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**General Terms and Conditions of KentBank d.d.  
on Credit and Deposit Operations  
with Business Entities**

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# 1 INTRODUCTORY PROVISIONS

## 1.1. Contents

General Terms and Conditions of KentBank d.d. on Credit and Deposit Operations with Business Entities (hereinafter: General Terms and Conditions) shall regulate credit and deposit relationships between KentBank d.d. (hereinafter: the Bank) and Business Entities (hereinafter: the Client).

## 1.2. Definition of Terms

The terms used in the General Terms and Conditions shall have the following meaning:

**Internal documents of the Bank** are all documents and decisions which are adopted by authorized bodies of the Bank under the prescribed procedure regulating the rights, powers and obligations of the Client, the authorized person of the Client and all other persons that assume the rights and obligations of the Client against the Bank as well as the Bank itself (eg. General Terms and Conditions, Decision on fees, etc.).

**Bank** - In terms of these General Terms and Conditions, the Bank is KentBank d.d., with the registered seat in Zagreb, Gundulićeva 1; the website: <http://www.kentbank.hr> (hereinafter: the Website), IBAN: HR574124003101111116, OIB (personal ID number): 73656725926, SWIFT: KENBHR22. The list of branches and affiliates of the Bank, including the addresses for the contacts can be found on the Bank's website. The Bank operates on the basis of the operating license issued by the Croatian National Bank (hereinafter: CNB) which is the competent authority for the supervision of the Bank. The Bank is registered in the Commercial Court in Zagreb under the registration number: 080129579.

**Deposit** (in some agreements and Internal documents of the Bank also referred to as savings deposit) is a cash deposit paid by the Client or obliged by the Client to be paid to the account opened with the Bank in accordance with the conditions determined in the legal transaction which has agreed such a deposit.

**Collaterals** are insurance instruments for the collection of claims by the Bank.

**Respondent** an individual whose identity can be identified; a person who can be identified directly or indirectly, particularly with the help of identifiers such as name, identification number, location data, network identifier or with the help of one or more factors that are inherent in physical, physiological, genetic, mental, economic, cultural or social identity of that individual; **for the purpose of this document, the Respondent is a Client of the Bank.**

**Client** - for the purposes of this General Terms and Conditions, the Client shall be a Business Entity that has a business relationship with the Bank with such status granted on the basis of the regulations of the Republic of Croatia.

**Authorized person** is a person who is authorized, on the basis of and within the authority specified in a power of attorney by the Client, to undertake actions in the name and for the account of the Client.

**Contact address of the Client** is the address which the Client has provided when contracting any of the product or service of the Bank or which he / she has subsequently, in writing, notified the Bank of, as the address to which he / she wants to receive the written notifications of the Bank if

this address is different from the registered seat of the Client, which is considered the last known address of the Client.

**Creditworthiness of the Client** is the ability to meet the obligations related to particular Credit product, to execute cash or other contractual obligation by the Client. Creditworthiness of the Client in the credit transactions is estimated by the Bank when processing the Loan Application, at its sole assessment which it is not obliged to explain. The assessment of the creditworthiness of the Client is obligatory process and the basis for the approval of each Loan Application.

**Credit product** - In terms of the General Terms and Conditions, a Credit product is any product or service of the Bank pursuant to which the Bank has a financial or other claim against the Client, except Deposit which is a separate product of the Bank.

**Loan Application** is every form in the form and content acceptable to the Bank submitted by the Client to the Bank when applying for any loan product or service. In addition to general information on the Client, the Loan application must contain the information on the value / amount, purpose, method of use and repayment, i.e. the termination of the obligations, term and duration of the repayment, collaterals, as well as necessary information and documents on the financial position of the Client.

**Personal data** - all data relating to an individual whose identity has been identified or can be identified (Respondent).

**Specific Terms & Conditions** are the conditions prescribed for the specific type of work (eg. General terms and conditions for the use of Internet and Mobile banking KentB@nk for the business entities, General terms and conditions per particular accounts, etc.).

**Business entities** are the legal entities, government bodies, state administration bodies, local government units, associations and societies (sports, cultural, charity, etc.) and natural persons carrying out the registered business activity in accordance with the regulations.

**Signature registration** is the form of the Bank with the basic information about the Client and authorized persons who dispose of the funds in the Transaction Account with depositing their signatures.

**Power of Attorney** is the authorization for representation provided by the Client to its authorized person. The Bank may determine the form and the content of the Power of Attorney and the conditions required to be met by an authorized person of the Client on the basis of its assessment that depends on a particular case for which the Power of Attorney is given. The Power of Attorney can be one-time or until canceled.

**Connected parties of the Client** shall be considered connected persons as defined in the Credit Institutions Act, the relation of which is determined in accordance with the subordinate legislation of the Croatian National Bank.

**Business day** is every day except Saturday, Sunday and holidays in the Republic of Croatia.

**Transaction account** is the Client's account opened with the Bank for the purpose of performing payment transactions and cash management.

**Credit Product Agreement** is a bilateral legal transaction by which the Bank is obliged to make available to the Client the approved loan product for a limited time period, for a specific purpose or without a specific purpose and the Client undertakes to settle all obligations against the Bank in time and in an agreed manner.

**Currency clause** is a kind of the protection clause which is contracted in order to be protected against the currency risk conditioned by changing the money value.

**Force majeure** shall be considered war, riots, fire, explosion, natural disasters, the acts of competent state bodies due to which the Bank is prevented to perform its obligations as well as all other circumstances which the Bank can not foresee and which can not be influenced by the Bank.

**Processing Controller** - a natural or legal person, body of public authority, agency or other body that alone or with others determines the purposes and means of processing personal data; where the purposes and means of such treatment are laid down by Union law or by the law of a Member State, the processing controller or special criteria for his / her appointment may be provided for by the Union law or the law of a Member State. **For the purpose of this document, the Processing Controller is the Bank.**

**Legal representative of the Client** is the person to which the authority was given by law.

## **2 PERSONAL DATA PROTECTION**

The Bank as a Processing Controller on personal data, collects and processes Personal Data of its Clients in accordance with the principles and legal basis of the General Regulation for the purpose of meeting the conditions in terms of legality of the processing of personal data and other conditions established and prescribed by Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data as well as on putting the Directive 95/46 / EC (hereinafter: the General Regulation) out of force.

When collecting and processing personal data of the Client, the Bank provides information under the General Regulation, depending on whether the data was obtained from the Respondent or a third party.

Data that the Bank may collect and process may include, for example, the following information:

- Identification data (surname, name, date of birth, sex, citizenship, residence address, OIB)
- Identification documents data (number and type of the identification document, date of issue, expiration date, document issuer / place of issuing documents)
- Financial identification data (transaction and deposit account numbers, loan numbers, credit and debit card numbers, secret codes (PINs, PANs, etc.)
- Financial transactions (announced and executed payments, account balances, assigned credit lines, deposits, guarantees)
- Membership in associations (trade unions, political parties, etc.)

If the Bank collects and processes certain categories of personal data not mentioned in these General Terms and Conditions, the Bank shall inform the Client on the collection and processing at the time of the collection by the "Privacy Statement" document adapted to the collection and processing of personal data for various purposes, that are stated in the respective statements.

Clients may find privacy statements on the Bank's website [www.kentbank.hr](http://www.kentbank.hr), as well as in a branch of the Bank.

The Bank may also provide customers with additional information on the collection and processing of their personal data in relation to the specificity of a particular credit product, whether verbally or otherwise.

The Bank collects and processes the personal data from the Respondent that it needs to fulfill the purpose for which it is collected and it is collected on the basis of one of the legal grounds set out in the General Regulation, i.e. if the processing is necessary for the performance of the agreement in which the Respondent is a Party, if the processing is necessary to undertake an action at the client's request prior to the conclusion of the agreement, if the processing is necessary for the legitimate interests of the Bank or for respecting the legal obligations of the Bank.

This includes the right of the Bank to use, collect, save, organize, duplicate, record and inspect personal data for the purpose of the regular business operations of the Bank and members of the Group to which the Bank belongs in a third country.

The Bank may forward personal information to third parties, as follows:

- to processors and joint controllers who are registered to perform the activity of fulfilling the processing purpose and who meet an adequate level of protection of personal data
- to authorized bodies and employees of the Bank as well as a member of the Group to which the Bank belongs in a third country for the purpose of performing the regular operations of the Bank, in accordance with the law and / or internal rulebooks and procedures of the Bank.

Furthermore, the Bank may collect personal data on the total amount, type and regularity in the performance of the obligations arising out of any legal basis, as well as submit them to the authorized attorneys' offices or other advisors, state institutions and other public bodies, all during the term of a particular contractual relationship, as well as for the needs of any later procedures and activities related to non-fulfillment or not regular fulfillment of contractual obligations arising from this contractual relationship.

The Bank will process the Personal Data of the Client only for the purpose for which they have been collected, such as:

- the assessment of the risk of money laundering and terrorist financing,
- delivery of data to competent institutions, processors and / or processing controllers for the purpose of meeting the Bank's legal and contractual obligations,
- delivery of data to authorized bodies of the Bank, employees and group member in a third country in the form of the reports at different time intervals, the reports that the Bank must submit in accordance with the law and / or internal rulebooks and procedures of the Bank,
- for the purpose of direct marketing during and after the expiration of a business relationship.

If the processing of personal data is based on a consent as the legal basis of the processing, the Client may withdraw it at any time, but the withdrawal of the consent will not affect the legality of the processing that was based on the consent before it was withdrawn.

The Bank shall keep the Client's personal data as long as it is permitted by the relevant legal regulation relating to the particular processing of personal data, i.e. as long as allowed by the respondent.

During the term of the contractual relationship, the Client has the following rights:

- the right to be informed,
- the right of access,
- the right to correct all personal data that is inaccurate or incomplete,
- the right to delete personal data,
- the right to restrict processing of personal data,
- the right to transfer data to the respondent and / or other processing controller,
- the right to complain about personal data processing including the objection to making solely automated decisions, as well as the objection to data processing for direct marketing purposes.

The Client may achieve such rights at any time on the Bank's form or in a free form and submit it to the Bank in one of the following manners:

- by postmail to KentBank d.d. Gundulićeva 1, 10 000 Zagreb
- by e-mail to [szop@kentbank.hr](mailto:szop@kentbank.hr)
- by fax at +385 75 802 604
- personally in a branch of the Bank

The Bank undertakes to keep all information that has been disclosed in connection with the Client confidential in accordance with the legal regulations.

### **3 OBLIGATIONS OF THE BANK**

In the fulfillment of the obligations arising from the business operations of the Bank with the Client, the Bank shall act with due attention, according to the rules and practices of the profession.

The obligation of the Bank is solely restricted to the direct and actual damage suffered by the Client due to negligence of the Bank. The Bank is not liable for failure to perform obligations if their fulfillment is prevented by force majeure or any other event to which the Bank had no influence.

The Bank is obliged to act in the credit operations in accordance with the regulations governing the prevention of money laundering and terrorist financing.

The Bank reserves the right to deny a particular product or service to the Client and shall have no liability for any damages in cases where, after the approval of certain products or services to the Client, such circumstances occur (or the Bank gets such information) which, according to the discretion of the Bank, if they existed (or if they were known to the Bank prior to the approval of such products or services), the Bank would not have approved the product or service, i.e. it would not issue such a decision on the approval under the conditions agreed with the Client. This provision applies, inter alia, on a purpose or accidental suppression of the information necessary for the Bank to assess the risk of a particular Credit product, as well as to changing provisions of the regulations (including the guidelines and recommendations of the competent authorities, both in the Republic of Croatia and abroad, etc.) which may have a direct or indirect impact on the operations of the Bank. Apart from this, the Bank reserves the right to ask again for the confirmation of facts, circumstances and / or requirements necessary for approval, extension or other decision regarding such products or services when re-approving, extending the term of use or changes of any other conditions including, without any restriction, checking of the creditability of the Client, whether it was previously agreed or it is done through the agreement (such as eg. reissuing / prolongation of using a particular product or service). In the event when there are no assumptions which are requested by the Bank at the time of the approval, the prolongation of the use period or modification of any other conditions, i.e. if the required evidence on the existence of the relevant facts, circumstances and / or fulfillment of conditions, regardless of the different provisions in the agreement or other document which regulates the rights and obligations between the Client and the Bank has not been given according to the opinion of the Bank, the Bank may not approve the use of such products or services, the extension of the use or the modification of other

conditions. In the event when the fulfillment of the obligations assumed by the Bank by individual agreement (providing, financing or maintenance of the Credit product) becomes illegal, the Bank shall promptly inform the Client on that, the Client shall immediately repay the withdrawn / used but unpaid amount of the Credit product and the Bank's liability for granting the Credit product / fulfillment of the obligations under individual agreements will be immediately terminated.

Regardless of the agreement or other document which regulates the mutual rights and obligations between the Client and the Bank in relation to a particular product or service, the Bank reserves the right not to grant, extend the period of use or modify the terms of use of each product or service even if it has ceased to provide a particular product or service (in its entirety or only to a particular segment of clients, i.e. particular product segment) on the basis of its business policy or decisions.

In cases referred in two preceding paragraphs, the Bank may at its own choice and notwithstanding the provisions of the agreement with the Client (unless explicitly otherwise agreed): (i) cancel the contractual relationship with the Client, (ii) cancel the contractual relationship with the Client and offer the conclusion of the agreement under different terms and conditions. In such cases, the Client waives the rights to request for damage compensation as well as all other requirements which he/she could have against the Bank and the Bank reserves the right to request for damage compensation as well as all other requirements that it might have against the Client under the applicable regulations or on the basis of the credit relationship with the Client.

The Bank shall execute the order which is to be executed with the participation of a third party (by nature of the order or because of more efficient execution of such order in the opinion of the Bank) by contacting a third party in its name.

The Bank reserves the right to reject the execution of the order of the Client without providing any special explanation in cases provided by the regulations, as well as in any other case when the Client did not meet the request of the Bank, which the Bank has set to the Client relating to the execution of such orders, as well as in other cases where, solely under the opinion of the Bank, the circumstances under which the order has been given, the order form, the content and any other details related to the implementation of the order, its execution, would not be in accordance with the practices, rules and policies of the Bank and financial operations in general. In the event of this paragraph, the Client explicitly agrees that the Bank does not bear any responsibility to the Client.

At the written request of the Client, the Bank is obliged to make available all requested information of the Client arising from the credit relationship with the Client.

Upon the settlement of all obligations arising under the Credit Product Agreement, the Bank shall, at the Client's expense, return all unused collaterals submitted by the Client pursuant to the Credit Product Agreement and issue documents adequate for registering deletion of collaterals as registered in the public books, records and registers, if contracted.

## **4 OBLIGATIONS OF THE CLIENT**

### **4.1. Statements and Guaranties**

By accepting these General Terms and Conditions and contracting any of the product or service, the Client states and guarantees as follows:

- to comply with all contractual obligations and carry out contractual obligations under the credit relationship with the Bank in contracted terms,



- that the funds of approved loan will be exclusively used for the purpose for which it was approved, if such purpose has been agreed,
- to maintain creditworthiness, liquidity and solvency for the entire period of use of credit products
- to enable the Bank contracting subsequent increase in the scope of insurance of refunding claims of the Bank or the replacement of particular collaterals due to changes in the risk level or the value of insurance assets during the term of the Credit Product Agreement,
- to settle all costs incurred from the credit relationship including costs of Public Notary, appraisers, insurance, costs of certification of documents, etc., and is obliged to indemnify to the Bank for all costs arising from the credit relationship with the Bank, including the obligation to compensate any damage to the Bank formed on the basis of any action or omission of the Client, the participants in credit relationship or related persons,
- that it has all the necessary authorizations and approvals for the conclusion and execution of contractual and other obligations in connection with Credit products and other products and services of the Bank and that it has taken all necessary actions for the legality and validity of the obligations in relation to Credit products and other products and services of the Bank and for the obligation of the Bank's claims that arise on the basis of the Credit products;
- that all decisions, approvals and consents are valid, which are, based on laws and other regulations necessary for the conclusion and / or execution of the obligations in relation to Credit products, that judicial, administrative, arbitration or other proceedings against the Client or members of its management or supervisory board or its related companies are not initiated nor that there is a possibility for them, the outcome of which could hamper the ability of the Client to properly fulfill its obligations related to the Credit product.
- that there are no circumstances that could undermine its creditworthiness and bring in question its ability to timely and fully fulfill the obligations related to the Credit product;
- that contracting any of the product or service as well as fulfilling any obligation in connection with the Credit product will not break the law or other regulation, decision of court or government body, its founding documents and internal documents or the agreement of which it is one of the parties;
- that, by the day of meeting its obligations to the Bank he/she shall take all necessary actions in order to protect its property against the rights, claims and interests of third parties;
- that he/she shall ensure that the obligations related to the Credit product is of at least the same order of settlement as well as all other present and future unsecured and not subordinated obligations, except the obligations that have legally guaranteed priority settlement right.

The Client agrees that, by the date of settling all liabilities to the Bank, he/she will not:

- dispose of its property without prior written consent of the Bank, except for cash or other compensation that represents the value equivalent counteraction of simultaneous maturity,
- conduct status changes (acquisition, merger or division) or take any other action that may result in the termination of its existence as an independent business entity, its organizational form or by changing the field of its activity, without the written consent of the Bank,
- undertake actions that may result in a reduction of its creditworthiness and / or bring into question its ability to timely and entirely fulfill the obligations related to the Credit product

- modify, without prior consent of the Bank, the terms and conditions of the agreement resulting from the claim assigned to the Bank.

In addition to the statements and guaranties by the Client from the preceding provisions, the Bank and the Client may agree additional statements and guaranties in each particular job concluded by the Bank and the Client, whereby, unless explicitly agreed otherwise, the statements and guaranties defined herein shall apply in addition to specially contracted statements and guaranties.

The Client will not, without the prior written consent of the Bank, pledge, assign or in any other way encumber or dispose of any of its rights related to the Credit product or any other products or services of the Bank, nor take any action which would prevent the collection of the Bank related to the Credit product or any other product or service of the Bank. Disposal of any rights or the requirements of the Client in terms of assignment or transfer of such rights or claims related to the Credit product or any other product or services of the Bank, requires the explicit prior consent of the Bank in writing.

In case when the subject of the Placement agreement is issuing of banking guarantees and the Client has fulfilled contractual obligations to the user of the guarantee before the agreed period, the Client shall obtain the evidence on the fulfillment of the obligations and return the original copy of the bank guarantee.

#### **4.2. Identification**

The Client shall deliver to the Bank all the data required for reliable identification of all legal and natural persons that are related to the Client in terms of positive legislation and inform the Bank without delay on any change in their connected relationship with other persons.

The Client shall immediately inform the Bank in writing of any change of personal information, name, address, headquarters, data on the status, data on the change in the ownership structure, authority to represent the Bank (person authorized to represent the company and the scope of their competence), establishing or termination of the relationship (as defined by the Companies Act), the submission of a proposal to institute prebankruptcy settlement, bankruptcy proceedings, initiating the bankruptcy proceedings or liquidation proceedings and other data on the basis of which the credit product or some other product or services were granted and submit with it the appropriate documentation.

The Client is responsible for all the failures or damages that may arise due to non-compliance with the obligation of submitting data on resulting changes, as well as due to non-compliance of the obligation of submitting any other information requested by the Bank.

Legal representatives, procurators and Client's attorneys are identified by an identity card or a passport.

Signature registrations are kept with the Bank and shall remain effective until the written revocation, i.e. the cancellation or replacement with the new.

#### **4.3. Delivery of financial statements**

The Client undertakes to use any of the products or services of the Bank regularly, in accordance with the agreement and these General Terms and Conditions and submit its audited annual financial statements (balance sheet, income statement, cash flow statement, quarterly statistical

reports, notes) at every call of the Bank, compiled in accordance with the relevant financial reporting standards that are consistently applied, together with the auditor's opinion, as soon as they become available, within 120 days from the end of the financial year, as well as to deliver to the Bank the data which it delivers to the Stock Exchange for the purpose of public disclosure or to other creditors, at the same time, as well as other information that relate or may affect its business or financial condition.

In addition, as long as there is any claim of the Bank against the Client, the Client shall submit to the Bank the data made available to other financial institutions without delay and all other information that the Bank may request, either for the purpose of reporting to the competent authorities or for continuous assessment and management of credit risk exposure.

#### **4.4. Giving orders**

During any transaction with the Bank, the Client gives an order in a written form and content accepted to the Bank, with which the prescribed documents are required to be submitted in accordance with Internal documents of the Bank. The content of the order must be unambiguous.

The Bank is not liable for any damage which may arise by a delay in business operations if the damage was caused by the need for additional checks in the event that the content of the order is not sufficiently specific, as in the case of force majeure or any other cause to which the Bank had no influence and which caused the delay.

### **5 DOCUMENTATION**

For the duration of the credit relationship, the Client is obliged to submit the documentation of the Client, related parties and all other participants upon the request of the Bank, which must be in accordance with the requirements of the Bank in its entirety, considering its form, content and other details. The Client is responsible for accuracy, completeness and authenticity of the information listed in the documentation submitted to the Bank for the duration of the credit relationship and therefore holds the liability for any damage that the Bank may have in case of providing false information. In such a case, the Bank reserves the right to apply the request for damage compensation. During the term of the credit relationship with the Client, the Bank shall accept the documentation of the Client solely in the Croatian language and if the original documentation is in a foreign language the Bank shall accept a certified translation into the Croatian language. The Bank does not have to fulfill its obligation to the Client if the Client fails to comply with the above mentioned. If, upon submitting the application and establishing the contact by an employee of the Bank, the Client fails to call in within 30 days, the Bank may contact the Client in order to verify the status of the application. If the Client does not answer within further 30 days or provide necessary documentation to the Bank, it shall be considered that the Client withdrew its application and the submitted documents will be returned to the Client.

### **7 CREDIT PRODUCTS**

#### **7.1. Loan utilization**

The period of the loan use is the period within which the funds from the approved loan can be used and after the expiration of the period, the loan is transferred to the repayment. The way to use the loan depends on the agreed loan purpose and the Client can start using the approved and contracted loans after delivering to the Bank all contracted collaterals and fulfilling of all contractual conditions on the date determined by the Bank depending on its abilities.

The grace period is the period of the loan repayment in which the loan principal repayment is deferred and in which the interest to the loan principal is calculated and charged in accordance with the Credit Product Agreement.

## **7.2. Maturity**

Maturity date of any credit product is considered the date agreed upon the credit product and the date by which the Client is obliged to perform all of its obligations to the Bank under the Credit Product Agreement.

## **7.3 Loan repayment**

The repayment period is the period within which the Client shall return the loan principal together with all accrued interest and other costs. The repayment period begins after the expiry of the term of the loan, i.e. transfer of the loan to the repayment. The method of the loan repayment is possible in annuities or installments, on a one - time, successive, semi - annual, quarterly, monthly basis or at irregular installments in accordance with the agreed repayment schedule under the Credit Product Agreement. The loan installment is the part of the loan principal and the amount and number of installments of the loan is determined so that the loan principal is fully settled upon the maturity of the loan. Contractual interest rate is calculated to the amount of unsettled loan principal.

The loan repayment in installments is a gradual method of the loan repayment whereby in certain time periods the portion of the principal and contracted interests in the fixed amounts (annuities) is repaid as defined and stated in the repayment schedule. The portion of the principal and corresponding interests is included in the annuity and is determined so that the total amount of particular annuity is always the same and so that, upon the loan maturity, the total liability is fully settled. The repayment schedule is the loan repayment calculation which shows the amount of the loan, the amount and number of annuities / installments, the loan repayment period, the amount of the nominal interest rate.

## **7.4. Currency and payment method**

The Bank approves credit products in HRK, in HRK indexed to a foreign currency or in a foreign currency. Currency clause is a type of a protection clause which is contracted in order to protect against the currency risk conditioned by the change in the money value.

The loans granted in HRK are paid out and repaid in HRK and the foreign currency loans are paid out and repaid in the agreed foreign currency. The loans with a currency clause are paid out in HRK by applying the contracted rate in relation to the agreed currency, applicable as at the date of the payment, i.e. on the day of the loan disbursement and are repaid in HRK by applying the contracted exchange rate in relation to the agreed currency applicable as at the payment date (annuity, installment, interests, etc.) Liabilities on other credit products which are contracted in foreign currency are settled in the agreed foreign currency and liabilities on credit products contracted in HRK with the currency clause are settled in HRK by applying the contracted exchange rate in relation to the contracted currency applicable as at the payment date. By contracting the credit product with the currency clause, the changes are possible in the amount of credit product liabilities arising from changes in the contracted exchange rate. If the Client does not provide the funds in the contracted currency sufficient to settle the obligations under the credit product that are denominated in a foreign currency, but provides the funds in some other foreign currency, the Client will sell the foreign currency to the Bank at the buying rates of the Bank for that currency and

at the same time buy the necessary amount of funds in the agreed currency at the selling rate of the Bank, applicable as at the date of the settlement of liabilities on a credit product.

If, prior to the settlement of all obligations of the Client, the common currency of the European Union is introduced as a legal means of payment, the Bank is authorized to make the conversion of all liabilities and claims of the Client in HRK to the common currency of the European Union in accordance with the official exchange rate of the conversion.

Upon the receipt of the payment by the Client, the Bank shall, within one loan account, close its receivables according to their type in the following order:

- Receivables arising from legal fees, notary fees, expert analysis, warnings, etc.
- Receivables arising from fees
- Receivables arising from default interests
- Receivables arising from intercalary and regular interests
- Receivables arising from the principal.

The Bank reserves the right to change the order of closing due receivables without a prior consent of the Client at any time, upon which the Bank shall inform the Client.

#### **7.5. Interest, fees and costs**

The Client shall pay to the Bank the interests, fees and other costs on credit products in the amount and in the manner determined by the Credit Product Agreement and Internal documents of the Bank. In the course of the duration of the credit relationship, the Bank may change contracted interest rates, fees and other expenses due to changes in market conditions in the domestic and / or foreign markets, changes in the business policy of the Bank, changes in credit and monetary policy of the Republic of Croatia, changes in the regulations and compliance with applicable regulations, non fulfillment of the Client's obligations as well as for other reasons which may affect the change in interest rates, fees and other costs, according to Internal documents of the Bank. The Bank shall inform the Client in writing of any change in interest rates or fees in relation to the one agreed with the Client. If the credit obligations towards the Bank increase after the change in interest rates or fees, the Client may, within 30 days from the notice date by the Bank on change in interest rates or fees propose to the Bank the agreed termination of that credit relationship and settle all its obligations to the Bank. The absence of complaint within the specified time shall be deemed that the Client has agreed to the change in interest rates or fees.

Interest rates are expressed as a percentage per annum and can be fixed or variable. They are calculated by the proportional calculation method and are charged in accordance with the Credit Product Agreement and Internal documents of the Bank. Fixed interest rate is the same throughout the entire contractual credit relationship and does not depend on market conditions. Variable interest rates can be administrative or variable due to changes in benchmark interest rates (eg. Euribor, Zibor, Libor, NRS, etc.). Type, date of application and the frequency of changes in variable interest rates is determined by the Credit Product Agreement concluded between the Bank and the Client. The benchmark interest rate is the interest rate that is used as a basis for calculating the interest rate to be applied and which arises from publicly available source. If the interest rate is related to the application of the benchmark interest rate (eg. Euribor, Zibor, Libor, NRS, etc.), the same is formed at the end of each accounting period for the following accounting period as the sum of the reference rate applicable on the first day of the current accounting period and margins, unless otherwise regulated in the Credit Product Agreement. The benchmark interest rate (eg. Euribor, Zibor, Libor, NRS, etc.) becomes applicable two business days after the date of disclosure so that the same shall be determined two working days prior to the beginning of the

accounting period. If the interest rate is tied to the rate of return on T-bills of Ministry of Finance, it shall be determined based on the gains made in the last auction of treasury bills preceding the start of each Interest rate period, unless otherwise regulated by the Credit Product Agreement.

Interests are calculated on the last day of the accounting period when due. Interest, fees and costs are calculated in the currency complied with the currency of the credit product. Interest, fees and costs on credit products which are contracted in HRK are settled in HRK, interest, fees and costs on credit products which are contracted in foreign currencies are settled in agreed foreign currency and interests, fees and costs on credit products which are contracted in HRK with the currency clause are settled in HRK by applying the contracted rate in relation to the agreed currency applicable on the payment date. The Client can pay the calculated interests by the payment on the account of the Bank or the Bank may collect the amount by debiting the Client's account on the same day upon the completion of the calculation. The Bank shall charge interests with the agreed allowed overdrafts on business accounts of the Client solely by debiting the Client's account on the same day upon the completion of the calculation. If the Bank make payments upon the guarantee or letter of credit, the Bank will calculate and collect from the Client the agreed fee for the payment under the guarantee or letter of credit in accordance with Internal documents of the Bank and it will collect from the Client the paid out amount under the guarantee or the letter of credit increased by default interest rate calculated from the payment date under the guarantee, i.e. the letter of credit until the date of the final collection from the Client.

#### **7.5.1 Fees**

The Bank shall calculate and charge all fees on credit products in accordance with the Credit Product Agreement and Internal documents of the Bank. The application processing fee must be paid before or on the date of the first use of any loan product at the latest. If the payment of fees is agreed with the Client so that it is collected from the loan during the first loan disbursement, the Bank will first charge the fee by netting receivables and obligations and making the remaining loan amount available to the Client.

The Bank will calculate the contracted fee for the processing of the application for amendments to the terms and conditions of the credit products in accordance with Internal documents of the Bank. During the credit relationship with the Client, the Bank is also entitled to charge other fees and / or costs arising from the credit relationship in accordance with Internal documents of the Bank. If the Client withdraws before the first use of the approved credit product, the Bank shall calculate the agreed fee for processing the application and terminate the Credit Product Agreement. If the Client fails to submit all collaterals and / or does not fulfill its obligations after concluding the Credit Product Agreement, i.e. until the final deadline of the loan use, it shall be deemed that the Client withdrew from the Credit product and that the Bank has the right to calculate and collect the contracted fee for processing the application and terminate the Credit Product Agreement.

During the realization of the bills of exchange and purchase of receivables, the Bank shall calculate and immediately charge fees and interests by deduction of the disbursement amount.

#### **7.5.2 Regular interest rate**

Regular interest rate may be agreed in the maximum amount of the statutory prescribed interest rate. The Bank calculates the regular interest under individual agreement on credit product at the rate and deadlines determined in the Credit Product Agreement. Regular interest is calculated to

the amount of the used loan from the date of use until the repayment date. The calculation of regular interests on annuity loans is done by applying proportional method on the basis of equal days of the month (30) and 360 days a year, with the exception of the framework loans on transaction accounts where the calculation is done by conformal method, unless otherwise agreed. The calculation and collection of the interests shall be made in the currency complied with the loan currency. The Bank shall calculate an increased interest rate in relation to contracted to the amount of used but unpaid loan amount from the due date until the payment date and, depending on the regulated individual agreements, it shall calculate increased interest rate in relation to the contracted in the amount pursuant to the Credit Product Agreement and Internal documents of the Bank.

When the change in the amount of the regular interest rate with the loans affect the change in the annuity amount, the new loan repayment plan (schedule) shall be submitted to the Client. If the change in the regular interest rate increase the credit obligations of the Client against the Bank, the Client may, within 30 days from the notice date on change of the interest rate or fees by the Bank propose to the Bank the agreed termination of that credit relationship, provided that he/she meets all of its obligations to the Bank. The absence of complaints within the specified time shall be deemed that the Client has agreed to the change of the regular interest rate.

### **7.5.3 Intercalary interest rate**

Intercalary interest is calculated according to the method and in the amount of the regular interest rate on the used loan amount from the beginning of use until the beginning of the loan repayment.

### **7.5.4 Effective interest rate**

The effective interest rate (EIR) is an indicator of the total price of the loan repaid by the Client to the Bank. In addition to the regular interest rate, the amount of the effective interest rate is also affected by the fee amount, the loan repayment period, the amount of any possible security deposit or share, etc. The effective interest rate is calculated in accordance with the provisions of the Croatian National Bank. The cost of estimates, certification by a notary public, court and other charges are not included in the calculation of the effective interest rate.

### **7.5.5 Default interest rates**

The Bank calculates default interest rate to due but unsettled debt on the basis of the loan principal, fees and any other costs in the amount of the statutory default interest and in the manner prescribed by law from the due date until the date of settling the liability, and charges in accordance with the Credit Product Agreement, except in cases when the obligation matures on a non working day and when it is entirely settled the next working day. In such a case, the default interest is not calculated for a non working day that is the day of the maturity and non working days that follow until the first working day when the payment is made.

## **7.6. Collaterals**

The Client can start with using the approved and contracted credit product after delivery to the Bank of all contracted collaterals and upon fulfillment of all contractual obligations. Contracting the collaterals depends on the type, purpose and amount of credit products. Contracted collaterals are insurance instruments for returning receivables of the Bank which the Client and other participants in credit relationship are obliged to submit to the Bank in accordance Credit Product Agreement and Internal documents of the Bank. The Client shall, at his own expense, insure the property on which lien / mortgage is established in favour of the Bank or where the property rights were transferred for the purpose of insuring with an insurance company previously accepted by the

Bank, against the usual risks covered by the insurer, and shall contract the insurance policy in favor of the Bank and renew contracted insurance until the termination of the claims of the Bank ensured by the lien (mortgage) or transfer of the ownership rights (fiduciary). The Client shall deliver the renewed insurance policy to the Bank no later than the expiry date of the previous insurance policy. The Bank is entitled to audit the valuation of the property that is submitted as collateral in accordance with legal regulations and Internal documents of the Bank, during the loan product period, at the expense of the Client. The Client shall enable the Bank monitoring and assessing the quality of collaterals for the entire duration of the business relationship. If the Client does not deliver to the Bank a renewed insurance policy and / or fails to perform the agreed premium payments, the Bank has the right to cancel the loan product or collect overdue premiums at the expense of the Client and increase the Client's obligation by such cost. The Bank is entitled to activate and implement any agreed collateral, in any order, at its own choice and without prior notice and approval by the Client.

If the Client does not pay the due amount at maturity date, the Bank may, on the basis of the bills of exchange and promissory notes, submit an order for debt collection from the Client's account, all in accordance with the provisions regulating these issues.

By signing the Credit Product Agreement or the bill of exchange statement, Participant in the credit relationship shall, as a debtor under a bill of exchange, explicitly and irrevocably authorize the Bank in a separate document to use any bill of exchange/s submitted to the Bank for the purpose of collection of due uncollected amount under the Credit Product Agreement and for the entire period of the existence of liabilities under the same Agreement. By signing the Credit Product Agreement or the bill of exchange statement, Participant in the credit relationship shall, as a debtor under a bill of exchange, explicitly and irrevocably authorize the Bank in a separate document to fulfill any submitted bills of exchange for the due amount of uncollected receivables at the time of fulfilling the bill and will empower the Bank to enroll the maturity date in the bill of exchange and all other missing data, including date of issue, its submission to the Bank or to other banks and submitting it to the Bank or another bank for the collection.

Regardless of the provisions of each deposit agreement, the Bank may withdraw the term deposit of the Client before the expiry of the agreed maturity date for the purpose of settling its due claims which it has against the Client on any grounds. If the Client has not settled any of due obligations to the Bank, the Bank has the right to refuse to the Client disposal of deposited funds.

If the new collaterals are introduced during the term of the credit relationship between the Bank and the Client, due to changes in the level of risk or collateral value, the Client shall, upon the written request of the Bank, immediately submit to the Bank such instruments. The Bank may subsequently, until the full collection of the loan, request other collaterals from the Client. The Client is obliged to replace the used collaterals by new ones upon the first request of the Bank.

#### **7.7. Purpose of the loan**

The Bank is authorized to conduct financial and technical control and general supervision of the purpose use of the loan. The control of the purpose use of the loan shall be carried out through payment documentation, control in the field and possible contracting of financial / construction supervision via the company with the authorized persons for performing such supervision. Any prevention of exercising these powers entitle the Bank to terminate the Credit Product Agreement, make the entire claim due and request the payment of the entire debt amount without providing any particular deadline.



## 7.8. Termination of the Agreement

The Bank has the right to cancel any Credit Product Agreement or all Credit Product Agreements if the Client breaches any contractual obligation and / or any provision in this General Terms and Conditions. At the moment of the termination of the Credit Product Agreement, entire receivables due or to be due by the Client shall mature under the canceled Credit Product Agreement and the Bank has the right to activate all available collaterals stipulated by the Credit Product Agreement. In this case, the Client agrees to immediately, upon the first request of the Bank, i.e. in the given period, pay to the Bank the due amount. The business records of the Bank and its other documentation shall serve for the purpose of determining the amount of the Bank's receivables in case of the cancellation of the agreement.

The Bank is entitled to cancel the Credit Product Agreement and make all receivables due without providing any special period in the case of submitting false documents for the purpose of granting loans and during the use of the loan. In case of the cancellation of the Credit Product Agreement, the Bank shall send a written notice to the Client explaining that because of Client's failures or breach of contractual obligations, he / she is late with fulfilling contractual obligations, along with the specification of the total due receivables and the request for the payment of due receivables of the Bank within eight (8) calendar days. The Bank shall distribute the notice on the cancellation to all participants in the credit relationship by registered mail to the address from the Credit Product Agreement, i.e. the contact address of the Client. It shall be deemed that the time period for the payment commences upon the date of delivery of the written mail to the post office, regardless of the fact whether the same is handed to the Client. Credit Product Agreement shall be considered canceled after the period of eight (8) calendar days from the submission of the written mail to the post office, regardless of the fact whether it was handed over to the Client.

The Bank has the right to cancel the Credit Product Agreement and make all receivables due and request the payment before the expiry of the agreed deadlines, if the Client in the credit relationship

- does not use the credit product according to the purpose for which it was approved and contracted and if the Client prevents the control to the Bank on the purpose use of credit products,
- does not fulfill contractual obligations within contracted deadlines,
- brings the Bank in an unfavorable position in relation to other creditors regarding the execution of the obligations under the Credit Product Agreement,
- brings the Bank in an unfavorable position in relation to other creditors under any other agreement or legal transaction with the Bank,
- stops to regularly fulfill the obligations undertaken on the basis of some other legal transaction concluded with the Bank,
- does not fulfill its obligations against the state and suppliers,
- establishes new companies or acquires ownership in companies by buying shares or stakes or participates in status changes without the prior written consent of the Bank,
- prevents the Bank to review the stock of goods, business books and financial operations at any time during the credit relationship,

- if all participants in the credit relationship had not maintained creditworthiness, liquidity and solvency for the entire duration of the credit agreement,
- did not submit financial reports to the Bank on the operations with the prescribed appendices within the time specified in the General Terms and Conditions and other financial documentation at the request of the Bank. The same obligation applies to all participants in the credit relationship.
- if the Bank determines that the participants in the credit relationship submitted to the Bank incorrect, untrue or outdated information on their operations,
- if the Client did not, at the request of the Bank, submit the collaterals and the agreed number of bills of exchange and promissory notes in order to settle the claims and enable to the Bank the assessment of collaterals for the entire duration of the credit relationship. The same obligation applies to all participants in the credit relationship.
- if the Client did not keep orderly and up to date bookkeeping,
- if the Client did not adhere to the laws and regulations in its operations,
- If the procedure is initiated against the participants in the credit relationship or is threatened by the process, the course or outcome of which could jeopardize its ability to meet assumed commitments;
- If fails to inform the Bank of any further credit obligations in other financial institutions and the loans with other persons,
- If the Client borrowed from third parties under the terms less favorable than those offered by the Bank.
- if the Client as an Assignor (or another Bank's co-contractor who is also an Assignor) has changed with a debtor the terms and conditions of the contract from which the claim assigned to the Bank stems, without informing the Bank of these changes and requesting its prior consent.

In addition to the above mentioned, the Bank is entitled to cancel the Credit Product Agreement and request the entire return of claims without providing a specific deadline and in the case of initiating bankruptcy, regular liquidation, the blockage of the account or longer insolvency of participants in credit relationship, as well as in case of default or untimely fulfillment of any obligation under the Credit Product Agreement.

In the event of the blockage of the business account of the Client, co-debtor, guarantor or any other Bank's co-contractor, the Bank may cancel the Credit Product Agreement without leaving a notice of termination, thereby making the total receivable due and activating all payment collaterals on that same day, including sending a promissory note to FINA.

The Bank has the right to cancel the Credit Product Agreement if the participants in the credit relationship initiate or become parties in court or other proceedings against the Bank. The Client may cancel the Credit Product Agreement by the notice letter with the obligation of payment of all obligations under the Credit Product Agreement, in which case the provisions of these General Terms and Conditions regulating the early loan repayment shall apply.

In the event of the cancellation or the termination of the Credit Product Agreement, the Bank is entitled to use the promissory notes of the client and other payers (guarantors payers) given as a means of securing the Credit Product Agreement for the purpose of collecting the due receivables

under the Credit Product Agreement and shall not be obliged to repay the Client or other payers (guarantor payer).

### **7.9. Set-off and Compensation**

The Bank may, without prior consent of the participants in the credit relationship and in order to collect its due receivables, hold all the resources which the participants in the credit relationship keep with their accounts with the Bank, whether a vista, purpose or non-purpose term deposits, foreign currency inflows or on any other grounds until the full collection of due receivables of the Bank. In this case, the Bank shall submit to the participant in the credit relationship a written Declaration of Set - off.

### **7.10. Contracting authority**

By signing the Credit Product Agreement, participants in the credit relationship authorize the Bank and give an irrevocable order that it can use all their funds, which are or may be found in the open accounts with the Bank for the collection of all due receivables under any Credit Product Agreement. The Bank may, without prior specific approval of the Client, use the amount of more or pre paid funds on the account of credit product to close due unsettled debts of the same Client on some other grounds.

### **7.11. Early loan repayment**

The Client can repay back the loan before the expiry of the contracted period but is required to notify the Bank of that at least eight (8) calendar days prior to the intended date of return of the loan. In this case, the Client shall pay to the Bank a fee for the early loan repayment in the amount determined by Internal documents of the Bank, unless otherwise agreed.

### **7.12. Filing a complaint**

If the Client believes that the Bank violated some of his / her right during the credit relationship, he shall immediately, but not later than 30 days from the said event / situation deliver to the Bank a written complaint and the Bank shall reply in writing within a reasonable time.

In its reply, the Bank shall offer solutions acceptable to the Bank. If the Client does not respond within 15 days from receiving the reply, it shall be deemed that he / she accepted a solution of the Bank. If the Client does not accept the proposed solution, he / she may terminate the contractual relationship with the Bank.

If this is about resolving requests or making objections by the Client / Respondent to the processing of personal data and exercising of the rights of the clients related to the processing of personal data, the complaint procedure and the deadlines under the General Data Protection Regulation and Privacy Policy under these General Terms and Conditions shall apply.

### **7.13. Governing Law and Resolving Disputes**

The credit relationship, rights and obligations of participants and the Bank in the credit relationship are subject to the laws of the Republic of Croatia unless otherwise agreed by the Credit Product Agreement. In case of any dispute arising from the credit relationship between the Bank and the Client, the competent court, according to the location of the headquarters of the Bank, will have jurisdiction.

The Client and the Bank may entrust the settlement of disputes to the Conciliation Centre of the Croatian Chamber of Commerce by submitting a proposal for conciliation.

## **8 DEPOSIT OPERATIONS**

On the basis of the Deposit Agreement, the Client shall pay a sum of money to the deposit account with the Bank for a certain period in the form of term deposit or without the agreed term as saving deposits. The Bank shall, at the Client's request, make available the paid amount of the deposit in accordance with the contracted terms and conditions. Deposit term is the period in which the Client deposits funds according to pre-agreed terms with the Bank. The deposit term period with the term deposits starts as at the date of the conclusion of the Deposit Agreement and expires as at the last day of the agreed deposit term.

Term deposit is not renewed automatically, after the expiration of the term deposit, the principal and interest rate are disbursed in accordance with the Term Deposit Contract. To extend (renew) the term, it is necessary to agree the new conditions with the Bank.

The funds may be deposited in HRK, HRK with the currency clause or in a foreign currency. In case of introducing the common currency of the European Union as a legal means of payment in the country, the Bank has the power to execute the conversion of all obligations of the Client expressed in HRK to the common currency of the European Union in accordance with the official exchange rate of the conversion. The Bank shall pay the interests on deposits contracted in particular Deposit Agreement. The contracted interest rate is calculated to deposited funds from the date of depositing funds until the date of expiry of the agreed deposit term. The conformal method shall apply in calculating the interests on deposits based on the actual number of days in a year, unless explicitly agreed otherwise. The effective interest rate is equal to the contracted interest rate.

If the Client does not withdraw the term deposit and interest or does not cancel further depositing in writing, depositing shall automatically be renewed for the same term and conditions as determined by the business policies of the Bank applicable as at the date of the term expiry, unless otherwise agreed or if prohibited or prevented based on the effective regulations. The Client has the right to terminate the Deposit Agreement before the expiry of the agreed term, unless explicitly agreed otherwise and provided that all other obligations of the Client to the Bank have been settled. When the deposit is provided as a collateral, the Client can not terminate the Deposit Agreement before entirely settling the secured claim. In the event of early termination of the term deposit at the request of the Client, the applicable interest rate on a vista deposits shall apply to the deposit amount and realized number of days of deposit term, unless agreed otherwise.

## **9 TRANSITIONAL AND FINAL PROVISIONS**

General Terms and Conditions are an integral part of the individual agreement concluded with the Client and particular business relationships are also subject to other Internal documents of the Bank. In case of the collision of individual agreements, General Terms and Conditions and other Internal documents of the Bank, the provisions of individual agreements shall primarily apply, then Internal documents of the Bank and finally General Terms and Conditions, unless explicitly agreed otherwise. General Terms and Conditions are made in writing and they are available in each business unit of the Bank and on the Bank's website.

By submitting any application to the Bank, executing any transaction or any other business with the Bank, the Client shall confirm that he / she is aware of and agrees with the content of the General Terms and Conditions and Internal documents of the Bank regulating the operations of the Bank in

relation to the product or service which the Client uses or has requested as well as with their possible amendments and that he/ she accepts the rights and obligations assigned on such basis.

The Bank will make available any amendments to these General Terms and Conditions in the business units of the Bank and on its website at least eight (8) days before they become effective. If the Client, within 15 days, fails to submit written comments on the amendments, it shall be deemed that they have been accepted by the Client.

If, any of the provisions from these General Terms and Conditions is subsequently determined to be null and void, this fact will not have an impact on the remaining provisions of these General Terms and Conditions. They shall remain entirely applicable provided that the Bank undertakes to replace the particular invalid provision with the valid which will, to the fullest extent possible, allow the achievement of the objective which was to be achieved by the provision determined to be null and void.

Croatian National Bank, Trg hrvatskih velikana 3, 10002 Zagreb, is the supervisory body of the Bank. If the financial instruments are agreed as collaterals in accordance with the Capital Market Act, the supervisory body of the Bank is also the Croatian Agency for Supervision of Financial Services.

\* \* \*

These General Terms and Conditions shall enter into force as at 22 May 2018 and shall apply from 25 May 2018 and will be available on the Bank's website. The Clients who entered into the Credit Product Agreement with the Bank before the effective date hereof may no later than the date of the adoption of this General Terms and Conditions request the termination of the Credit Product Agreement, provided that they previously settle all obligations to the Bank.

These General Terms and Conditions shall also apply to all open Credit Product Agreements concluded by the date of entry into force of these General Terms and Conditions unless the Client requests the termination of the Credit Product Agreement concluded prior to the entry into force of these General Terms and Conditions in writing and provided that the Client previously settles all its liabilities to the Bank.

General Terms and Conditions of KentBank d.d. on Credit and Deposit Operations with Business Entities as of 26 April 2017 shall cease to apply by entering the effective amendments to these General Terms and Conditions into force.