

GENERAL NOTICE ON INTRODUCTION OF THE EURO AS THE OFFICIAL CURRENCY IN THE REPUBLIC OF CROATIA

On 1 January 2023, the euro will become our national currency. On this day the kuna amounts in transaction and deposit accounts, other payment accounts, loans, credit cards, payment instruments and in other records kept in kunas will be converted into euros.

The changeover will be automatic and free of charge – therefore, there is no need to come to the bank. Your IBAN will not change and all contracts will remain in force. From 1 January 2023, you will continue to receive payment of your salary, pension and other benefits to your existing accounts – only the amounts will be expressed in euros.

At what exchange rate will your money be converted from kuna to euro? The fixed conversion rate of kunas into euros is **7.53450 kuna for 1 euro**. You can check the fixed exchange rate at the website: www.euro.hr. The exchange rate was set by the Council of the European Union on 12 July 2022.

What does it mean that the conversion rate is fixed? This means that it will not change and that it will be the same always and everywhere - in all banks and in other places where kunas are converted into euros.

How will the converted amounts be rounded? After the conversion from kunas to euros is performed, the result is a numerical amount with five decimal places. In accordance with the mathematical rules of rounding, the result obtained is rounded to two decimal places with an accuracy of one cent and based on the third decimal place:

- if the third decimal is less than five (a number from 0 to 4), the second decimal remains unchanged (the amount in cents remains the same);
- if the third decimal is equal to or greater than five (a number from 5 to 9), the second decimal is increased by one (the amount in cents is rounded to a higher cent).

Here are two examples of recalculation and rounding:

Price in kunas	Fixed conversion rate	Price in euros before rounding	Price in euros after rounding
A	B	C = A / B	D
12.04 HRK	7.53450	1.59798 EUR	1.60 EUR
9.00 HRK	7.53450	1.19451 EUR	1.19 EUR

How does the conversion impact my accounts, loans, deposits and other products and services I use? All your data (e.g., account number), liabilities, rights, execution dates, interests and annuities remain unchanged. Only two things will change:

1. **the currency** in which we state monetary value and place payment orders - from kuna to euro;
2. **variable interest rates** with a parameter that will be discontinued or changed due to the introduction of the euro (e.g., in the case of loans where yields on Treasury bills of the Ministry of Finance in kuna are used as the agreed variable parameter, they will be replaced by yields on the Treasury bills of the Ministry of Finance in euro for the same maturity).

What if I hold accounts in EUR and in HRK – what will happen to them after switching to the euro? If you hold separate kuna accounts and separate euro accounts at our bank, you can close one or more accounts and transfer the funds to one of these accounts free of charge within 60 days after the €-day. Should you not do so, you will continue to be charged management fees for all these accounts.

RBA transaction accounts **for businesses** are multi-currency accounts. Kuna balances will be converted to the euro automatically, by using the fixed conversion rate. Thus, the kuna component of the multi-currency account becomes the euro component. The existing euro balance will be restated to the current kuna component and, together with the converted kuna balance, form a new balance in euros.

Will you notify me of the impact that the change from the kuna to the euro will have on my deposits and loans? Yes. We will send an **Individual Notice** of the recalculation and interest rate:

- to **consumers** who are borrowers of loans and/or holders of deposit agreements denominated in kuna or indexed to the euro, we will send an Individual Notice no later than two weeks before the introduction of the euro;
- to **business entities** which are borrowers of loans and/or holders of time deposits denominated in kuna or indexed to the euro with the application of a variable interest rate linked a parameter that will be discontinued or changed due to the introduction of the euro, we will send an Individual Notice no later than two weeks after the introduction of the euro;
- to **users of investment and ancillary services** (brokerage and custody services), we will send an Individual Notice no later than 30 days after the introduction of the euro.

The Individual Notice will contain information on the conversion, the parameter with which the variable interest rate is agreed, margin, interest rate, the balance of the securities and any changes that may arise from the introduction of the euro.

What if I have orders payable after 1 January 2023 – when can I place them in my internet or mobile banking? You will be able to place such orders after 1 January 2023.

What will happen to standing orders? Standing orders remain in effect – they will continue to be executed. Only, after 1 January 2023 kunas will be converted to euros according to the rules of recalculation and rounding.

If I have bills in kuna after 1 January 2023, will I be able to pay them and how? Yes. You will be able to pay those bills in branches and via internet or mobile banking.

If you pay a pre-printed bill with an amount in kuna in the branch, we will convert this amount into euros. This is our obligation until 30 June 2023. When making payments via mobile banking, if you use bills with a 2D bar code, kuna amounts will be converted into euros automatically. This service will be available until 30 June 2023.

If you enter amounts into internet and mobile banking manually, you will first need to convert kunas into euros. We prepared a calculator that you can find in your internet and mobile banking. You will enter the amount in kunas, and it will convert the amount to euros according to all rules of conversion and rounding. You will then enter this amount in the payment order.

Where will RBA apply the dual display? Dual display of prices and other monetary expressions of value for consumers will be in effect from 5 September 2022 until 31 December 2023:

- **fee tariff;**
- **initial and final balance of the account and overdraft amount** in transaction account statements, for accounts that were kuna accounts until the date of the introduction of the euro;
- **account balance and amount of overdraft or available balance** on at least one menu/screen in the account view when providing internet and mobile banking services for a transaction account that was a kuna account until the date of the introduction of the euro;
- **predefined amounts on the ATM screen and account balance in balance inquiry** when dispensing cash, provided that the cash is dispensed to the client of the bank that owns the ATM;
- **total loan amount and amount of instalments or annuities in the repayment schedule** and in the European Standardised Information Sheet (ESIS) or other prescribed document providing the consumer with information before the conclusion of the loan agreement - in the case of consumer loan agreements in kuna which are approved or offered before the date of the introduction of the euro;
- **balance of outstanding debt and overdue but unpaid debt** in the annual statement of kuna loan balance;
- **balance of deposits** in the annual statement of kuna deposit balance.

The dual display obligation does not apply to products and services provided to business entities.

Does this General Notice also apply to products and services within the scope of the RBA brokerage and custody service? No. A separate General Notice will be made available to the brokerage and custody clients on our website: www.rba.hr and by advertisements in public press.

How will the adoption of the euro affect the exchange rate list? From 1 January 2023, the exchange rate list will state the value of the euro in relation to other currencies, as opposed to the exchange rate list effective until 31 December 2022, where the value of the kuna is presented in relation to the unit value of other currencies. As a result, the display of the exchange rate list will change - the buy rate will be higher than the sell rate.

Example of exchange rate list:

Unit	Currency	Buy rate for FCY	Mean rate	Sell rate for FCY	Buy rate for cash, checks and letters of credit	Sell rate for cash, checks and letter of credit
1	USD	1.139500	1.132000	1.124500	1.142000	1.122000

Example of sale of foreign currency

You have 100.00 dollars in your current or transaction account and you want to change them to euros.

To calculate how much euros will be paid to you, divide the 100.00 dollars by the buy rate specified in the exchange rate list:

$$\text{USD } 100.00 / 1.139500 = \text{EUR } 87.76$$

So, when selling 100.00 dollars, you will receive 87.76 euros.

Example of purchase of foreign currency

You have euros in your current or transaction account and you want to buy 100.00 dollars.

To calculate how much euros it will cost you, divide the 100.00 dollars by the sell rate from the exchange rate list:

$$\text{USD } 100.00 / 1.124500 = \text{EUR } 88.93$$

Buying 100.00 dollars will cost you 88.93 euros.

How can I exchange kunas into euros? The simplest way to exchange money is to deposit kuna cash to a bank account and wait for 1 January 2023 when the kuna will changeover to the euro automatically. You can also exchange kuna cash to euro cash at our bank throughout the year 2023. The Bank will exchange a maximum of 100 kuna banknotes and a maximum of 100 kuna coins per transaction free of charge. Quantities of banknotes and coins larger than this may be subject to fees.

That's it in a nutshell. If you have any additional questions, do not hesitate - contact us and feel free to ask anything you want to know. We are here for you.

You can contact us at info@rba.hr, in our 62 branches throughout Croatia, by sending a direct message on social networks or by post to Magazinska cesta 69, Zagreb.

The contact phone number for consumers is 072 62 62 62, and for business entities 072 92 92 92.

Scan the QR code and visit our web page www.rba.hr/uvodjenje-eura where you can find more information about the euro adoption.

Yours sincerely,
RBA

