

## TERMS OF DISTRIBUTION OF UNITS OF THE FRANKLIN TEMPLETON INVESTMENT FUNDS

1. JSC Baltic International Bank (referred to hereinafter as the Bank) distributes units of the Franklin Templeton Investment Funds, an open investment fund (referred to hereinafter as the Funds), in the Republic of Latvia based on the Agreement of Distribution made between the Bank and Franklin Templeton International Services S.A., a company managing the Funds (referred to hereinafter as the Funds Manager).
2. These Terms establish the procedure according to which the Bank distributes units of the Funds and accepts and executes orders of subscription for units of the Funds submitted to the Bank. These Terms take effect upon their approval by the Bank Board. The Terms of Distribution of Units of the Franklin Templeton Investment Funds approved by the Meeting of the Bank Board of 16 May 2013 (Minutes No 01-05/20/13) become null and void as of the date of approval of these Terms.
3. The Bank will distribute units of the Funds according to the prospectus of the Funds. A list of the Funds is available on the Bank website [www.bib.eu](http://www.bib.eu).
4. The Bank offers units of the Funds for distribution to those customers who have already applied for broker services and have therefore submitted an Application for the Provision of Broker Services to the Bank signed by the customer (referred to hereinafter as the Application) and accepted by the Bank.
5. The Bank is entitled to an additional benefit – an inducement – for the distribution of units of the Funds. The extent of such an inducement is calculated according to an algorithm determined by the payer of the inducement and may depend, among other things, on the amount of funds accumulated by the Bank in this product. Upon request by the customer the Bank shall provide the customer with a detailed explanation of the calculation of the additional benefit – the inducement – in respect of each individual payer of the inducement.
6. The Bank warns the customer, expressly and explicitly, that by offering to purchase units of the Funds the Bank acts only and solely as a distributor of units of the Funds and bears no liability for any financial risks whatsoever that the customer may incur by subscribing for and purchasing, exchanging or selling back units of the Funds, including but not limited to any risks related to fluctuations in the prices of units of the Funds and the possible loss of investment. A description of the characteristics of the risks is available at the Bank website [www.bib.eu](http://www.bib.eu). The Bank informs the customer that according to the provisions of the Funds prospectus the calculated actual prices of units of the Funds are published and are available at the website of the Funds Manager [www.franklintempleton.lu](http://www.franklintempleton.lu). The Bank warns the customer that the Bank undertakes no liability for any errors in the price publications, late publication of or failure to publish the prices.
7. Based on the information provided by the Funds Manager the Bank informs the customer about the minimum level of investment required to subscribe for units of the Funds.
8. Orders for subscription to, exchange or sell back of units of the Funds (referred to hereinafter as the Order) are accepted by the Bank at the Bank premises at 6 Grecinieku Street, Riga, LV-1050, Latvia on its working days from 9:30 a.m. till 5:00 p.m. or via any other channels of mutual communication provided for in the Agreement.
9. The Bank accepts an Order and forwards it to the Funds Manager for execution subject to compliance with all the preconditions for the performance of the Order stipulated in the Agreement.

10. Any Orders by the customer regarding transactions in units of the Funds are executed in accordance with the Policy for the Execution of Customer Orders for Transactions in Financial Instruments available at the Bank website [www.bib.eu](http://www.bib.eu).
11. Upon receipt of an Order the Bank verifies whether the customer has a sufficient amount of funds and/or units of the Funds required for the execution of the Order. The Bank is entitled to refuse to execute an Order in the cases and according to the procedure provided for in the Agreement. The Bank will notify the customer immediately in case of refusal to execute an Order.
12. Any approvals of the execution of an Order will be sent to the customer according to the Agreement.
13. The Bank warns the customer that the Funds Manager reserves the right to refuse to execute any Order, in full or in part, at its discretion.
14. Commission fees will be charged by the Bank for ensuring execution of Orders according to the pricelist of the Bank available at the Bank website [www.bib.eu](http://www.bib.eu).
15. The Bank will publish all information received from the distributor of the Funds about the Investment Fund and units of the Funds at the Bank website [www.bib.eu](http://www.bib.eu) according to the Distribution Agreement and laws and regulations effective in the Republic of Latvia. The Bank provides no other data, forecasts or offers in respect of units of the Funds other than those received by the Bank from the Funds Manager as part of the distribution of the Fund units.