

**Joint Stock Company „Baltic International Bank”
GENERAL TERMS AND CONDITIONS FOR TRANSACTIONS**

1. Definitions and Interpretations

- 1.1. **Bank** means "Baltic International Bank", unified business identifier No. 40003127883, registered office: Kalēju iela 43, Rīga, LV-1050;
- 1.2. **Client** means any private or legal person or an association of such persons that at least once engages in a financial Transaction (a one-off transaction) with Bank;
- 1.3. **Transactions** means any operations and transactions carried out by Bank, which are treated as (i) financial services within the meaning of the Credit Institutions Act; and (ii) investment services (including ancillary / non-core services) within the meaning of the Financial Instruments Market Law, and (iii) other services provided by Bank.
- 1.4. **Accepted Electronic Communication Means** – depending on kind of Bank's rendered service and kind of agreement concluded by and between Bank and Client: internet banking, e-mail, phone connections, fax and other Bank's used electronic communication means.
- 1.5. **Beneficial Owner** (hereinafter abbreviated as „BO”) means the private person:
- who ultimately owns or controls a legal entity through direct or indirect ownership or control over a sufficient percentage (at least 25 percent) of the shares or voting rights in that legal entity, or who otherwise exercises control over the management of the legal entity,
 - who has the entitlement to or controls either directly or indirectly at least 25 percent of the property of a legal arrangement that is not a business. With respect to a legal arrangement, the beneficial owner is a person or a group of persons for whose benefit the legal arrangement is set up. With respect to a political party, a society or a co-operative (autonomic association), the beneficial owner is the respective political party, society or co-operative (autonomic association),
 - for whose benefit or in whose main interest a business relationship is being established,
 - for whose benefit or in whose main interest a one-off transaction is being conducted, without establishing a business relationship within the meaning of these General Terms and Conditions for Transactions.
- 1.6. **Parties** mean Bank and Client, referred to collectively.
- 1.7. **Consumer** means Customer who is considered a consumer within the meaning of the Consumer Protection Act [*Patērētāju tiesību aizsardzības likums*] of the Republic of Latvia.
- 1.8. **Fee Schedule** means a listing of fees and rates charged by Bank for the services provided.
- 1.9. **Terms and Conditions** means these Bank's General Terms and Conditions for Transactions.
- 1.10. **LR** is the abbreviation for the Republic of Latvia.
- 2.1. Bank's and Client's mutual relations are regulated by the applicable laws of the Republic of Latvia, these Terms and Conditions, agreements between the Parties, powers of attorney issued by Clients and accepted by Bank, terms and conditions governing separate Transactions, and Bank's Fee Schedule.
- 2.2. Terms and Conditions constitute an integral part of any transaction sealed by Bank and Client and are binding upon Client and Client's assignees (to whom Client's rights and obligations are transferred).
- 2.3. At the time of establishing business relationship with Bank, and when carrying out separate transactions, Client is obligated to read the most recent version of these Terms and Conditions and the Fee Schedule and to attach (to any document confirming the establishment of business relationship or origination of a Transaction) a certification /acknowledgement where Client certifies and declares that she/he has read the most recent version of the Terms and Conditions and agrees to be bound by the provisions outlined therein. The certification must contain Client's signature.
- 2.4. Bank may unilaterally amend these Terms and Conditions and/or Fee Schedule in the following manner:
- Bank shall notify Customer, who is considered a Consumer, of amendments to the Terms and Conditions and/or Fee Schedule (relating to payment services within the meaning of LR Law on Payment Services and Electronic Money [*Maksājumu pakalpojumu un elektroniskās naudas likums*]) at least 2 (two) months prior the date when such amendments shall come into full force and effect, by placing text of amendments/or amended text of the Terms and Conditions (Fee Schedule) at Bank's premises and Bank's website www.bib.eu, as well as by sending to Client by Accepted Electronic Communication Means;
 - to notify Customer of amendments not specifically mentioned in clause 2.5.1 of Terms and Conditions, prior the date when such amendments shall come into full force and effect by placing text of amendments at Bank's premises and Bank's website www.bib.eu.
- 2.5. If Client does not agree to these Terms and Conditions and/or Fee Schedule as amended by Bank, Client may discontinue conducting particular Transactions by giving Bank a written notification thereof before the date when the amendments come into force and effect. Prior to terminating partnership with Bank, Client is obligated to redeem all of the obligations vis-à-vis Bank. Client's failure to give Bank a written notice of objection with respect to the proposed amendments within a specified time frame shall be construed as tacit acceptance of the amendments made by Bank.
- 2.6. If any provision of these Terms and Conditions (because of the changes in the applicable laws of the LR) is determined to be invalid or unenforceable, then that particular provision shall be deemed invalid only within the limits of a particular prohibition. The validity of any other provisions of these Terms and Conditions shall not be affected and shall continue in full force and effect.

2. Application of the Terms and Conditions

- 2.1. These Terms and Conditions represent a document governing mutual relations between Bank and Client, which sets forth the rights and obligations of the Parties in connection with the Transaction, unless and to the extent that such mutual relations are stipulated in the agreements entered into between the Parties or in the terms and conditions governing separate Transactions.
- 2.2. If any provision of these Terms and Conditions (because of the changes in the applicable laws of the LR) is determined to be invalid or unenforceable, then that particular provision shall be deemed invalid only within the limits of a particular prohibition. The validity of any other provisions of these Terms and Conditions shall not be affected and shall continue in full force and effect.

- 2.8. These Terms and Conditions are made available at Bank's premises during Bank's normal operating hours and on Bank's website www.bib.eu.
- 2.9. In the event of any inconsistency between the Latvian language and the English language versions of these Terms and Conditions, the Latvian language version shall prevail.

3. Client Identification. Verification of Powers and Signatures

- 3.1. Bank performs Client identification in accordance with the procedure prescribed by (i) the applicable laws of the LR; and (ii) Bank's internal guidance documents.
- 3.2. Bank at any time may request and Client is obligated to furnish Bank with the identification documents, in a manner as specified by Bank.
- 3.3. Private persons are required to submit personal identification documents. Bank is entitled to identify a private person based on a driver's licence issued in the LR.
- 3.4. To carry out Transactions, Client is required to complete Bank-approved signature card designed to show Client's signature of Client representative's signature. When conducting Transactions, Bank carries out visual signature verification, i.e. Client's or the representative's signature -- appearing on the Transaction related document -- is matched against a genuine signature sample provided to Bank. Alternatively, Bank verifies Client's or the representative's identity against the personal identification document or the driver's licence issued in the LR. If Client has submitted to Bank the corporate seal sample and has specifically instructed Bank to carry out visual seal verification (when conducting all types of or particular Transactions), then the seal affixed to the Transaction-related document is matched against a genuine seal sample submitted to Bank. However, Bank is under no obligation to take into account the seal colour, i.e. the colour used to imprint the seal.
- 3.5. Client may empower and designate a third party to carry out Transactions on Client's behalf. Any powers so granted must be set forth in writing, notarised or otherwise confirmed in the presence of Bank's officer, except for cases where Bank has specifically given its express consent with respect to powers to be granted in any other manner.
- 3.6. The relevant power of attorney that is subject to a time limit shall continue in force until the expiry of its period of validity, unless Client gives Bank a prior written notice of cancellation of the power of attorney. Unlimited power of attorney continues in full force and effect until Client gives Bank a prior written notice of cancellation of the power of attorney. Bank shall not be liable in any manner whatsoever for any losses incurred by Client and caused by the cancellation of the power of attorney without having previously notified Bank in writing thereof.
- 3.7. Bank applies Client identification procedure to Client's authorised person as prescribed in this Section.
- 3.8. Bank may refuse to carry out Transactions or to otherwise co-operate with Client in cases where (i) Client fails to furnish Bank (in a manner prescribed by Bank) with all necessary documentation specifically requested by Bank for Client identification purposes; (ii) Bank has a reasonable doubt regarding the true identity of Client or Client's authorised person; (iii) Bank has a reasonable doubt as to whether the powers granted are sufficient and as to whether the power of attorney is compliant with the applicable laws of the Republic of Latvia.
- 3.9. Bank is under no obligation to verify the validity of the power of attorney, also with respect to the powers recorded (registered) with the Companies Registry of the Republic of

Latvia. If Bank determines that a private person (who has signed a document on Client's behalf) at the time of signing was not entitled to represent Client (while claiming that s/he acts in the capacity of the authorised representative), the private person in question shall assume all of the obligations arising out of the signed document and shall assume full responsibility for the obligations. When verifying the genuineness and consistency of the power of attorney, Bank shall be held liable for instances of gross negligence only.

- 3.10. In cases and in a manner specified by Bank, Client or its designated representative is entitled to submit to Bank orders or to originate remote banking Transactions (using the Internet Banking /also known as Online Banking, eBanking/, e-mail, facsimile, telephone and other means of distance communication), using a secure electronic signature or the unique identifiers /means of identification provided by Bank (the DigiPass identifier, security codes, passwords, etc.). The methods for using the unique identifiers are stipulated by the agreements entered into between the Parties.
- 3.11. If a document or an order submitted to Bank is signed with a secure e- signature (a digital signature has a corresponding component called a qualified digital certificate and is used for verification of secure e-signatures) and the digital certificate holds any limitations (the maximum amount, the scope of authorisations etc.) or is issued by a third party, known as a Certification Authority that has not been licensed by the National Data Agency (*Datu valsts inspekcija*) of the LR, Bank may refuse to accept such a document or an order.

4. Circulation of Documents

- 4.1. Upon Bank's request, Client is obligated to submit to Bank all required information and supporting documentation (contracts, agreements, invoices etc.) to prove the economic origin of the money available in Client's accounts or the origin of the funds or securities resulting from Transactions; for legal persons – the beneficial ownership and control structure of the corporate vehicle; business activities carried on by Client, Client's business partners and beneficial owners; personal (non-business) activities carried on by Client and the beneficial owner, financial position of Client and the beneficial owner, the true identity of the beneficial owners as well as other information and documents that Bank needs to comply with AML/CFT requirements. Bank may refuse to provide banking services to Client or refrain from Transactions as well as discontinue the existing business relationship with Client, if Client refuses to furnish Bank with the above information and /or documentation as requested by Bank.
- 4.2. Bank accepts the documents in Latvian, Russian and English languages. A document in a language other than Latvian, Russian and English must be accompanied by a certified translation into Latvian, Russian or English. The contents of the Agreements entered into between the Parties may only be formulated in Latvian, Russian or English.
- 4.3. The documents submitted by Client must be legible and easy to read and must contain clear, precise and unambiguous instructions. Bank-approved form must be completed fully and accurately.
- 4.4. Client must ensure that all information and paperwork submitted to Bank is true, accurate and complete and is submitted in a timely fashion. Bank may refuse to accept Client's paperwork, orders and applications and other documents that are illegible, inaccurate or wrongly filled-out. Bank shall not be liable for execution of erroneous Client's orders, inquiries and other similar documents or for delays in their execution.
- 4.5. Any corrections, deletions, confirmations, clarifications or repeated words contained in Client's orders must be fully explained. Bank is under no obligation to verify the consistency between the beneficiary's account name and beneficiary's

account number. Client is responsible for the correctness of the information contained in the order. If Client requests the changes to the order, Bank may submit the appropriate request to the destination/venue to which the order has previously been routed if Client has paid the fee as specified in the Fee Schedule.

- 4.6. When verifying the genuineness, accuracy and validity of orders, inquiries, applications, powers of attorney and other Client's documents or when focusing on the interpretation of the wording of the aforesaid documents, Bank shall be held liable for instances of gross negligence only. Bank is entitled to verify the above mentioned documents, if necessary, for up to 3 (three) banking days. Client or Client's representative will be notified of a time frame for proposed verification. If necessary, Bank may use third-party services (to outsource the verification of Client's documents).
- 4.7. In case of a discrepancy between the amount (as specified in Client's orders or other related documents) written in numerical figures and the amount written in words, the amount written in words shall be considered as correct. When using electronic payment systems (EPSs), the amount written in numerical figures shall govern.
- 4.8. Bank is entitled to request that additional confirmation is submitted whenever Bank has a reasonable doubt regarding the authenticity of the order where the order is submitted to Bank by Client or Client's representative in a non-face-to-face manner, thus giving rise to Bank's doubt as to the veracity of the order. Bank may halt the execution of the order until the additional Client's confirmation is received to the satisfaction of Bank. In this case Bank shall not be liable in any manner whatsoever for any loss incurred by Client through a late execution of the order.
- 4.9. Client's orders, inquiries and other related documents are executed in accordance with the terms and conditions applicable to the respective Transactions.
- 4.10. When making a payment under a letter of credit, collection, writ of execution, instrument permitting enforcement of the claim or any other writ, and when Client submits to Bank legalised (either in the form of consular legalisation or an apostille) or notarised foreign public documents, Bank shall only be responsible for ensuring that documents are formally conformant with applicable standard or generally accepted form, if any.
- 4.11. All Transactions-related inquiries, orders, notifications, applications, information and other related paperwork will be sent by Bank to Client's address as indicated in the agreements signed by the Parties, address indicated in Client's application, or in any other manner as determined by Bank. In cases stipulated by these Terms and Conditions, Bank is entitled to use electronic means of distance communication for sending Transactions-related inquiries, orders, notifications, information and other related paperwork.
- 4.12. All communications or documents shall be deemed to have been (i) received by Bank on the date when the respective letter of notice or document is registered in Bank's file registries; (ii) sent to Client on 5 (fifth) banking day after the respective letter of notice or document is delivered to the delivery/postal service, unless otherwise provided by specific terms and conditions for Transactions.
- 4.13. All Transactions-related documents are signed on Bank's behalf by persons duly designated and empowered by Bank.

5. Data Processing and Confidentiality

- 5.1. Bank shall maintain the confidentiality of the information related to Client, Client's accounts at Bank, Client's Transactions and Client's Transactions with third parties

(hereinafter referred to as „Client-related information“) in accordance with the applicable laws of the LR.

- 5.2. Client hereby expressly agrees that Bank is entitled to:
 - 5.2.1. disclose the Client-related and Transactions-related information to certain persons to the extent permitted and prescribed by the applicable laws of the LR;
 - 5.2.2. surrender information to and obtain information from the Bank of Latvia's Credit Registry to the extent permitted and prescribed by the Credit Registry Rules;
 - 5.2.3. disclose the Client-related information to third parties in cases of Client's failure to duly perform its obligations under the agreements entered into with Bank. Also, Bank may disclose the Client-related information to operators collecting personally identifiable information (PII operators), to the extent as may be necessary to the operators to perform their functions;
 - 5.2.4. disclose to and obtain the Client-related information from third parties whom Bank has contractually engaged to perform certain functions or to provide services in connection with the services rendered and activities carried out by Bank. In these cases Bank discloses to or obtains the Client-related information from the third parties in such total volume as may be necessary to ensure that a particular Bank's service is provided.
- 5.3. Pursuant to the applicable laws and the requirements of Bank's counterparties, the Client-related information may be disclosed to competent authorities in the EU and other countries to support their functions.
- 5.4. Client is entitled, free of charge, to obtain Client-related information stored in the Credit Registry. To this end, Client needs to file a written application to the Bank of Latvia and must comply with the procedure prescribed by the Credit Registry Rules.

The most current version of the Credit Registry Rules is maintained on the Bank of Latvia's website www.bank.eu.
- 5.5. Bank is entitled to refer to the Invalid Documents Registry, Penalties Enforcement Registry, Population Registry, Credit Registry and other third parties to request, obtain and process personally identifiable information (PII) and other information concerning the existing and potential clients, their designated representatives and beneficial owners, and other Client-related third parties.
- 5.6. Bank is entitled to process personally identifiable information on Client, Client's representatives and beneficial owners, and other Client-related third parties.
- 5.7. JSC „Baltic International Bank“ (registered office: Kalēju iela 43, Rīga, LV- 1050) acts as a data processing manager. The purpose of data processing is to maintain client records, to provide and offer ongoing services. Data processing is governed by the Personal Data Protection Act, Article 7, Cl. 1, 2, 3 and 6.
- 5.8. Bank is entitled to offer services, using postal services, telephone, facsimile, e-mail and other means of distance communication. Client may refuse to receive commercial notices.

6. Bank's Operations (Payments)

- 6.1. Bank accepts and pays out cash and other material values based on credit slips and debit slips to be filled out in accordance with Bank's requirements, during normal operating hours, at Bank's premises (Riga, Kalēju 47 and Grēcinieku 6).
- 6.2. Bank only accepts /approves Client's payment order according to the Fee Schedule, during Bank's during normal operating hours. A payment order submitted to Bank at the end of the day (after

- Bank's daily cutoff time) or at a day off/holiday shall be deemed to have been received on the next banking day.
- 6.3. Client undertakes to submit to Bank orders which satisfy the criteria of a proper order as approved by Bank. Bank shall have the right to refuse to accept orders if:
- order does not satisfy the criteria of a proper order as approved by Bank;
 - order is not completed in full, contains deletions, corrections or otherwise is not legible and easily readable;
 - Client is unable to prove lawful source of its funds or financial instruments;
 - in cases stipulated by the Remote banking services agreement entered into between Client and Bank.
- 6.4. Bank may, without Client's prior consent, accept any payment to be credited to Client's accounts. Bank is entitled to credit the incoming wire to Client's accounts solely on the basis of the account number stated in the payment order, if the account number and beneficiary name in the payment order are inconsistent. Also, Bank may credit Client's money to another Client's account, if Client's account specified in the payment order is closed.
- 6.5. Where Bank has a reasonable suspicion that the beneficiary specified in the payment order is not the holder of the account indicated in the payment order, Bank may reject and cancel the payment order. However, Bank is under no obligation to verify the consistency between the beneficiary and the indicated account number, as indicated in the payment order.
- 6.6. When accepting cash payment to Client's current account, Bank is not obligated to apply identification procedure on a person who pays in money, unless otherwise stipulated by the applicable laws of the LR.
- 6.7. When making a payment, Client is obligated to indicate Client's name, account number wherefrom the funds to be transferred, the amount of the transfer, beneficiary's given name and family name (or title), beneficiary's account number, beneficiary's personal ID number or registration number, beneficiary's full address, beneficiary's bank name and correspondent bank's name, addresses and bank codes of the banks, as well as other transfer-related payment details/particulars, as required by Bank, beneficiary's bank or correspondent bank. To make it clear what payment details/instructions are to be indicated, Client may contact Bank for information and Bank undertakes, as far as possible, to render assistance to Client. If Client fails to indicate the necessary payment details, the payment order may be rejected and cancelled by Bank. If Client (i) fails to properly indicate correspondent bank details or transaction code, if so required by the applicable laws of the jurisdiction where the correspondent bank is based or (ii) indicates erroneous correspondent bank details, Bank is entitled to indicate correct details with respect to this payment order, according to the information possessed by Bank and according to Bank's own choice, without the prior consent and approval of Client. If this is a payment to other bank (credit institution) in Latvia, the beneficiary's bank may execute the payment order relying only on the beneficiary's account number in IBAN format, as indicated in Client's order.
- 6.8. In case of 'BEN' charging option (as indicated by Client in a payment order, which means that foreign-bank charges are borne by the beneficiary), the beneficiary bears all charges of the banks (beneficiary's bank and correspondent bank) engaged in the transfer of the payment. The beneficiary's bank and correspondent bank are entitled to deduct their charges from the remittance amount.
- In case of 'OUR' charging option (as indicated by Client in a payment order, which means that foreign-bank charges are borne by the remitter), Client bears all transfer-related charges of the beneficiary's bank and correspondent bank. Bank is entitled to deduct the charges payable to the beneficiary's bank and correspondent bank from any account held by Client with Bank, without Client's prior consent and approval.
- 'SHA' charging option (as indicated by Client in a payment order) means that transfer-related charges are shared between the remitter and the beneficiary. In the 'SHA' arrangement, Client pays its bank's outgoing transfer charge, while the beneficiary bears the charges of all the other banks (the beneficiary's bank and correspondent bank). The beneficiary's bank and correspondent bank are entitled to deduct their charges from the remittance amount, either before or after the remitted funds are credited to the beneficiary's account.
- 6.9. Bank may reject and cancel Client's payment order, if Client's account does not hold a sufficient amount of money to cover the transfer and to pay the related fees and charges according to the Fee Schedule. Where a payment is denominated in any specific currency, but Client's account holds insufficient sum of money in the respective currency, Bank has the right, but not the obligation, to use Client's funds in any other currency. In this case Bank executes Client's payment order by way or converting one currency into the required currency (without Client's specific instruction) according to Bank's exchange rate effective for the date of the conversion.
- 6.10. If Client submits to Bank multiple payment orders whose total amount exceeds the sum of money available in Client's account, Bank may at its absolute discretion execute the payment orders upon its sole determination (under the optional sequence), except for cases where Client files a written request that the payment orders be executed under the definite sequence.
- 6.11. If Client submits to Bank the order for outgoing wire transfer within the time frame specified in the Fee Schedule, the amount will be remitted to the beneficiary's bank not later than the execution day as specified in the Fee Schedule. Bank cannot guarantee the completion of the money remittance within a certain time frame in cases where the transfer involves one or multiple intermediary (correspondent) banks. The amount of the incoming wire transfer is transferred by Bank to the beneficiary not later than the next banking day after the acceptance of the order for the incoming wire transfer or not later than the day as indicated in the order for the incoming wire transfer, subject to the condition that the incoming payment order shows a later payment date and the incoming payment order is accepted.
- 6.12. Bank is responsible for a proper execution of outgoing and incoming payment orders according to the relevant agreements signed by Bank and Client and the applicable legislative acts of the Republic of Latvia (including, but not limited to, Law on Payment Services and Electronic Money). Client is entitled to lodge against Bank well-grounded complaints/grievances with respect to improperly executed Client's order in cases and order stipulated by the Law on Payment Services and Electronic Money.
- 6.13. As for interbank funds transfers, Bank shall be deemed to have discharged its order-related obligations at the moment that the remitted amount is credited to the beneficiary bank's correspondent account denominated in the respective currency. Bank shall not be liable in any manner whatsoever for payment of the remittance amount to the beneficiary indicated in the payment order.
- 6.14. Value-dating applied to payments involving Client's accounts. The value dates are determined as follows:
- 6.14.1. For incoming payments, the value date is regarded to be the date (banking day) on which the amount is credited to Client's account;
 - 6.14.2. For outgoing payments, the value date is regarded to

- be the date (banking day) on which the amount is debited from Bank's correspondent account according to the Fee Schedule.
- 6.15. Client is entitled to submit to Bank a cancel order according to Bank- approved form. In this case Bank does not guarantee the non-execution of the order. As far as possible, Bank gets in touch with the beneficiary's bank or intermediary banks to agree upon refunding of the remittance amount, if this is possible. Bank will credit the refundable amount to Client's Account only after Bank has received a previously remitted payment from the beneficiary or other banks and Client has paid the respective fee according to the Fee Schedule.
- 6.16. Bank shall not be held liable for errors (erroneously instructed payments), negligence, delayed payments and losses suffered by Client through Client's own fault if Client's payment order contains erroneous or incomplete beneficiary details.
- 6.17. Bank shall not assume any responsibility or liability for errors, negligence and delayed payments of third parties, including correspondent banks, as well as for any adverse consequences resulting from an impaired financial condition of such third parties.
- 6.18. When paying out cash to Client, Bank applies identification procedure on Client or Client's authorised representative in accordance with these Terms and Conditions.
- 6.19. Bank pays out cash based on properly completed payment document, i.e. a fully completed and signed debit slip.
- 6.20. Bank does not pay out cash and other material values if:
- 6.20.1. the beneficiary has not signed the debit slip;
- 6.20.2. the beneficiary cannot be identified according to the requirements set forth by Bank.
- 6.21. Bank may require that Client notifies Bank of the intended cash withdrawal in a timely manner.
- 6.22. Client or its authorised representative must check the money immediately upon receipt, in the presence of Bank's officer. Any complaints/grievances submitted later shall not be accepted. Failure to lodge a complaint as prescribed herein will be regarded as Client's unambiguous approval of the Transaction.
- 6.23. Bank carries out foreign-currency conversion transactions according to Bank's exchange rate effective for the date of the transaction. Client conducts forward and swap transactions under the terms of the relevant agreement sealed with Bank; Bank requires that a security deposit be provided by Client.
- 6.24. Client is obligated to keep track of its account activity (movement of its accounts). Any complaints with respect to transactions that have been posted or have not been posted to the account must be submitted to Bank not later than within 30 (thirty) days from the date on which the transaction has been posted to the account or from the date on which the proposed transaction should have been posted to the account, unless otherwise stipulated by the agreements between the Parties. Failure to lodge a complaint within the stated time frame will be regarded as Client's unambiguous approval of the posted or non-posted transactions.
- 6.25. If any sum of money is mistakenly credited to Client's account through either involuntary omissions or typing errors on Bank's part or without any valid reason / sufficient legal grounds, Bank is entitled, without the prior consent and approval of Client, to refund the amount and to post the appropriate reversing entry to the account.
- 6.26. Bank may impose limits on Client's transactions, or completely refuse to conduct any transactions involving Client's account, or refrain from executing such transactions. Bank is entitled to execute Client's orders in cases stipulated by Bank's internal guidance documents and the applicable laws of the Republic of Latvia (including the Regulations issued by the Financial and Capital Market Commission).
- 6.27. Client agrees that Bank may debit, without the prior consent and approval of Client, Client's accounts for any amounts due and payable to Bank:
- 6.27.1. in cases and manner prescribed by the applicable laws and regulations of the Republic of Latvia;
- 6.27.2. to pay for services provided by Bank under the relevant agreement between the Parties and according to the Fee Schedule;
- 6.27.3. in cases where any sum of money is credited to Client's account through either involuntary omissions, errors or without any valid reason / sufficient legal grounds;
- 6.27.4. Bank is entitled to use the funds deposited in Client's account to repay any Client's obligations vis-à-vis Bank. If Client's obligations are denominated in a currency other than the currency of the funds held in Client's account or the funds denominated in the respective currency are insufficient, then other-currency-denominated funds available in Client's account are converted into the required currency according to Bank's exchange rate effective for the date on which the obligations are repaid.
- 6.28. Bank is entitled, without obtaining a prior approval from Client, to apply a 'blocking-of-funds' procedure (according to which the funds held in Client's account /accounts are earmarked and made unavailable for any transaction):
- (i) in the event that the final maturity date of the obligations (as scheduled in the agreements and contracts between Bank and Client) has arrived, while the obligations are still outstanding;
- (ii) in cases and manner prescribed by the applicable laws of the Republic of Latvia.
- 6.29. Bank shall not be responsible for Client's tax liabilities. Pursuant to the applicable laws of the Republic of Latvia, Bank deducts and withholds taxes from the amounts paid out to Client.
- 6.30. Pursuant to the Law on Payment Services and Electronic Money, Client shall bear the losses relating to payment transactions.
- 6.31. Bank has the right to credit euro-denominated funds to Client's account without obtaining Client's consent and regardless of the currency in which Client's obligations are denominated and which is specified in the payment order or other document. Bank converts the currency according to:
- 6.31.1. the exchange rate established by Bank and valid for the day on which the money is credited to the account if the money is credited to Client's account;
- 6.31.2. the exchange rate established by the counterparty or business partner if money credited to Client's account is the money resulting from a transaction in financial instruments.
- 6.32. Bank has the right, without first receiving Client's consent, to:
- 6.32.1. execute Client's payment order in euro, irrespective of the currency specified in the payment order, by converting the amount according to Bank's exchange rate valid at the time of the conversion (Client must provide Bank with the relevant details to enable Bank to execute the payment order in euro; in the absence of the required details Bank will be entitled to refuse to execute the payment order);
- 6.32.2. convert (unilaterally, without giving Client prior notice) the amount of money held in Client's account in any currency from that currency to euro according to Bank's exchange rate valid at the time of the conversion.

7. Bank's Service Fees

- 7.1. Bank provides to Client for-a-fee services and applies commissions, fees, interest (rates) and other charges.
- 7.2. Bank's Fee Schedule outlines the fees to be charged and the

procedure for charging fees, except for cases where fee amounts and the procedure for charging fees are stipulated in the agreements signed between the Parties.

- 7.3. Bank's current Fee Schedule is available for public review at Bank's premises during normal operating hours. Also, it is available on Bank's website at www.bib.eu.
- 7.4. As for services not specifically listed in the Fee Schedule but having been provided for the purpose of executing Client's order, Bank is entitled to charge a fair and reasonable fee, unless otherwise agreed upon between the Parties.
- 7.5. If Client fails to pay a service fee, interest or any other charges due and payable to Bank according to the Fee Schedule and /or under the agreement between Bank and Client, Bank may discontinue the service to Client without prior notice.
- 7.6. If Bank -- under the relevant agreement between Bank and Client or based on Client's specific consent -- uses third-party services at Client's expense, Bank furnishes Client with all supporting documents providing proof of the expenses and Client is obligated to reimburse Bank for the expenses. Client is also required to pay all additional expenses: charges for communication services, such as postal, telephone, fax transmission services, etc.; fees/charges associated with the access to public registry information to verify the identity of Client's Beneficial Owner and of the authorised signers designated by Client; document translation into languages specified in 4.2 above, if Client has not provided the required translation); other expenses incurred by Bank in partnering with Client and in executing Client's orders and instructions. Bank shall debit Client's account for any additional expenses due and payable to Bank, without the prior consent and approval of Client. Upon receipt of Client's written request, Bank will furnish Client with documentary proof of the expenses.
- 7.7. Bank is entitled to obtain (at Client's expense) all necessary information, documentation and other evidence to be used for the following purposes: to conduct Transactions; to verify collateral-related information (collateral verification and inspection, management or alienation /disposal); to obtain excerpts from public registries, certifications / acknowledgements given by public entities, insurance documents, material (physical) evidence, and other documents. Bank is entitled to debit Client's accounts for all expenses in connection therewith, without the prior consent and approval of Client.

8. Collateral

- 8.1. All the money and financial instruments (including improvements, additions, accessions and other subsequent increments upon them), which are held in or will be credited to Customer's accounts with Bank or to which Customer otherwise is entitled, serve as financial collateral pledged to secure Customer's existing (and potential future obligations) owed to Bank (hereinafter referred to as the Financial collateral) within the meaning of the Financial Collateral Act [*Finanšu nodrošinājuma likums*] of the Republic of Latvia. The Financial collateral secures all Customer-owed obligations whose amount will be assessed at the time of selling the Financial collateral, including all interest, penalty charges, expenses and losses to be incurred by Bank as a result of Customer's default (non-fulfilment of obligations) and the sale of the Financial collateral.
- 8.2. If Customer fails to perform its obligations owed to Bank and/or Bank possesses the right of claim against Customer and /or any event or circumstance, as mentioned in the Terms and Conditions or any agreements concluded between Customer and Bank (resulting in that Bank may unilaterally terminate the Agreement or halt any Transaction / refrain from executing any Transaction), then Bank shall be

entitled to satisfy all its claims against Customer through selling the Financial collateral. Bank may, in its sole discretion and according to the order (priority) and manner prescribed by Bank, without giving a prior notice (reminder letter) and without Customer's Order:

- 8.2.1. sell such a certain portion of the financial instruments held in the Financial instruments account at a free market price (including in Bank's favour) which will be sufficient to fully repay Customer's obligations owed to Bank, and
 - 8.2.2. transfer /write off, in Bank's favour, the amount of money (held in any Customer's account with Bank or the money to which Customer otherwise is entitled) which will be sufficient to fully repay Customer's obligations owed to Bank.
- 8.3. Bank may use the property (serving as the Financial collateral) by replacing it with the equivalent collateral.
 - 8.4. Customer is not allowed, without the explicit consent of Bank, to alienate (sell), re-pledge the Financial collateral, change the components (items) and reduce the value of the collateral. Customer is obligated to notify all interested persons of the creation of the Financial collateral in Bank's favour. Bank may enforce its right of possessory retention/lien over the Financial collateral. Also, Bank may apply a 'blocking-of-funds procedure' whereby the Financial collateral held in the accounts is earmarked and made unavailable for any transaction until Customer fulfils its obligations owed to Bank and/or until maturity date arrives, and/or until Bank sells the Financial collateral.
 - 8.5. Bank, at its sole discretion, may require that Client's provides collateral to secure its obligations vis-à-vis Bank or increases the amount of the existing collateral.
 - 8.6. Bank is entitled to communicate with Client and send information, inter alia, but not limited to, reports, demands, notices, explanations and answers to Client's letters, demands and/or claims and etc. by using Accepted Electronic Communication Means, if only provisions of agreement concluded between Bank and Client does not provide other communication and information exchange order.

9. Netting and Assignment of Rights

- 9.1. Bank is entitled, without the prior consent and approval of Client, to use balance amounts available in Client's accounts to settle Client's obligations vis-à-vis Bank on a net basis (netting system operates so that one financial obligation is exchanged for a similar, offsetting obligation). Client may initiate a netting arrangement whereby amounts Client owes are set off against amounts owed to Client only in cases where Client's claims are undisputable and declared by a court judgment as being well-grounded and the court judgment is in full force and effect. Netting of payments may only be conducted in the same currency or, if Bank gives its express consent, in any other currency, by converting the funds (at Client's expense) according to Bank's exchange rate effective for the date of the currency conversion. Bank is entitled to offset between Client's claims and client's liabilities vis-à-vis Bank.
- 9.2. To protect its claim against Client, Bank is entitled to exercise the right of retention, and Client agrees that Bank is granted a right of retention in respect of all funds or securities available in Client's accounts as well as in respect of any other property owned by Client and lawfully possessed or held by Bank, to the extent that is necessary to secure Client's obligations vis-à-vis Bank.
- 9.3. Bank is entitled to assign (transfer) its claim vis-à-vis Client to third parties without the prior consent and approval of Client. Client may assign its claim rights vis-à-vis Bank to third parties only with the written informed consent of Bank.

10. Inheritance

- 10.1. In the event of Client's (who is a private person) death, any person claiming to be the decedent's successor/heir/legatee must submit to Bank (i) legal documents relating to heirship matters, which satisfy specific content-and- form requirements (as set forth in the applicable laws of the LR) and prove that the claimant is lawfully entitled to the estate-leaver's (Client's) property; (ii) the claimant's personal identity documents /valid pieces of identification. Bank verifies the claimant's identity according to the procedure prescribed herein.
- 10.2. Primarily, all sums due and payable to Bank are deducted from the decedent's accounts which form a part of the assets in the decedent's estate. The amount remaining after the deduction will be paid out to the decedent's (Client's) heirs.

11. Additional Obligations of Client

- 11.1. Client is obligated to immediately notify Bank in writing of all changes to the information previously presented by Client to Bank.
- 11.2. Client is obligated to immediately notify Bank of all changes and circumstances viewed as significant in relation to Transactions, including, but not limited to personally identifiable information (given name, family name, personal ID number, other identification data, legal capacity, corporate name, street address (registered office) and other contact information-related changes, changes in the list of authorised persons, changes in the scope of powers granted to the authorised persons; commencement of corporate reorganisation, merger, division, filing for insolvency / bankruptcy or dissolution (liquidation); material changes in the financial condition. The obligation to provide notice of such changes remains in full force and effect also in cases when such changes are made publicly available.
- 11.3. Client is obligated to immediately notify Bank in writing of all circumstances that can jeopardise the safety of the financial assets held in Client's accounts, as well as of potential third-party fraud attempts.

12. Responsibility

- 12.1. The Parties are responsible for non-performance or improper performance of their respective obligations.
- 12.2. Bank shall bear the cost of any direct consequential loss incurred by Client solely to the extent of Bank's gross negligence or intentional non-fulfilment of its obligations.
- 12.3. Bank shall not be liable in any manner whatsoever for non-fulfilment of its obligations and the resulting loss incurred by Client if such loss could not be definitely foreseen by Bank or if Bank did not need to foresee such loss at the time of negotiating the Transaction.
- 12.4. Bank shall not be liable for the activities of third-party intermediaries involved in the execution of a Transaction, including, but not limited to, correspondent banks and brokerage companies.
- 12.5. Payment of the penalties -- stipulated in the agreements entered into between Bank and Client -- shall not relieve and exempt Client neither from any further obligations, nor from the obligation to pay in full interest and to reimburse Bank for the amount of loss.
- 12.6. Bank shall not be responsible for any loss suffered by Client due to adverse swings in the prices for financial instruments and other investment products, exchange rate fluctuations, interest rate volatilities, index fluctuations, refusals by the issuers of financial instruments to fulfil their respective obligations, and other risks associated with Client's investments.
- 12.7. Client is obligated to indemnify Bank for losses -- and Bank shall not be liable for losses incurred by Client -- if such losses are caused by (i) Client's failure, either deliberately or through

negligence, to provide to Bank information (as stipulated herein and in the agreements concluded between Bank and Client); (ii) the provision of misleading, incorrect, and incomplete information; (iii) Client's failure to give notice of any changes in the information previously submitted to Bank.

- 12.8. The Parties shall not be responsible or liable for non-fulfilment of their respective obligations when such non-fulfilment arises out of force majeure events or any other circumstances which could not be definitely foreseen, affected or prevented by the Parties.

13. Governing Law and Arbitration

- 13.1. The legal relationship between Bank and Client shall be governed by the applicable laws of the LR, unless the agreements between Bank and Client expressly stipulate that, in certain specific instances, laws of other jurisdictions are applied.
- 13.2. Bank's "Rules for Handling Client Complaints and Disputes" are available for public review at Bank's premises during normal operating hours and on Bank's website www.bib.eu.
- 13.3. All disputes, discords or claims that arise between the Parties and that cannot be resolved through mutual negotiations shall be finally settled, (unless otherwise stipulated in the agreements entered into between the Parties), at the discretion of the complaining party at one of the following courts:
- 13.3.1. applying the prorogative jurisdiction {it means that the Parties agree in advance upon a specific dispute resolution forum; the forum is the free, voluntary choice of the Parties; thus, the agreement contains 'prorogation of jurisdiction' clause, also known as 'the consent to jurisdiction and forum selection' clause} (unless the dispute falls within the exclusive jurisdiction, in a trial court (also known as court of first instance) of the Republic of Latvia: (1) the Riga City Vidzeme Suburb Court [Rīgas pilsētas Vidzemes priekšpilsētas tiesa]; **or** (2) the Riga Regional Court [Rīgas Apgabaltiesa]; in accordance with the subject-matter jurisdiction stipulated by the Civil Procedure Act [Civilprocesa likums] of the Republic of Latvia (the Civil Procedure Act of the Republic of Latvia, Article 25); **or**
- 13.3.2. the Court of Arbitration run by the Association of Latvian Commercial Banks [Latvijas Komerčbanku asociācijas šķīrējtiesa] (registration number: 40003746396, headquartered in Riga), in accordance with the applicable laws of the Republic of Latvia, the Charter and Standing Order of these Court of Arbitration and Regulations on Sue Charges of the Court of Arbitration run by the Association of Latvian Commercial Banks. The provisions of the foregoing instruments shall deem to have been included within the body of this clause. The panel shall be composed of a sole arbitrator. The Parties charge the Chief Justice of the Court of Arbitration run by the Association of Latvian Commercial Banks to appoint the arbitrator. The language applicable to the arbitration shall be Latvian; **or**
- 13.3.3. court having jurisdiction over the place where the defendant (private person) is domiciled or where the defendant (legal entity) has its actual seat or registered office.
- 13.4. Client (considered a Consumer) has the right to submit a written claim to the Ombudsman of the Association of Latvian Commercial banks in respect of services provided by Bank. The Ombudsman of the Association of Latvian Commercial banks is located in Riga at the following address: Pērses ielā 9/11, Rīgā (website: www.lka.org.lv/lv/ombuds/).

14. Discontinuance of Transaction

- 14.1. Bank is entitled to unilaterally terminate the agreement concluded between the Parties (without reimbursement of loss incurred by Client) by giving Client a notice of intention to terminate 2 (two) months prior to the intended date of termination, except where it is otherwise stipulated in the respective agreement between the Parties.
- 14.2. Bank is entitled unilaterally without prior notification to terminate the agreement concluded between the Parties and discontinue execution of any specific Transaction in the following cases:
- 14.2.1. Client refuses to provide or has provided false or incomplete information: about himself/herself/itself, its beneficial owner, authorized person and/or user of Bank's provided services; business or personal activity of Client, its beneficial owner and/or authorized person; financial condition of Client, its beneficial owner and/or authorized person; source/origin of funds involved in Transaction;
 - 14.2.2. Bank has suspicion about authenticity, legal force as well as truthfulness of information specified in the documents and information compliance with factual circumstances;
 - 14.2.3. if Bank has suspicion that a person acting on Client's behalf has not been properly identified or duly authorised;
 - 14.2.4. if Bank has suspicion that Client is related to an actual or attempted money laundering or terrorism financing, that Client is related to any illegal or fraudulent activity or its dishonesty, as well as that a specific Transaction is related to illegal or fraudulent activity;
 - 14.2.5. if in Bank's notice has come negative information (or Bank has suspicion) on Client's identity, reputation, business or personal activity, conducted transactions, contractors or business partners, or also other kind of information, which may adversely affect Bank's reputation or public image, if continuing relations with Client;
 - 14.2.6. if in Bank's notice has come negative information (or Bank has suspicion) on Client's beneficial owner's and/or authorized person's, and/or user's of certain

Bank's provided services identity, reputation, business or personal activity, contractors or business partners, their relation to actual or attempted money laundering or terrorism financing, their illegal or fraudulent activities, or dishonesty, or other kind of information which may adversely affect Bank's reputation or public image, if continuing relations with Client;

- 14.2.7. within the time frame specified by Bank, Client fails to satisfy Bank's well-grounded request to provide collateral to secure its obligations vis-à-vis Bank or to increase the amount of the existing collateral;
- 14.2.8. insolvency, bankruptcy or liquidation action is initiated against Client;
- 14.2.9. if Bank has suspicion on Client's legal ability and legal capacity as well as Client's death;
- 14.2.10. if Client does not perform obligations set forth in any agreement concluded between Bank and Client;
- 14.2.11. in cases when according to the applicable legislative acts the Bank is entitled and/or is obliged to decline (terminate) concluded agreement and cease legal relationship (cooperation) with Client;
- 14.2.12. if according to the applicable LR legislative acts a decision on Client's money (hold on Client's account) levy, arrest and/or confiscation has been adopted or decision to freeze money/stop debit operations has been adopted (limited account activity);
- 14.2.13. if Client has not carried out transactions through the Account for the past 6 (six) months), and the Account shows a zero balance of money;
- 14.2.14. other cases as stipulated in the agreements concluded between the Parties.

15. Final Provisions

- 15.1. In the event of Bank's bankruptcy or dissolution (liquidation) filing as well as in other cases prescribed by the LR laws and regulations, Client is eligible to receive a pay-out (the insurance threshold on Client's deposits held with Bank) guaranteed by the Deposit Guarantee Scheme (DGS) to the amount and manner prescribed by the Deposit Guarantee Law.
- 15.2. Bank's activity is supervised by the Financial and Capital Market Commission (hereinafter referred to as the FCMC) and Bank-related information is available in the Licensed Payment Institutions Registry maintained by the FCMC.

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