

Pursuant to Article 26, paragraph 2 point 25 of the Statute of UniCredit Bank Srbija ad and Article 191 of the Law on Capital Markets (Official Gazette of RS No. 129/2021) (hereinafter: "**LCM**"), article 7 of the Rulebook on Rules of Conduct of Investment Companies during the provision of services ("Official Gazette of RS" No. 77/2022) (hereinafter: "**Rulebook**"), and Article 3 of the Business Rules of the Credit Institution UniCredit Bank Srbija ad (hereinafter: "**Credit Institution**"), the Supervisory Board of the Credit institution, on 21 December 2022, adopted

## **RULES ON CLIENT CATEGORIZATION OF THE CREDIT INSTITUTION UNICREDIT BANK SERBIA AD**

### **1 General conditions**

Before providing services, the Credit Institution will classify clients into the category of retail clients, professional clients, or eligible counterparties, following the LCM and by-laws of the Securities Commission (hereinafter: "**Commission**"). This categorization, the Credit Institution conducts based on the information available to it regarding the client's:

- 1) investment goals;
- 2) knowledge and experience;
- 3) financial position.

When it determines that a client no longer belongs to the initially determined client category, the Credit Institution will take measures to change the client category.

The Credit Institution will inform each client via a permanent data carrier about:

- 1) the category of clients into which it has been classified;
- 2) the level of interest protection that will be provided;
- 3) the possibility to request classification into another category of clients, as well as any changes in the level of protection resulting from such a decision.

### **2 ELIGIBLE COUNTERPARTIES**

#### **2.1 Eligible counterparties**

Eligible counterparties are persons listed in Article 194 of the Civil Code, i.e. investment companies, credit institutions, insurance companies, UCITS funds and their management companies, and other financial institutions that are subject to the obligation to obtain a license, i.e. supervision following the laws of the Republic of Serbia, the national government and their offices, including public bodies dealing with public debt at the national level, central banks and supranational organizations.

#### **2.2 Treatment**

The Credit Institution can initiate transactions or enter into transactions with certain professional clients, without being obliged to fulfill the requirements of Article 177, Article 179, paragraph 1 and paragraph 1 items 5-17, Article 180, Article 181, para. 1 and 6, Article 186 and Article 187 para. 3-5 of the LCM concerning these transactions or additional services directly related to these transactions.

#### **2.3 Change of a category**

If an eligible counterparty requests to be treated as a retail client or as a professional client, the request must be submitted in writing and must state whether retail or professional client treatment is requested for one or more investment services or transaction, i.e. one or more types of transactions or products.

If an eligible counterparty requires to be treated as a client whose business with an investment company is subject to the provisions of 177, 179, 180, 181, 182, 186, and 187 of the LCM, but does not expressly require treatment as a retail client, and the Credit Institution agrees with that requirement, the Credit Institution treats that eligible counterparty as a professional client.

If an eligible counterparty expressly requests to be treated as a private client, the Credit Institution treats an eligible counterparty as a private client by applying the provisions related to the requirements for dealing with non-professional clients specified in Article 192, paragraph 1, point. 2), 3) and 4) LCM.

If a client requests to be treated as an eligible counterparty under Article 194, paragraph 5 of the Civil Code, the following procedure applies:

- 1) The credit institution provides the client with a clear written warning about the consequences that such a request may have for the client, including the protections that may be lost;
- 2) the client confirms in writing the request to be treated as an eligible counterparty in general or concerning one or more investment services or transactions, i.e. the type of transactions or products, and that he is aware of the consequences of the protection that may be lost due to this request.

### **3 PROFESSIONAL CLIENTS**

#### **3.1 Professional client**

A professional client is a client having enough experience, knowledge, and expertise to independently make investment decisions and properly assess the associated risks and who meets the conditions prescribed by the LCM.

The following shall be regarded as professional clients in all investment services and activities and financial instruments for the purposes of this Law:

- 1) entities which are required to be authorized or regulated to operate in the financial market, including:
  - a) credit institutions;
  - b) investment firms;
  - c) other authorized or regulated financial institutions;
  - d) insurance companies;
  - e) collective investment schemes and their management companies of such schemes;
  - f) voluntary pension funds and management companies of such funds;
  - g) commodity and commodity derivatives dealers;
  - h) other institutional investors;
  - i) other investors considered professional in line with the EU regulations.
- 2) Legal persons who meet at least two of the following criteria:
  - a) the total assets amounting to at least 20,000,000 euros in dinar equivalent on the day of payment at the official middle exchange rate of the dinar against the euro determined by the National Bank of Serbia;
  - b) the annual business revenue amounting to minimum 40,000,000 euros in dinar equivalent on the day of payment at the official middle exchange rate of the dinar against the euro determined by the National Bank of Serbia;

- c) own funds amounting to minimum 2,000,000 euros in dinar equivalent on the day of payment at the official middle exchange rate of the dinar against the euro determined by the National Bank of Serbia;
- 3) the Republic, autonomous provinces and local government authorities, and other states or national and regional authorities, the National Bank of Serbia and central banks of foreign states, international and supranational institutions such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations;
- 4) other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

An investment firm may treat clients other than those mentioned above as professional clients/investors, at their request, provided that an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the investment firm, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making investment decisions and understanding the risks involved. The assessment shall include the verification whether a professional client meets at least two of the following criteria:

- 1) the client has carried out transactions, in significant size, on the relevant market at an average frequency of at least 10 per quarter over the previous four quarters;
- 2) the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500,000 in dinar equivalent on the day of payment at the official middle exchange rate of the dinar against the euro determined by the National Bank of Serbia;
- 3) the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the financial transactions or services envisaged.

### **3.2 Treatment**

When providing services to a professional client, the Credit Institution will consider that the client has sufficient knowledge and experience in the area of investing in certain types of financial instruments or services, i.e. the knowledge and experience needed to understand the risks associated with the transaction or managing the portfolio, i.e. those services, transactions, types of transactions or instruments for which it is classified as a professional client.

A professional client is not entitled to compensation from the Investor Protection Fund.

Before providing services, the credit institution is obliged to provide the professional client with information on the existence and conditions of any right of redemption, right of lien, or right of set-off that the credit institution or depository has or could have on the client's financial instruments or assets, as well as obligations and responsibilities of the Credit Institution regarding the use of financial instruments.

The Credit Institution may agree with a professional client to whom it provides investment services with limited application of detailed requirements on the provision of information on costs and fees.

### **3.3 Change of a category**

The Credit Institution will provide the professional client, at his request, treatment with a higher level of protection, that is, the treatment that other clients who are not professional clients have.

The Credit Institution shall inform the client referred to in paragraph 1 before providing the service (based on information about such an entity available to the Credit Institution), that he is considered a professional client and will be treated as such unless the credit institution and the client agree otherwise.

The Credit Institution will inform the professional client about the possibility of changing the agreed conditions to ensure a higher level of protection of his interests, with the fact that it is the responsibility of this client to request a higher level of protection of his interests when he considers that he is not able to properly assess, i.e. manage the risks inherent in a certain investment. A higher level of interest protection must be provided when a professional client concludes a contract or an annex to the contract in writing with the Credit Institution, specifying that he does not want to be treated as a

professional client, which must determine whether it refers to one or more services, i.e. transaction or one or more types of products or transactions.

Professional clients are obliged to inform the Credit Institution of all facts that could affect the change in the client's categorization at the Credit Institution. If the Credit Institution establishes that a client no longer belongs to the initially established category of professional client, it will take appropriate measures.

## **4 RETAIL CLIENTS**

### **4.1 A Retail client**

Clients who do not belong to the category of professional clients according to the LCM and acts of the Commission, as well as based on their investment goals, knowledge and experience, and financial positions, are classified as retail clients.

### **4.2 Treatment**

Before concluding the contract or providing services, the Credit Institution will inform retail clients more closely about:

- 1) The Credit institution and the services it provides, which are defined by the LCM, the Commission's acts, and the Business Rules;
- 2) financial instruments, their nature, and the types of risks that a specific financial instrument carries;
- 3) protection of the client's financial instruments and funds if the Credit Institution holds financial instruments or funds for the client's account, and in particular about:
  - a) that funds or financial instruments can be held by a third party on behalf of the Credit Institution and the obligations of the Credit Institution in connection with the actions or omissions of the third party, as well as the consequences for the client in case of insolvency of the third party;
  - b) when a third party maintains financial instruments on a collective account, as well as a warning about the risks arising from it;
  - c) that the client's financial instruments held by a third party cannot be distinguished from the financial instruments of the said third party or investment company with a warning about the risks arising from it;
  - d) that if accounts containing financial instruments or funds of a client or potential client are or will be under the jurisdiction of the legislation of a foreign country, and to indicate that the rights of the client or potential client about said financial instruments or funds may differ accordingly;
  - e) the existence and conditions of any right of redemption, pledge right, or right of set-off that the Credit Institution or depository has or could have on the client's financial instruments or assets;
  - f) that before concluding transactions that finance securities, which refer to financial instruments held by the Credit Institution for the account of a retail client or before such financial instruments are used in another way, the Credit Institution shall, in a timely manner, before the use of said instruments, provide a retail client in writing with clear, complete and accurate information on the obligations and responsibilities of the Credit Institution regarding the use of the mentioned financial instruments, including the conditions for their return to the client as well as the risks they involve.
- 4) costs and fees following LCM and acts of the Commission. To provide information to clients about all costs and fees following Article 179, para. 2. and 3. Of LMC, the Credit Institution fulfills the detailed requirements from para. 2-10. Article 19 of the Rules. For the previous and subsequent publication of information on costs and fees to clients, the Credit Institution will add:
  - a) all costs and related fees charged by the Credit Institution or other parties, if the client is referred to such other parties, for the investment service or investment services and/or ancillary services provided to the client; and
  - b) all costs and fees associated with the production of financial instruments and their management.

When any part of the total costs and fees needs to be paid or when it represents an amount in a foreign currency, the Credit Institution shall provide an indication of such currency as well as the applicable exchange rates for conversion and costs. The credit institution also informs about payment methods or other ways of fulfilling obligations.

#### **4.3 The right to compensation from the funds of the Investor Protection Fund**

A small client has the right to compensation from the funds of the Investor Protection Fund up to the amount of 20,000 euros in dinar equivalent at the official middle exchange rate of dinars against the euro determined by the National Bank of Serbia, in case of: (1) bankruptcy of the Credit Institution; or (2) when the competent authority determines by decision that the Credit Institution is unable to fulfill its due obligations towards a retail client of the Credit Institution, including funds owed to clients and financial instruments that it holds, administers or manages on behalf of the client, and do not exist the likelihood that circumstances will change significantly in the foreseeable future,

The protection is provided for compensation claims resulting from the Fund member's (Credit Institution's) inability to:

- 1) pay out funds owed to and/or belonging to a retail client, which it keeps and manages on its behalf, and which resulted from the performance of services and activities referred to in Article 251 paragraph 1 of the LMC;
- 2) return to the small client the financial instruments that belong to him and that the Fund member keeps and manages on his behalf, resulting from the performance of services and activities from Article 251, paragraph 1 of the LMC.

The protected claim includes funds deposited and/or derived based on investment services and activities and financial instruments of a retail client, a member of the Fund. The coverage from paragraph 1 of this article applies to the total claims of a retail client against one member of the Fund, regardless of the account number of the place of account management and the currency.

#### **4.4 Change of a category**

Clients who are treated as retail clients on a personal request can waive the higher level of protection that their status entails. In this case, the client informs the Credit Institution in writing that he wants to be treated as a professional client, regarding all or an individual investment service, i.e. transaction, or for a certain type of transaction, i.e. financial instruments.

In case a retail client requests a change of category, the Credit Institution will:

- 1) unequivocally and in writing warn the client about the reduction of the protection of his interests and the right to compensation from the Investor Protection Fund, which he may lose in this way;
- 2) assess whether the client has sufficient knowledge and experience to independently make investment decisions and properly assess risks related to investments;
- 3) with the client or conclude a contract in writing, i.e. an annex to the contract that will specify the services, i.e. transactions, i.e. financial instruments in connection with which the client wants to be treated as a professional client or refuse to recognize the client as a professional client.

The client is obliged to declare in a separate document, which is separate from the contract, that he is aware of the consequences of the loss of the level of protection.

Before accepting the client's request for waiving a higher level of protection, the Credit Institution will undertake appropriate activities to determine that the client requesting to be treated as a professional client meets the prescribed conditions, i.e. the Credit Institution will assess that such a client has sufficient experience, knowledge and expertise for independent decision-making on investments and proper risk assessment in connection with investments, depending on the type of transactions or services.

The assessment involves consideration of the fact that the client meets at least two of the following conditions:

- 1) the client made transactions on the financial markets with an average frequency of at least 10 transactions per quarter during the last year and in the value of 50,000 euros per quarter;
- 2) the size of the portfolio of financial instruments, including money, of the client exceeds 500,000 euros in dinar equivalent value;
- 3) the client works or has worked for at least one year in the financial sector in jobs that require knowledge of investing in securities.

## **5 TRANSITIONAL AND FINAL PROVISIONS**

The Credit Institution will publish the Rulebook on Categorization as well as any further amendments to it (before the start of implementation and after obtaining the approval of the Commission), on the website and in the premises of the Credit Institution at least 7 (in letters: seven) days before the start of its implementation.

Drafting proposals for amendments and maintaining the refined text of the Rulebook on Categorization is the responsibility of the Credit Institution, whereas, amendments to the Rulebook on Categorization shall be acknowledged by the Bank's Supervisory Board.

The Rulebook on Categorization enters into force on the day of its adoption, and shall be applicable on the day of the start of application of the Rules of Business Operations, of which the Rulebook on Categorization is an integral part, adopted on 21 December 2022, i.e. 7 (in letters: seven) days after the date of publication referred to in this paragraph.

**FOR UNICREDIT BANK SERBIA AD BELGRADE:  
SUPERVISORY BOARD**