

The National Bank of Serbia, Belgrade, 12 Kralja Petra Street (hereinafter: NBS),
represented under the governor's authorisation by _____,

and

(bank name and head office)
(hereinafter: bank), represented by the president of the bank's executive board
_____ and member of the bank's executive board _____,
enter into

MASTER REPO AGREEMENT

General provisions

Article 1

The parties hereto agree to base their mutual relations in respect of the repo purchase/sale of securities on this Agreement and the decision on the terms and manner of implementing open market operations (hereinafter: Decision), as well as on regulations of the NBS laid down for the purpose of implementing the Decision.

Article 2

For the purpose of this Agreement, repo purchase/sale of securities (repo transaction) means the purchase and sale of securities where one party (the Seller) agrees to sell securities to the other party (the Buyer) against payment of the agreed purchase price while simultaneously undertaking to sell back the same securities to the Seller at a specified future date (repurchase date) against the payment of the predetermined repurchase price by the Seller to the Buyer.

Article 3

The subject of a repo transaction are securities as set out by the Decision, provided the maturity of such securities is longer than the maturity date of the respective repo transaction and/or the repurchase date for such securities.

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Article 4

A bank may enter into transactions of repo purchase/sale of securities with the NBS provided the terms and conditions as set out by the Decision are met.

Article 5

To perform the transactions of repo purchase/sale of securities within the meaning of this Agreement, a bank shall submit to the NBS the data stipulated in the guidelines laid down for the purpose of implementing the Decision.

A bank shall immediately notify the NBS of any change in the data referred to in paragraph 1 hereof.

Definitions

Article 6

For the purpose of this Agreement, certain terms mean as follows:

- 1) *Purchased securities* being the subject of a repo transaction mean the securities purchased by the Buyer from the Seller on the purchase date against the Buyer's commitment to sell back the same securities to the Seller on the repurchase date. Purchased securities also mean securities used by a bank to replace the originally purchased securities pursuant to the NBS's requirement under Article 10, paragraph 4 hereof, and securities additionally transferred by the bank to the NBS pursuant to the NBS's requirement under Article 10, paragraph 5 hereof.
- 2) *The purchase date* for the securities being subject of a repo transaction means the date on which the Buyer commits to purchase securities (purchased securities) from the Seller against payment of the purchase price by the Buyer to the Seller.
- 3) *The repurchase date* for securities being subject of a repo transaction means the date on which the Buyer sells back the purchased securities to the Seller against payment of the repurchase price by the Seller to the Buyer.
- 4) *The purchase price* means the amount payable by the Buyer to the Seller on the purchase date for the purchased securities. In cases when the NBS is the Buyer in a repo transaction, the purchase price shall equal the difference between the

nominal value of purchased securities and the downward haircut to the nominal value. In cases when the NBS is the Seller in a repo transaction, the purchase price shall equal the sum of the nominal value of purchased securities and the upward haircut to the nominal value. If the NBS purchases amortising bonds in a repo transaction, the downward haircut is applied to the residual portion of the nominal value of these securities as at their repurchase date, and if the NBS sells amortising bonds in this transaction, the upward haircut is applied to the residual portion of their nominal value on their sale date. If securities being the subject of a repo transaction are indexed to a foreign currency are, the downward/upward haircut is applied to the nominal value of these securities and/or to the residual portion of their nominal value – multiplied by the index ratio valid on the sale date and stipulated by the regulation on the issue of these securities.

5) *The downward/upward haircut* means a specific percentage, rounded to two decimal places, applied to determine the purchase price of securities being the subject of a repo transaction, and is set by the NBS in reference to the market value of securities, current market and monetary developments, the type of securities and their remaining maturity.

6) *The repurchase price* means the amount payable by the Seller to the Buyer for the purchased securities on the repurchase date. It is calculated as the sum of the purchase price and the price differential.

7) *The price differential* means the interest on a repo transaction and equals the amount derived by applying the repo rate to the purchase price for the actual number of days during the period commencing at (and including) the purchase date and ending at (but excluding) the repurchase date relative to the constant number of days in a year (360 days) by applying a simple interest calculation of a hundred.

8) *The repo rate* means the interest rate expressed on an annual basis and applied for the purpose of calculating the price differential, i.e. for the purpose of calculating the repurchase price. The repo rate shall be agreed between the Buyer and the Seller, in accordance with the Decision;

9) *The repo transaction currency* means the currency in which payments for purchased securities are made. Payments resulting from repo transactions are settled in dinars.

10) *The proceeds* from purchased securities mean the interest appertaining to purchased securities, due for payment within the repo transaction term.

11) *The repo transaction term* means the period from the purchase date to the repurchase date of the purchased securities.

12) *Clearing and settlement* means the determining of the amount of liabilities/claims in respect of securities and money arising from securities purchase/sale transactions, as well as settling of liabilities through the transfer of securities and money.

Entering into one-time repo agreements

Article 7

The NBS and a bank may enter into a repo transaction at auctions that, as a rule, the NBS organises through the web platform or based on bilateral contracting, pursuant to the Decision and regulations referred to in Article 1 hereof.

The NBS and a bank shall enter into a separate repo agreement on each one-time repo transaction of securities purchase/sale.

The parties hereto agree that the one-time repo agreement entered into at the auction shall be legal without the parties' signatures and shall be deemed concluded once the NBS has accepted the bank's bid at the auction in full or in part.

The one-time agreement referred to in paragraph 2 hereof shall be integral to this Agreement.

Article 8

When a repo transaction between the NBS and a bank is effected at an auction, a one-time repo agreement shall be made and, as a rule, submitted to the bank through the web platform; such agreement shall be deemed entered into once the NBS has accepted the bank's bid for securities purchase/sale in full or in part.

If due to technical problems in operation of the web platform it is not possible to submit the one-time agreement to the bank as specified in paragraph 1 hereof, the NBS shall send the one-time agreement to the bank via email, or telefax if due to technical reasons the agreement cannot be sent by email.

When a repo transaction between the NBS and the bank is effected based on

bilateral contracting, a one-time repo agreement shall be made and submitted to the bank in writing.

Article 9

The parties hereto agree that the one-time repo agreement shall contain in particular:

- 1) details of securities being subject of the repo transaction (type of securities, ISIN, number of pieces, nominal value per piece, etc.),
- 2) purchase date,
- 3) purchase price,
- 4) the downward/upward haircut applied to the nominal value of securities and/or the residual portion of the nominal value of these securities on the date of their repurchase/sale,
- 5) repo transaction currency,
- 6) repurchase date,
- 7) repurchase price,
- 8) repo rate,
- 9) date of entering into the repo transaction, i.e. the one-time repo agreement.

Apart from data referred to in paragraph 1 hereof, the one-time repo agreement may also contain other data as needed.

Settlement of obligations

Article 10

In accordance with the one-time repo agreement entered into, the party hereto (the Buyer of securities) shall pay the purchase price for the purchased securities to the other party (the Seller of securities) on the purchase date, whereas the Seller shall settle obligations in respect of the transfer of purchased securities by crediting the Buyer's holding account in the Central Securities Depository and Clearing House (hereinafter: Central Securities Depository).

In accordance with the one-time repo agreement entered into, the Seller of

securities shall pay the repurchase price for the securities to the Buyer on the repurchase date, whereas the Buyer shall settle obligations in respect of the transfer of purchased securities by crediting the Seller's holding account in the Central Securities Depository.

For the purpose of settling obligations referred to in this Article or meeting the requirements for clearing and settlement, the parties hereto shall ensure that securities being the subject of a repo transaction are in their holding accounts, i.e. that the money is transferred to the corresponding account within the Central Securities Depository run in the RTGS, fully in line with the entered-into one-time repo agreement.

If during the repo transaction, in which the NBS is the Buyer of securities, the issuer of the securities fails to meet the requirements pertaining to credit rating stipulated by the Decision, the NBS may request the bank to replace these securities with other securities which are eligible pursuant to the Decision.

Considering current market and monetary developments, the NBS may request the bank to place additional securities which are eligible pursuant to the Decision if it estimates that the current value of purchased securities is insufficient to cover payment of NBS receivables on account of a repo purchase of securities.

If the NBS requests that the bank replaces securities in accordance with paragraph 4 hereof or asks for placement of additional securities in accordance with paragraph 5 hereof – the downward haircut shall be applied, defined in accordance with the Decision and the decision determining the upward/downward haircut to the nominal value of securities.

The bank must comply in all aspects with the requests of the NBS from paragraphs 4 and 5 hereof, within the deadlines stipulated in these requests. If it fails to do so, the NBS may act in line with Article 14 hereof.

Article 11

If a bank – Seller of securities in a repo transaction fails to settle its monetary obligation on the repurchase date in respect of the securities repurchase, the purchased securities shall remain in the NBS's possession.

If a bank – Buyer of securities in a repo transaction fails to settle its obligation on

the repurchase date in respect of the securities transfer, the NBS shall refuse to pay the repurchase price to the Buyer and the purchased securities shall remain in the NBS's possession.

Article 12

Over the repo transaction term, the proceeds from securities purchased under a repo agreement and the amount paid out on account of the portion of the nominal value of these securities shall belong to the Seller, while the party hereto – the Buyer of securities shall credit the entire proceeds and/or the portion of the nominal value paid out, without any deductions for taxes and duties, to the account of the party hereto – the Seller of securities, on the same day when the issuer of securities being the subject of a repo transaction credited the proceeds and/or the portion of the nominal value of these securities to the Buyer's account.

Notwithstanding paragraph 1 hereof, the party hereto – the Buyer of securities may credit the entire proceeds from purchased securities and/or the entire amount of the paid out portion of the nominal value of these securities to the account of the party hereto – the Seller of securities by no later than the next business day, before the deadline set for crediting the proceeds and/or the portion of the nominal value on that particular day.

If a bank fails to settle in full its obligation to credit the proceeds and/or the portion of the nominal value of securities paid out in line with paragraphs 1 and 2 hereof, the NBS shall set a new repurchase price, deducted for the amount of proceeds and/or the portion of the nominal value of securities paid out that the Buyer had failed to credit to its account.

Termination of the agreement

Article 13

Parties may agree to terminate one -time repo transaction before the agreed repurchase date (consensual termination of one-time repo agreement) in which case the obligations of parties arising from a repo transaction shall be settled on the agreed transaction termination date deemed to be the new repurchase date.

The parties may terminate the agreement on a consensual basis, provided a bank has no outstanding obligations to the NBS under one-time repo agreements (consensual termination of a master repo agreement).

Article 14

If a bank defaults on its obligations arising from one-time repo agreement, the NBS may terminate by a written notice:

- a master repo agreement (unilateral termination of a master repo agreement), in which case any one-time repo agreements shall also be terminated;
- one or more one-time repo agreements (unilateral termination of one-time repo agreement/s), in which case the master repo agreement shall remain in force.

If a bank defaults on its obligations in respect of the entered-into one-time repo agreement, the NBS may restrict the bank from performing transactions of securities purchase/sale in line with the Decision.

Article 15

In the events of termination of a repo agreement in line with Articles 13 and 14 hereof, if the termination date falls earlier than the agreed repurchase date, a new repurchase price of securities shall be set on the termination date, calculated with reference to the number of days elapsing between the date of the repo agreement and the date of its termination, at the interest rate set by the governor or a person designated by him.

In the events of termination of a repo agreement in line with Articles 13 and 14 hereof, if a bank fails to settle its obligations on the termination date in respect of the transfer of securities, the NBS shall refuse to pay the repurchase price to the bank and the purchased securities shall remain in the NBS's possession. If a bank fails to settle its payment obligations, the purchased securities shall remain in the NBS's possession.

Article 16

Exceptionally, the NBS may unilaterally terminate the one-time repo agreement if it estimates that a bank, due to its liquidity-related problems, will not be able to settle its payment obligations under a repo transaction. The NBS shall send to a bank the notice of contract termination in writing, by certified mail.

In the event referred to in paragraph 1 hereof, a new repurchase date shall be set, including a new repurchase price calculated based on the number of days elapsing between the date the repo agreement was entered into and the date of its termination, at the interest rate set by the governor or a person designated by him within the timeframe of at least three business days from the day of contract termination referred to in that paragraph.

If a bank fails to settle its obligations on the repurchase date referred to in paragraph 2 hereof, provisions of Article 15, paragraph 2 hereof shall apply to the collection of receivables by the NBS.

Final provisions

Article 17

The clearing and settlement of liabilities and claims in respect of securities and monies, arising from securities purchase/sale transactions entered into under this Agreement, shall be performed by the Central Securities Depository as determined by regulations of the Central Securities Depository.

Article 18

If the due date of obligations arising from securities purchase/sale transactions is not a business day, such obligations shall be settled on the first business day following their due date.

Article 19

The parties hereto agree to seek to resolve amicably any issues that might arise

from implementation of this Agreement. In the event of a dispute, Belgrade court shall be the court of competent jurisdiction.

Article 20

This Agreement is made out in four (4) identical counterparts, two (2) to be retained by each of the parties thereto.

FOR THE NATIONAL BANK OF SERBIA

FOR THE BANK
