

Zagreb, 10.08.2022.

NOTICE OF CHANGES TO THE TERMS OF OVERDRAFTS AND AMENDMENTS TO THE FRAMEWORK AGREEMENT ON PRIVATE INDIVIDUAL CURRENT ACCOUNTS

Dear Clients

we would like to inform you that there will be changes related to the tacit overdraft in your current account.

Why are changes being introduced and how did they come about?

Decisions on changes were taken through a Memorandum of Understanding in respect of current account overdrafts, based on the agreement between the Government of the Republic of Croatia, the Croatian National Bank and banks, with the aim of providing clients with a better insight into the balance of their finances and offering financing on safer terms.

What changes will take effect?

- From 1 September 2022, the **restriction of the maximum effective interest rate (EIR)** will apply to tacit overdrafts and the change of the **nominal interest rate** on your overdraft will be effective as of that date.
- Also, in the period up to 30 June 2023, we will invite you (in writing or through the predefined method for the delivery of the current account statement) to **set up the authorized overdraft**.

What exactly does this mean for you?

1. As of 1 September 2022, the bank will start applying the **maximum interest rate (EIR) limit**. At the moment, the maximum EIR for consumer loans is **7.31%** and it will apply to tacit overdrafts as of 1 September 2022.

Also, from this date, the bank will start presenting the amount of the EIR for tacit overdraft on your current account statements. In the event that your overdraft facility amounts to less than HRK 10,000, the EIR will be calculated on the assumption that the overdraft amounts to HRK 10,000. This is regulated by the amendment of the Decision on the effective interest rate adopted by the Croatian National Bank.

2. As of September 2022, by applying the aforementioned Decision on EIR, the bank will **apply a nominal interest rate of 7.00% p.a. to existing and new tacit overdrafts**, the rate being fixed until the expiry date (from the date of approval until 15 May and/or 15 November). At this point, the rate is 7.97%.
3. If you use **a current account without a package, in the months in which you use a tacit overdraft, you do not pay an account management fee**. If you use a package in your current account, you pay a regular fee for the agreed package. Read a more detailed explanation of this change at the end of this Notice.
4. **As for your existing tacit overdraft, its amount will not change** until you switch to the authorized overdraft facility. A change in the amount of your tacit overdraft can only occur in the following cases:
 - **reduction** of overdraft due to the reduction of regular monthly inflows into your current account, amounting to at least one average inflow in the last three months;
 - **cancellation of** the overdraft due to the cessation of regular inflows into the current account, in case of fraud or death;
 - **reduction or cancellation** of the overdraft in case you request it.

At the same time, as before in the case of decrease reduction or cancelation, we will allow debt repayment in 12 instalments through a gradual reduction in overdraft facility.

What happens next with your overdraft?

No later than 30 June 2023, we will inform you about the method and conditions of switching to the authorized overdraft facility that you will be able to set up in our branch office within the next 12 months. Upon expiry of the deadline for the transition to the authorized overdraft, tacit overdrafts will no longer be offered, and existing tacit overdrafts will no longer be subject to the above restrictions.

What changes will affect the Fees for private individual transactions?

No current account management fee will be charged if you use the authorized overdraft in the month for which the fee is charged.

This applies to the following tariff items:

- D2.1.1. Managing current account with account movement
- D2.1.2. Managing current account without account movement
- D2.1.3. Managing current account for the payment of pension

In addition, the chapter "Specific characteristics of fee calculation and collection" describes an exception in calculating and charging a current account management fee when the client uses an overdraft facility in the account.

These changes shall apply as of 30 September 2022.

Information on new Fees are available in our branches, and you can also find them on the bank's website www.rba.hr/dokumentacija.

If you have any additional questions, please call us on INFO phone number 072 62 62 62 or visit us at your nearest branch office.

Sincerely
Your RBA