material position, to request from the Bank to declare the suspension of repayment (moratorium) for the specified period in which the default interest to past due claims shall not be accrued;
- To terminate the term deposit agreement within the period of 15 days after the receipt of the notification about the term for which the deposit agreement shall be extended free of charge and with the interest agreed for the expired term;
- to withdraw the funds from their account, free of charge of special fee, in the amount of available funds on the account;
- to receive the statement on the account balance;
- to be informed in the agreed way about the initial balance, changes of balance on the account based on payments, disbursements, collections and billings, and fees and commissions charged by the bank for the services made, as well as about the final balance of the account for the reporting period;
- access personal identification number until the delivery of the payment card.

The Customer – Natural Person shall have the obligation:
- immediately after the change has occurred if the law or any other regulation referring to the concrete job does not prescribe otherwise, to notify the Bank about all changes of his personal and family name, resident status, address of domicile / residence, telephone number and other changes which are important for mutual communication;
- To notify the Bank without any delays about changes of other elements which are important for the fulfillment of his obligations towards the Bank such as the change of job, loss of job, decrease or loss of income and other elements which are important for the settlement of agreed obligations;
- To notify the Bank in written form about his intention to cancel the agreement on loan/allowed overdraft on the account/issuing and using of credit card, within 14 days term from the day of agreement conclusion, whereas the date of notification receipt shall be considered as the date of the agreement cancellation. Customer – Natural Person who withdraws from the loan agreement, agreement on allowed account overdraft and agreement on using and issuing credit card is required to pay the fee for loan application processing. In case of loan agreement secured by mortgage and the agreement whose subject is the purchase is purchasing i.e. financing of real estate purchasing, the customer – natural person is required to pay the actual costs incurred by the conclusion of the agreement;
- within 30 days term from the day of settlement of overall liabilities under the agreement, to submit the written request for return of funds that served as loan security to the Bank, otherwise the Bank shall cancel the collateral funds in compliance with the business policy of the Bank;
- without delay to report the loss i.e. the theft of the payment card to the Bank with the request to the Bank to make its blockage.

General terms and conditions

Relationship of the Guarantor and the Bank

Article 6
If the collateral agreed is surety, the Bank shall in the negotiation phase:
- introduce the guarantor with the subject of credit financing, form of surety that is demanded by the agreement, scope of guarantor's responsibility they assume by giving the surety statement and about all the important elements which clearly imply the rights and obligations of the contracting parties;
- at the guarantor's request, free of charge, deliver the draft agreement for deliberation outside of the Bank's premises
Prior to conclusion of the surety agreement, the Bank is required to obtain a copy of the surety agreement concluded in the written form between the customer- natural person and the guarantor, the contents of which Bank is not liable for
Change of mandatory elements of the Agreement, which increase the scope of guarantor's liability is possible with mandatory approval of the guarantor in the written form.

Rights and Obligations of the Bank

Article 7
The Bank shall have the right:
- To decide freely about the choice of Customers;
- Without the Customer's consent, to block the possibility of using certain products and services, to terminate already established business cooperation in order to protect the Bank's exposure to money laundering and terrorism financing or to request full repayment of allowed account overdraft in compliance with the law, other regulations and the Bank's documents governing this area of businesses;
- To dispose with proceeds held with the Customer's accounts without his written consent in the procedure of forced collection for the purpose of payment under effective and enforceable decisions of the court and/or some other state body, as well as in other cases prescribed by the law and other regulations;
- To use data about the Customer relevant to his address, telephone numbers, fax, email address and other data for the establishment of contact and which the Customer has given to the Bank on the occasion of signing the agreement, that is, application form and/or some other corresponding document, and for which he has given his consent to the Bank to freely dispose with them in order to deliver to the Customer information about the Bank's activities, products and services in the form of brochures, electronic massages, as well as for all other means of business communications and business presentations;
- if agreed to cancel the revolving loan agreement, along with the obligation to inform in written form the customer – natural person thereof at least 30 days in advance.
The Bank shall have other rights in compliance with the law, other regulations, these Terms and Conditions and other Bank's documents, as well as in line with the agreement which the Bank has signed with the Customer.
The Bank shall be obliged:
- In business relationships with the Customer, to act with due professional care in compliance with the law, other regulations, the Bank's documents and in line with the professional rules, good business customs and business practice, as well as according to principles of conscientiousness and fairness;
- To act according to written orders and instructions received from the Customer which refer to opening, maintaining and closing accounts if these are in compliance with the law, other regulations and the Bank's documents;
- In a clear and understandable way to inform the Customer about the its activities, products and services (by advertising in the means of public information, by direct communications in written or oral form, by delivering, by handing over and by making available informative and advertising materials at the counters, Internet website or in some other way), whereas such notifications must not contain incorrect information, that is, information which may be misleading regarding terms and conditions for the use of banking products and services;
- upon the expiry of 14 days from the day of conclusion of the loan agreement, agreement on issuing and using credit card and agreement on allowed account overdraft with the customer – natural person, to disburse approved funds as agreed, i.e. put at disposal to the customer – natural person;
General terms and conditions

- prior to the expiry of the term specified in the previous paragraph, the Bank may not put the credit facilities at disposal, except at the explicit request of the customer – natural person;
- to make service contracts concluded with the customer – natural person in written form or electronic form and to provide a copy of the agreement for each contracting party;
- To keep at its premises visible information about the movement of variable elements which are agreed (reference interest rate, retail price index, etc.);
- if the service is contracted in the counter value of the foreign currency, i.e. in the foreign currency according to the regulations on F/X, the Bank is required to indicate to the customer – natural person foreign exchange and other risk the customer – natural person assumes in this case;
- in case of agreed variable interest rate, prior to application of changed interest rate, to inform the customer – natural person about the change of rate, date from which the changed rate shall be applied and deliver the change loan repayment schedule after the application of new interest rate;
- at least once a year without charge, to deliver in the agreed way to the customer – natural person written statement on the balance of their credit debt, including the data on the amount of repaid principal and interest, as well as the amount of the remaining debt
- in case when allowed account overdraft has been agreed, once a month deliver the statement to the customer – natural person notifying him about the initial balance, changes on balance account based on payments, disbursements, collections, billings, commissions and fees of the Bank for the services made, as well as on the final balance of the account for the reporting;
- inform the customer – natural person about the changed interest rates in the reporting period, changes of interest rates, fees and expenses prior to their implementation, in the agreed way and in compliance with the law;
- does not contract and does not charge from the customer – natural person the cancellation fee in case of customer's- natural person's cancelation of the loan agreement, agreement on issuing and using credit card and agreement on allowed account overdraft;
- to enable the customer – natural person at their written request the blockage of payment card, in case of lost or theft
  – to respond in written form and within legally defined period to written complaints of the customers who believe the Bank failed to comply with provisions of the law, general terms and conditions for business operations, good business practice and provisions of the concluded agreement;
- In case of approving foreign currency indexed loans, the official middle exchange rate shall be applicable the same as in case of loan repayment;
- The same method of interest accrual shall be applied if the tied deposit with agreed interest for the purpose of loan approval has been deposited;
- at least seven days prior to the expiry of the term period to inform the customer – natural person about the term to which the cash deposit agreement is extended and about the new interest rate.

Also, the Bank has other obligations in compliance with the law, other regulations, these Terms and Conditions and other Bank's documents, as well as in line with the agreement which the Bank has concluded with the Customer.

The Bank shall be liable for omissions of its employees and other persons who have been hired by the Bank in order to perform contractual obligations towards the Customer if these omissions have not occurred as the result of force majeure such as: war, natural or environmental disasters, epidemics, power outage, telecommunication breakdown and all other similar events not caused by the Bank's activities.

III. CONTRACTUAL RELATIONS BETWEEN THE BANK AND THE CUSTOMER

Conclusion of the Agreement

Article 8
General terms and conditions

The agreement shall contain clear and unambiguous provisions understandable to the Customer so that the Customer becomes familiarized with the cases, ways and conditions under which the amount of his obligation can be changed, as well as about other elements of the agreement.

The contractual obligation must be defined, that is, definable. The pecuniary contractual obligation shall be deemed definable with respect to its amount if it depends on agreed variable or variable and fixed elements which are officially published and which cannot be unilaterally affected by the will of any of the contractual parties. With reference to the time, the pecuniary obligation shall be deemed definable if it is possible to determine when it falls due.

Having signed the agreement with the Bank, the Customer confirms that he has been familiarized with the provisions of these Terms and Conditions and that he has accepted them.

In relationships between the Bank and the Customer, the provisions of concluded agreement, then the provisions of the Terms and Conditions and finally the provisions of the Bank’s other documents shall be deemed.

The compulsory elements of the loan agreement, cash deposit agreement, agreement on savings deposits, account opening and maintaining agreement and account overdraft agreement and agreement on issuing and using of payment cards to be concluded with the Customer – Natural Person are defined in the Law on Amendments to the Law on Banks of Republika Srpska and shall be contained in the draft text, that is, in the concrete agreement which the Bank shall conclude with the Customer – Natural Person.

When concluding the deposit / loan / account overdraft agreement with the customer- natural person, the Bank shall deliver to the Customer one copy of the deposit payment schedule / loan repayment schedule.

Defining of interest rates and fees

Article 9

The interest rates and fees applied and calculated for the financial services are determined based on the valid decisions and other internal documents of the Bank which define the area of interest rates, fees and other expenses.

The nominal interest rate which is applicable to contractual relationships with the Customer shall designate the interest rate expressed as the fixed or variable percentage applied annually to the amount of withdrawn credit facilities, that is, received deposits.

The variable interest rate is the interest rate the amount of which shall depend on agreed variable elements, that is, variable and fixed ones, whereas the variable elements are those which have been officially published (reference interest rate, retail price index, etc.) and which cannot be affected by unilateral will of any of the contractual parties.

If:
- the nominal interest rate is expressed through two components, reference interest rate and margin, the harmonization shall be done in compliance with the changes of reference interest rate, the schedule of harmonization which can be at least daily in the course or at the end of agreed computation period, which is regulated in the agreement concluded with the Customer.
- if the variable element of the agreement is reference interest rate, it can be expressed as EURIBOR value for certain period for the loans in foreign currencies.

The agreement with fixed interest rate is the agreement in which the Bank and the Customer – Natural person agreed a unique interest rate for the entire period of loan duration or several interest rates for particular periods using exclusively defined fixed percentage.

The accrual of interest shall be done by applying either compound or proportional method.
The effective interest is the discount rate which equalizes annually the present value of all cash flows, that is, the present value of all monetary receivables with the present value of all monetary payables arising from the use of financial services which are known at the moment of expressing this rate. It expresses total expenses for the services paid by i.e. received by the customer – natural person of that service, whereas those expenses are presented as the percentage of total amount of services on the annual level and are defined by the methodology prescribed by the Banking Agency of Republika Srpska.

The interest rate for concrete loan / deposit or for concrete Customer shall be determined by the decision of the competent body of the Bank. The type and amount of the interest rate, fees and commissions, as well as of other costs must be contained in every agreement which the Bank concludes with the Customer.

In case of delays, the Bank shall apply to the Customer’s outstanding due debt the rules for interest applicable in case of the debtor’s default prescribed by the law which governs contractual relations, that is, the Bank shall apply the interest for delays defined in all respects in compliance with the Law on Default Interest or agreed interest rate if it is higher than the rate of legally prescribed default interest in compliance with the Law on Contractual Relations.

If the Customer fails to pay the interest in the agreed term, the Bank shall accrue and charge the interest in compliance with the law regulating contractual relations.

The fees and commission which the Bank shall negotiate with the Customer can be defined as fixed or variable. If the fees and commissions are defined as variable, the Bank shall define also the conditions under which the fees and commissions may be changed. In case of deposit agreements, the fees and commissions and other costs, if variable, shall depend on contracted elements which have been officially published.

In addition to fees and commissions for specific deals, the Bank shall also charge actual costs which have been incurred in the course of the execution of these transactions and which have been especially detailed in the agreement.

**Contracting security instruments of monetary receivables**

**Article 10**

In accordance with its business policy, the Bank shall negotiate instruments for securing debt repayment with the Customer. The types of security instruments are as follows:

- bills of exchange of all participants in the law;
- administrative bans;
- surety of legal entity/natural person;
- other bank’s surety;
- pledge on movable property;
- pledge on securities
- Mortgage on real estate;
- Assignment and consignment of claims and rights;
- loan insurance; and
- Other forms of security instruments acceptable to the Bank in compliance with decision of the Bank’s competent body.

The value of movable and immovable property which is given as the security instrument shall be appraised by an authorized court expert acceptable to the Bank on the basis of the decision of the competent body or which has been determined on the basis of other document acceptable to the Bank.

In the agreement, the Bank shall define insurance for movable and immovable property which has been taken as the security instrument in favour of the Bank.
General terms and conditions

If before the settlement of all obligations arising from the agreement, laws or other regulations governing security instruments change, that is, if for any reason delivered security instruments become invalid or the Bank has used up agreed and delivered instruments, the Customer shall be obliged to deliver to the Bank new instruments as the security for debt repayment within the time of 30 (thirty) days.

The Bank may request from the Customer to deliver new security instruments within the agreed term if before the settlement of all Customer’s obligations arising from the placement, it has been determined that the indicators of financial operations show negative trends with reference to the indicators based on which the Bank has approved the placement, that is, the market value of delivered security instruments has been reduced in relation to the market value of security instruments at the moment relevant placement has been approved and/or by their activation the Bank shall not be able to collect the debt.

In case the Customer fails to proceed according to the Bank’s request specified in the previous two paragraph, the Bank shall have the right to declare the relevant debt mature and to exercise forced collection of the debt, as well as to activate security instruments given to the Bank in compliance with the agreement, except in case of the Customers – Natural Persons.

The replacement of security instruments can be done on the basis of the Customer’s written request and the decision of the Bank’s competent body which has approved the request and all this in compliance with the Bank’s documents.

Assignment of the Bank’s Receivables

Article 11

The Bank shall be allowed to assign to third parties the receivables from the Customer in compliance with the law and bylaws which shall be communicated to the Customer in an adequate manner.

The Control of Placement Utilization for Intended Purpose and the Customer’s Regularity in Conducting Contractual Obligations

Article 12

The Bank shall have the right to control whether the proceeds approved to the Customer have been used in accordance with the intended purpose and the Customer’s regularity in conducting other obligations from the agreement in accordance with regulations, the Bank’s documents and the agreement concluded with the Customer.

Collection of the Bank’s Due Receivables from the Customer’s Other Proceeds

Article 13

If the Customer has given such an authorization, the Bank shall be allowed to collect due receivables arising from contractual relationship with the Customer out of all proceeds which the Customer holds at current and foreign currency accounts with the Bank if their execution is not exempted by the law, court judgement or by the decision of some other competent body.

The Customer’s Right to Loan Prepayment

Article 14

If it has not been agreed otherwise, the Customer – Natural Person shall have the right to prepay the loan partially or fully even before the due term provided that they have notified the Bank thereof in writing within the reasonable period of time before actual prepayment by paying the commission which has been specified in the agreement and the Bank shall accrue interest for the period between the last interest accrual and prepayment term.

The Customer - Natural Person shall have the right to prepay the loan partially or in full even before the maturity at any time if he has sent written application to the Bank earlier. The Bank may negotiate the early repayment fee in compliance with the Law on the Amendments to the Law on Banks of Republika Srpska.

Amendment or Supplement of the Agreement between the Bank and the Customer
Article 15
The agreement between the Bank and the Customer can be amended or supplemented at the Bank’s proposal in case agreed elements applicable at the moment the agreement has been concluded have changed and which have been agreed with variable elements, except for the Customer - Natural Person.

The agreement between the Bank and Customer can be amended or supplemented at the Customer’s request if this is acceptable to the Bank and if the decision thereof has been made by the Bank’s competent body.

Amendment of Compulsory Elements of the Agreement with the Customer – Natural Person
Article 16
If the Bank intends to amend any of the compulsory elements of the agreement concluded with the Client - Natural Person, except the change of variable interest rate which has been agreed in compliance with the provisions of the Law on the Amendments to the Law on Banks of Republika Srpska, the Bank shall be required to obtain the Customer’s written consent for the amendments. In case the Customer – Natural Person does not accept such an amendment, the Bank shall not be entitled either to amend the agreement terms and conditions unilaterally or to terminate or cancel the agreement unilaterally.

In case variable elements have been changed affecting the amount of pecuniary obligations of the Customer – Natural Person, the Bank shall notify the Customer in writing this amendment in compliance with the agreed schedule by specifying the date on which the amended rate shall become applicable and deliver accompanying documents.

Amendment of Other Elements of the Agreement
Article 17
In case of changes of data which do not comprise compulsory elements of the agreement, the Bank shall timely notify the Customer thereof in the agreed form.

Declaration of Maturity of Obligations
Article 18
The Bank can declare all obligations of the Customer towards the Bank mature in case it has been agreed and if the Customer:
- delivers incorrect data to the Bank;
- Uses loan proceeds for not intended purposes;
- Fails to service his obligations arising from the principal, interest, fees and commissions and other obligations defined in the agreement on time;
- Refuses to accept amendments of the agreement or fails to deliver to the Bank signed copy of the annex to the agreement in case of the Customers - Legal Entities, Natural Persons and Natural Persons who perform some economic activities (Entrepreneurs);
- Fails to fulfil the Bank’s request for the provision or increase of security instruments at the Bank’s written request, without justifiable excuse at the Bank’s estimate fails to deliver or refuses to deliver additional data or documentation which affect or may affect the business relationship between the Bank and the Customer in case of the Customers - Legal Entities, Natural Persons and Natural Persons who perform some economic activities (Entrepreneurs);
- Exposes the Bank to the reputation risk and integrity risk, as well as if the Customer abuses the utilization of banking services for the purpose of money laundering and terrorism financing,
- Fails to fulfil other obligations stipulated in the agreement.

That is:
- If in the course of regular monitoring of the Customer’s operations, the Bank determines that indicators of financial operations have negative trends in relation to the indicator based on which the Bank has approved the placement, except for Customers – Natural Persons.

Legal consequences relevant to obligations which have been declared mature come into force as at the date which is specified in the notification as the maturity date in all respects in compliance with the agreement and if it has not been otherwise regulated.
Manner of Resolving Disputable Situations

Article 19
If a disputable situation occurs in the relationship between the Bank and the Customer or if there are different attitudes relevant to the same matter, the Bank shall strive to resolve the dispute independently and in agreement with the Customer or it shall try to resolve the disagreement through the mediator and all that by respecting mutual interests of both the Customer and the Bank.
In case the procedure set forth in the previous paragraph of this Article is not possible, the disputable situation shall be resolved before the competent court if the agreement does not stipulate otherwise.

IV CONDITIONS AND MANNER OF COMMUNICATION

Conditions for Communication

Article 20
Communication between the Customer and the Bank shall be done exclusively in writing as follows:
- By direct delivery to the Customer,
- By delivering to the last known address, that is, the address which has been reported to the Bank by the Customer (the address of domicile / residence and head)
- By delivering to the last reported electronic address of the Customer (e-mail)

The Bank’s notification shall be considered duly delivered if it has been sent to the Customer’s-Natural Person’s address last known to the Bank, at the date the written notification, has been dispatched to the post office or to the company which is registered for delivery services, that is, on the date a fax / email has been sent.

Manner of Communication

Article 21
The communication between the Customers and the Bank shall be done through informative and advertising materials available in the Bank’s outlets, the Bank’s Internet presentation, telephone contacts, ordinary mail, that is, communication in writing, by electronic mail, SMS, as well as by means of direct oral communication at business premises of the Bank, at the premises of the Customers - Legal Entities / Entrepreneurs.
The communication with the Customers – Natural Persons involves marketing activities and advertising in the means of public information or in another way and enables the Customer – Natural Person to obtain all advertising messages promoting certain products / services to get information containing elements which send a clear and understandable message for the Customers in compliance with the Terms and Conditions and legal regulations.

Special Way of Advertising for Customers – Natural Persons

Article 22
In the negotiation phase the Bank is required to inform the Customer – Natural Person about the conditions and all important characteristics that it offers in the form of standard information sheet in an illustrative example, in written or electronic form, which mandatorily contains:
- the type of service;
- name and address of the head office of the bank;
- service amount, currency denomination and terms of use;
- duration of the agreement;
- amount and variability of the annual nominal interest rate;
- Effective interest rate;
- amount and number of loan instalments and periods in which they fall due;
- All costs which shall be borne by the Customer;
- interest rate in case of default in settlement of liabilities;
- right of the customer – natural person to withdraw from the agreement, terms and methods of withdrawal, as well as the amount of expenses in that regard;
- right of the customer – natural person to early loan repayment and right of the Bank to fee and the amount of that fee;
- right of the customer – natural person to receive free of charge the notification on the result of the inspection in the database during the appraisal of their creditworthiness;
- right of the customer – natural person to receive copy of the draft agreement free of charge, except for the cases when the Bank evaluated it does not want to establish the relationship with the customer - natural person in the concrete legal job at the time of submission of the application of the customer – natural person;
- period in which the Bank is bound by the details given in the negotiation phase;
- conditions of depositing of the cash deposit with the Bank, if that is the condition for loan approval, as well as possibility and condition of offsetting of the loan and the deposit.

V BANKING SECRET AND THE PROTECTION OF DATA ABOUT CUSTOMERS

Banking Secret

Article 23

In the business relationships with the Customer, the Bank shall observe the confidentiality of the Customer’s information in compliance with the law, other regulations and the Bank’s documents. The banking secret shall be deemed as the business secret.

The following shall be considered as the banking secret:

- Data known to the Bank which refer to personal data, financial standing and transactions of Customers, as well as the ownership or business connections of Customers, in this or any other bank;
- Data about the balance and turnover of the Customers’ individual deposit accounts;
- Other data which come into the Bank’s possession during business operations with Customers.

The following shall not be considered as banking secret:

- Public data and data which have been made justifiably available to interested parties out of other sources;
- Consolidated data on the basis of which the individual identity of the Customer has not been revealed;
- Data about the Bank’s shareholders and the amount of their stakes in the share capital of the Bank, as well as data about other persons holding stakes in the Bank and data about these stakes no matter whether they refer to the Bank’s Customers;
- Data which refer to the regularity in which the Customers fulfil their obligations towards the Bank.

The obligations of protecting the banking secret shall not exist in case data are conveyed to: the bodies of judicial and executive authorities, as well as to other state bodies and organizations in compliance with authorizations which are regulated by the law, as well as by professional associations which the banks have established for the purpose of gathering information about the amount, type and regularity in which Customers fulfil their obligations towards the Bank.

The Bank shall have the right in compliance with the contractual relationships of its subsidiary companies to use Customer information and their related parties who perform their business activities at the territory of the Banking Group members in compliance with regulations and internal documents of the Group members.

Protection of Personal Data

Article 24
The protection of personal data shall be provided to any Customer by the Bank irrespective of their citizenship and residence, race, gender, religion, language, faith, age, political and other beliefs, nationality, status and social origin, birth, education, property status, social position and all other personal characteristics.

The Bank shall have the right to deliver information and data referring to the customer and their business relationship with the Bank to the competent bodies and organizations, members of the banking Group, external auditors and other persons to whom the Bank is obliged to deliver data and information on business relationship between the Bank and the Customer according to the law.

The Bank shall provide protection against losses, damage, violation of confidentiality, unauthorized access, changes, disclosure and any other abuse of personal data which are available in the Bank’s databases.

2nd PART

TERMS AND CONDITIONS FOR CONDUCTING BANKING OPERATIONS

VI. ACCOUNTS

Opening and Maintaining Accounts

Article 25

On the basis of the agreement with the Customer, the Bank shall open and maintain accounts by assigning unique number to every account.

The owner of the account shall dispose with the funds on the account. The account owner may authorize the third person to dispose with the proceeds held on their account on the occasion of account opening or subsequently in writing. The transfer of authorization and work with the account of legal entities/entrepreneurs shall be done in compliance with the law. The authorized person of the natural person may not transfer their authorization, authorize other person or close the account. The right to dispose given according to the authorization shall cease by the death of the owner, revocation of the authorization by the account owner or expiry of term for which it has been given, i.e. due to other reasons prescribed by the law.

The Bank shall enter into the agreement with the Customer, that is, open the account for the Customer on the basis of his application for account opening and necessary documentation in compliance with the law, other regulations and the Bank’s documents. The Bank shall deliver one copy of this agreement to the Customer.

When opening the account for the Customer - Legal Entity / Entrepreneur, the Bank shall determine the identity of the Customer, real owner of the Customer, legal representative, that is, person authorized for representation, as well as the proxy on the basis of requested and submitted documentation in compliance with law, other regulations and the Bank’s documents.

When opening the account for the Customer - Natural Person, the Bank shall determine the identity of the Natural Person, their legal representative or proxy by inspecting valid and authentic personal documents with the compulsory presence of the person whose identification is done and on that occasion shall get the following information: name and surname, date and place of birth, JMBG (unique identification number of the citizen), address of domicile or residence, type and number of personal document with the date and place of issue and the name of the issuer.

The Bank shall retain the copy of personal identity document on the basis of which the Bank has identified the Customer or verified documents which the Bank has received in some other way for the purpose of account opening.

When opening the current account for the Customer - Natural Person, the Bank shall give to the Customer together with the agreement the bank card of the current account.

If the money deposit has been accepted as demand savings deposit, that is, as the term deposit, the Bank shall give to the Customer - Natural Person in addition to the agreement the identification card or the passbook.

In compliance with the Law on Prevention of Money Laundering and Terrorism Financing the Bank may refuse to open the account and/or enter into the business relationship without giving explanation.
General terms and conditions

Account Blocking and Closing

Article 26
The Bank shall block the account upon receiving the notification of the owner’s death, loss, disappearance or theft of the savings passbook and payment card, as well as on the basis of court judgement, decisions of other competent authorities and on other grounds in compliance with the law, other regulations and the Bank’s documents.

The Bank shall close the account at the Customer’s personal request or on the basis of purposefully given authorization in compliance with the law, other regulations, the Bank’s documents and provisions of the agreement, as well as on the basis of the decisions of the court and other competent authorities.

The Bank shall have the right to terminate the agreement on opening and maintaining the Customer’s account ex officio:
- If the Customer has been deleted from the registers of the competent authorities;
- In other cases envisaged by the law (bankruptcy, liquidation, statutory changes, etc.);
- In case it is not possible to identify the Customer pursuant to the law and other regulations;
- In case the Customer’s account has been inactive for more than a year years, that is, if the Customer’s account has not registered any turnover and there is no balance or the balance arises from the accrued interest

VII Deposits

Article 27
The cash deposit implies all pecuniary proceeds which the Customer deposits with the Bank on the basis of the agreement or on the basis of legally prescribed obligation. The conditions for accepting deposits, as well as the rights and obligations of the Bank and the Customer shall be regulated in the agreement.

The deposits can be in domestic currency i.e. BAM and in foreign currency (EUR, CHF, USD, etc.).

In case of automatic extension of the term deposit – the Bank shall not later than 7 days before the term expiry notify the Customer about the term in which the deposit agreement can be extended and about the new interest rate and the Customer shall have the right to terminate the agreement within the time of 15 days after the receipt of this notification and without any charges and with the interest agreed for the expired period.

Pursuant to the Law on Banks of Republika Srpska and the Law on Deposit Insurance in Banks of Bosnia and Herzegovina, the deposits of natural persons are insured with the Deposit Insurance Agency of Bosnia and Herzegovina and guaranteed in the amounts in compliance with regulations which govern the deposit insurance in banks.

VIII Placements

Article 28
The Bank shall approve loans, guarantees, letters of credit and other placements to Customers in compliance with the law, other regulations and the Bank’s documents.

The Bank shall approve long term and short term placements in convertible marks if the loan is without currency clause and in convertible marks in the EUR counter value at the official mean rate if the loan has a currency clause for the purposes in compliance with the law, other regulations and the Bank’s documents.

The terms and conditions (loan amount, repayment term, manner of repayment, determination of nominal interest rate and interest accrual method, effective interest rate, i.e. amount of fees and commissions and other costs, interest rate applicable in the period of delays and other conditions and criteria) for loans approval are defined in accordance with valid Catalogue of Products, other documents of the Bank and with the agreement which the Bank has signed with other participants in the credit arrangement.
The terms and conditions for the utilization of approved placement, as well as the rights and obligations of the Bank and the Customer shall be regulated by the agreement.

Before the conclusion of the loan agreement with the Customer – Natural Person, the Bank shall be obliged to:
- evaluate the creditworthiness of the proposed participants (Customer – Natural Person, Guarantor) based on the data received from them and by inspection of the data base regarding the indebtedness of the proposed participants.
- Previously, the proposed participants must sign the approval for the screening of indebtedness.
- along with the previous written approval of the proposed participants in the loan who personally secure the fulfillment of obligations of the customer- natural person in the loan, mutually informs them and familiarizes them with the documentation and data obtained in the process of creditworthiness estimation;
- informs the remaining participants in the loan, in case that one person does not agree that the obtained data and documentation for the appraisal of his creditworthiness are communicated to other persons, except if that is not forbidden by special compulsory regulations or it is contrary to public order goals.

The Bank shall take into considerations every duly submitted application with completed documentation of Customers- Natural Persons and inform the Customer about the decision made by the Credit Committee of the Bank and/or other competent body of the Bank, verbally (in case of approval) and in writing (in case of rejection of the request).

The Bank shall have the discretionary right to discontinue further utilization of the loan and/or framework for extending loans and/or guarantees and/or letters of credit in case the Bank has determined that the Customer's creditworthiness has worsened in relation to the creditworthiness which has been estimated at the moment the loan / framework agreement has been approved except for Natural Persons who shall be subject to special terms and conditions defined in the Law on Amendments to the Law on Banks of Republika Srpska.

When deciding about the Customer's application for the approval of a placement, the Bank shall assess the degree of the environmental impact risk and determine whether the activity, that is, the project and/or the Customer's business are in the List of Excluded Activities with reference to ethical principles, environment protection and safety at work.

If the Customer – Natural Person who already has the loan in disbursement with the Bank, with prior approval of other contracting parties of that loan, addresses the Bank with the request for the increase of the loan amount, the Bank is required to reassess his creditworthiness, as well as the creditworthiness of the guarantor or other person who personally guarantee the fulfillment of the obligation of that customer - natural person.

IX PAYMENT CARDS
Conditions for Issuing

The operations with cards shall be done in compliance with established rules and conditions and according to operating standards for every type of the card within the corresponding national and international program / brand.

The Bank shall be the owner of issued cards which have been given to Customers for use.

Before the conclusion of the agreement for issuing and using the card, the Bank shall be obliged to evaluate the creditworthiness of the proposed participants on the basis of data obtained from them and on the basis of the inspection of the database regarding the Customer's – Natural Person's indebtedness with the written consent of the person to whom these data relate.

The rights and obligations of the Bank and the Customer, as well as the terms and conditions for the termination of card utilization shall be defined in the agreement for issuing and using cards and/or in general rules for issuing and using cards.

The Bank shall decide about the Customer's application for payment card limit and within reasonable time notify the Customer about the decision made.

Manner and Terms and Conditions for Use

Article 30
The terms and conditions for issuing and using payment cards, as well as the rights and obligations of the Bank and the Customer shall be regulated by the agreement.

The payment card is an instrument of cashless payment issued by the Bank to the Customer which enables cash withdrawal and payment of goods and services at points of sale.

The payment cards are intended for adult citizens of Bosnia and Herzegovina with permanent residence in Bosnia and Herzegovina, natural persons non-residents and legal entities who have the transaction account with the Bank. The Bank issues the cards with validity periods in compliance with the Bank’s documents, and the card shall be valid until the last day of the month in the year which is specified on the card.

The cards can be debit, gift, credit and business card.

The debit card represents an instrument for electronic transactions in which the Customer’s account is debited at the moment the transaction has been made with the maximum up to the amount available on the Customer’s account.

Gift card is linked to the purpose account with the possibility of utilization on the POS terminals and payments via internet, without the possibility of deferred payment, maximum up to the amount available on the account of the cardholder.

The credit card represents an instrument for electronic transactions in which payment for Customer falls due after the agreed specified term with the maximum up to the amount which has been approved as loan to the Customer depending on the type of the credit card.

Business card is intended for legal entities that have the transaction account opened with the Bank and it serves for the disposal with the proceeds on the business account of the company.

Approval, issuing and reissuing of payment cards has been regulated by the Bank’s documents. The Bank shall decide upon the application of the customer for approval of the limit on the payment card and inform the client about the decision made within the appropriate time limit.

The Bank shall enable to the Customer the delivery of account statements by ordinary mail or by email, in compliance with the filled in application for the card issuing.

At least two times a year and free of charge; the Bank shall deliver to Customers notifications about their debts arising from credit cards.

Loss, Theft or Abuse of Payment Cards
Article 31

The Customer shall be fully liable for all damages which have occurred due to unauthorized use of cards. The unauthorized use of payment cards shall imply: giving cards to other persons for utilization, revealing PIN, the use of the card which has not been signed and other cases of unauthorized use.

The only person who has access to his PIN number is the Customer.

The Customer shall be obliged to report the card loss / theft or abuse to the Authorization Centre or to the Bank with the request to block the card’s further use. On the occasion of reporting loss, theft or unauthorized transaction, the PIN shall not be revealed.

The Customer shall not bear the losses for transactions which have been done because of the abuse occurring after the notification of the Centre for Authorization or the Bank.

The Customer shall bear all losses under all transactions made by the abuse in case it has been determined that the abuse was done by the Customer himself or because of the failure to observe rules for the utilization of cards specified in the agreement and terms and conditions for issuing and using cards.
In case of telephone notification, the Customer or the person authorized by him shall be obliged to deliver to the Bank in writing on the prescribed form within the period of 7 (seven) days the confirmation for the card loss / theft. Upon the receipt of the written notification about the card loss or theft, the Bank can issue the new card to the Customer. The costs of new card issue shall be borne by the Customer.

The Bank shall notify the card acceptors network about the card loss / theft thus making it invalid. The cost of reporting / announcing the card invalid shall be borne by the Customer. The whole amount of the damage which has occurred as the result of lost / stolen or abused card until the notification date shall be borne by the Customer.

The Customer and the Bank can make an agreement so that the Bank blocks the card in case of the suspicion of the card abuse. In case the Bank has some suspicions about the card abuse and the Customer cannot be contacted, the Bank shall block the card and inform the Customer thereof when it becomes possible.

In case the card has been damaged, the Customer shall be obliged to address the Bank in order to replace the card. The services in case of damaged cards shall be charged to the Customer.

Termination of Payment Card Use

Article 32

The card utilization can cease either at the Customer’s request (cancellation of use) or through the utilization refusal by the Bank (prohibition of use). The Bank shall have the right to refuse card utilization for the Customer and terminate the agreement if the Customer: fails to execute his obligations in compliance with the agreement / general rules for issuing and using cards, use the card contrary to the agreement / general rules for issuing and using cards, fails to deliver truthful data when applying for the card, as well as in other cases stipulated by the law, other regulations and the Bank’s documents.

In case of cancellation or prohibition of the card use, the Customer shall be obliged to return the card to the Bank in compliance with the provisions of the agreement and/or general rules for issuing and using cards and to settle all debts which have occurred as the result of card’s utilization, including also additional cards.

The card cancellation at the Customer’s request shall be done free of charge.

X PAYMENT OPERATIONS

Payment Operations Activities

Article 33

The Bank shall perform payment operations activities in BAM and in foreign currencies in the country and abroad in compliance with the law, other regulations and the Bank’s documents. Mutual rights and obligations of the Bank and the Customer in payment operations shall be defined in the agreement for opening and maintaining the account with the Bank in compliance with the law, other regulations and the Bank’s documents.

Domestic Payment Operations

Article 34
General terms and conditions

The Bank shall accept the Customers' orders for transfer, payment orders and disbursement orders. The Bank shall execute payment orders after detailed consideration of the authenticity of the Customer's order: control of cover for the execution of order, signature and stamp of ordering party, inspection whether payment order contains all data about the order initiator and recipient and their banks, purpose of payment and purpose of disbursement, as well as inspection of attached documentation which is submitted in compliance with the law, other regulations and the Bank’s documents.

The Bank shall not be deemed responsible for legal validity and authenticity of documents and shall not be liable for damage caused to the Customer or third party as the result of wrong, unclear or otherwise imprecise instructions, that is, actions of the Customer or third party.

If the account stated on the order does not have enough funds for its implementation, the Bank shall not receive the order for the realization from the Customer.

In compliance with the law, other regulations and the Bank’s documents, the Bank may accept standing order for payments from the Customer. The Bank shall not be deemed responsible for the failure to execute or delays in the execution of standing orders if the Customer’s account does not have sufficient amount of proceeds for timely payments or if the reasons for the failure of execution or delays in execution have been caused by the Customer or the payment beneficiary.

International Payment Operations

Article 35

The Bank is authorized to perform international payment operations and these operations are carried out in compliance with the law, other regulations and the Bank’s documents. The international payment operations involve payments, billing and transfers under current and capital deals in foreign currencies and dinars between residents and non-resident in compliance with the provisions of the law, other regulations and the Bank’s documents. The Bank shall be obliged to notify the Customer - the beneficiary of foreign payment specified in the foreign bank’s order about the received payment not later than the following business day after the receipt of the cover for the execution of the relevant order and the Customer shall be obliged to deliver to the Bank data for the execution of the payment on the same day or on the following day after the receipt of this notification and to submit a document if it has been prescribed as the condition for the disbursement. The Bank shall effect foreign payment on the basis of the Customer’s payment order containing data prescribed by the Banking Agency, and for which the cover has been ensured within the time which has been agreed with the Customer.

Fees and Commissions for Payment Operations Services

Article 36

For the services of domestic payment operations and international payment operations, the Bank shall charge fees and commissions in compliance with the Bank’s documents which define tariffs for fees and commissions for certain products and services of the Bank by means of direct debit of all Customer’s BAM and foreign currency accounts. The fees and commissions for services in the domestic payment operations, international payment operations and E-banking shall be published at the Bank’s website. This shall be considered as communicated to the Customer.
The electronic banking services shall imply the possibility of receiving information, that is, carrying out transactions electronically over the Internet, telephone, SMS messages, ATM devices. The Bank shall execute orders issued by the use of electronic banking services in the way which has been defined in the documents and in compliance with the law.

XII OTHER BANKING ACTIVITIES

Article 38
The Bank shall also perform the depository operations, exchange operations and other foreign exchange – currency operations, operations with financial institutions, activities with safe deposit boxes, as well as other activities in compliance with the law. The terms and conditions and the manner of performing above operations and activities shall be defined in more detail in the Bank’s documents.

XIII FINAL PROVISIONS

Article 39
These Terms and Conditions shall come into force as at the date of their enactment and shall take effect upon the expiry of the fifteenth day after they have been presented at the Bank’s premises and the Bank’s Internet presentation.

No. NO-39/2012
Date: 28.02.2012

President of the
Supervisory Board
Lidija Sklopic