

APPROVED

at the meeting held by
JSC „Baltic International Bank” Board
on 26 March 2015
Minutes No 01-05/12/15

GENERAL INFORMATION CONCERNING AN INVESTMENT SERVICES PROVIDER AND INVESTMENT SERVICES

In accordance with the Financial Instruments Market Act [*Finanšu instrumentu tirgus likums*] of the Republic of Latvia and the requirements of normative instruments issued by the Financial and Capital Market Commission, JSC „Baltic International Bank” (hereinafter referred to as Bank) has prepared this information to help its clients, both current and prospective, familiarise themselves with a provider of investment services, investment services, and the most important terms and conditions for provision of investment services (core services) and ancillary (non-core) services.

1. INFORMATION ABOUT BANK	
Official corporate name	Joint Stock Company „Baltic International Bank”
Registered office	Riga, Latvia: Kalēju iela 43, Rīga, LV-1050, Latvija
Head office (street address)	Grēcinieku iela 6, Rīga, LV-1050, Latvija
Telephone	(+371) 67000444
Fax	(+371) 67000555
E-mail	info@bib.eu
Website address	www.bib.eu
Bank's licence	Bank hereby confirms that on 8 April 1993 it obtained the License to carry on the business of a credit institution from the Financial and Capital Market Commission of the Republic of Latvia (Kungu iela 1, Rīga, LV-1050, Latvija; website address: www.fktk.lv). The license also gives Bank legal permission to provide investment services (core services) and ancillary (non-core) services.
2. DELIVERY OF INFORMATION AND MEANS OF COMMUNICATION	
Language used while communicating with clients	Bank may communicate with its client and send documents and other information in Latvian, Russian and English. Client may choose the appropriate language preference.
Methods of information sharing	Bank and its client may communicate in person (in a face-to-face manner), telephonically, in writing and via electronic means, including the remote banking system. Bank and its client agree upon using a specific means of communication at the time of signing the respective investment services agreement. Also, client signs Application for Brokerage Services which,

	together with the Rules Governing Brokerage Services, Client Order Execution Policy (transactions in financial instruments) and Description of Financial Instruments and Inherent Risks, constitute the entire Brokerage Services Agreement.
3. REPORTS RELATING TO INVESTMENT SERVICES	
Legal basis for providing the reports	<ul style="list-style-type: none"> – the Financial Instruments Market Act; – Normative instruments issued by the Financial and Capital Market Commission; – Bank's internal procedures; – Agreements entered into between Bank and client.
Information and other related documents to be provided to client	<ul style="list-style-type: none"> – Order execution confirmation (concerning the execution of client's order for transactions in financial instruments); – Summary of the transactions carried out by Bank in client's favour while providing asset management service to client; – A statement of client's financial instruments account; – Additional information about corporate actions (certain types of actions that directly affect financial instruments) and other information and documents relating to the administration of client's financial instruments account and transactions executed on client's behalf.
Timeframes for the provision of information and other related documents	<p>Bank sends the respective order execution confirmation to client:</p> <ul style="list-style-type: none"> – no later than the next banking day following the day on which the order has been executed; – no later than the next banking day following the day on which the respective confirmation has been received from a financial intermediary if the financial intermediary provides such confirmation. <p>Bank provides the summary of</p> <ul style="list-style-type: none"> – the transactions carried out by Bank in client's favour while providing asset management service to client, and – the composition and the value of the assets <p>once every month. Client has the right to request that a separate report be provided for each transaction.</p>
Statements of financial instruments account	<p>Bank furnishes client with a statement of financial instruments account (covering the previous calendar month) prior to the 5th (fifth) day of the next month; if the fifth day of the month falls on a Saturday, Sunday or legal holiday, Bank retains the right to furnish client with a statement of financial instruments account on the next banking day.</p> <p>Within 2 (two) banking days after receiving the respective letter of request from client, Bank issues a statement of financial instruments account in respect of:</p> <ul style="list-style-type: none"> – client's transactions (involving one, several or all financial instruments) executed in a specific period of time; – client's transactions (involving one, several or all financial instruments) executed during the entire life of the financial instruments account; – a particular transaction involving financial instruments; – client's financial instruments recorded in (posted to) the financial instruments account; – the previous period till client-specified date of the current month.

4. PROTECTION OF CLIENT'S FINANCIAL INSTRUMENTS AND MONEY

System for guaranteeing bank deposits	<p>Bank is a member of the Deposit Guarantee Scheme (DGS) of the Republic of Latvia.</p> <p>The Deposit Guarantee Scheme applies to the money that is held in Client's investment account and is remitted to the account within the framework of brokerage services. The DGS does not apply to the money that is remitted to the <i>cash-under-management account (used to account for the money) and is transferred for being managed by Bank</i> under the asset-management arrangement.</p> <p>Under the DGS, the amount guaranteed to a client is limited to the amount held in the investment account (while taking into consideration also other placements /deposits held with Bank); however, the statutory upper limit for reimbursement per depositor (the individual cap on government-guaranteed deposit) will not total more than EUR 100,000, it being understood as follows: if a client holds multiple deposits at the same deposit-taking institution, the coverage limit guaranteed by the DGS is applied to the aggregate of all deposits held by the client at the institution (the guaranteed deposits are summed up and are considered to be a single guaranteed deposit).</p> <p>Client is not required to file to the deposit-taking institution the application and other related documents to substantiate the depositor's right for a guaranteed reimbursement. Bank itself prepares the list of clients to whom the insurance threshold on bank deposits is to be paid out.</p> <p>The Deposit Guarantee Act [<i>Noguldījumu garantiju likums</i>] specifically provides for the cases when reimbursement guaranteed is not paid out to a depositor. For example, reimbursement guaranteed is not paid out for:</p> <ul style="list-style-type: none">– guaranteed deposits stemming from a particular claim against Bank, which in turn has arisen or may have arisen due to the fact that Bank has carried out transactions involving bearer certificates of deposit or bearer bonds;– Bank-issued debt securities that have an original maturity of more than one year.
Investor protection system	<p>Bank is a member of the Investor Compensation Scheme of the Republic of Latvia.</p> <p>Bank's client, that receives brokerage services and asset management services, has the right to obtain compensation in respect of irreversibly lost financial instruments and loss or damage caused by non-provision of any investment service - the compensation scheme operates where Bank appears unable to meet its obligations fully and in a timely manner because of Bank's financial problems. The compensation scheme shall not have effect in relation to the situations where Bank fails to perform investment services during the normal course of business.</p> <p>The total amount of compensation that client is entitled to receive is limited to the lesser of 90 percent of the total amount of all eligible investments (value of irreversibly lost financial instruments) or of the amount of loss caused by non-provision of any investment service, but not more than EUR 20,000.</p> <p>The compensation will be paid only to those investors who have submitted the respective application to the Financial and Capital Market Commission. Application for reimbursement must be submitted within a one-year time</p>

	<p>frame -- as soon as client becomes aware of Bank's default on its obligations, but not later than five years after the date when such a default first occurred.</p> <p>The compensation scheme shall not operate where client suffers loss as a result of a change in the market price of financial instruments or where the financial instruments become illiquid (not readily saleable).</p> <p>The Investor Protection Act [<i>leguldītāju aizsardzības likums</i>] specifically provides for the cases when reimbursement guaranteed is not paid out to an investor. For example, reimbursement guaranteed is not paid out:</p> <ul style="list-style-type: none"> – to licensed investment service providers, insurance companies, or professional investors and professional clients; – to persons who have obtained high interest rates or financial concessions, or have give rise to or have taken advantage (for their own benefit) of circumstances that have driven Bank into financial distress or have helped to aggravate its financial condition; <p>in other cases prescribed by the Investor Protection Act.</p>
5. DESCRIPTION OF THE PREVENTION OF CONFLICT OF INTEREST POLICY	
<p>Identification of the types of conflict of interest</p>	<p>For the purposes of identifying the types of conflict of interest, Bank evaluates any situation in which Bank or the relevant person (Bank-related party):</p> <ul style="list-style-type: none"> – could probably make or has made a financial gain at the expense of client; – could probably cover or has covered its loss at client's expense; – could have a interest or has an interest in the outcome of a service provided to client or of transactions carried out on behalf of client, which is distinct from client's interest in that outcome; – may be interested or is actually interested to favour the interest of another client or group of clients over the interests of the client while providing a service to the client.
<p>Appearance of conflict-of-interest situations</p>	<p>The following situations may give rise to a conflict of interest in the course of providing investment and ancillary services to client where Bank is:</p> <ul style="list-style-type: none"> – acting for more than one client and is executing orders (for transactions in financial instruments) given simultaneously by two different clients; – executing orders on client's behalf and dealing on own account simultaneously; – managing client's assets on a discretionary basis and is providing related services; – offering its client financial instruments in accordance with the relevant distribution agreement and is charging a distribution fee, or where Bank's employee receives compensation (in the form of money, commodity or services) from a third person for providing any service to client where such compensation is not commensurate with the market price or standard price charged for the service provided.
<p>Measures designed to identify, prevent and manage conflict-of-interest situations</p>	<p>Bank implement the following measures to identify, prevent and manage conflict-of-interest situations:</p> <ul style="list-style-type: none"> – Bank takes all reasonable steps to identify, with reference to the specific investment services and ancillary services carried out by or on behalf of Bank, the circumstances which constitute or may give rise to a conflict of

	<p>interest entailing a material risk of damage to the interests of one or more clients;</p> <ul style="list-style-type: none"> - Bank ensures that the measures taken to prevent a conflict of interest are appropriate to the size and activities of Bank and to the materiality of the risk of damage to the interests of clients; - Bank continuously prevents and controls the exchange of information between relevant persons (the meaning of the term 'relevant person' is explained in the <i>Prevention of Conflict of Interest Policy</i>) engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients; - Bank establishes the separate supervision over relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of Bank; - Bank removes any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities; - in accordance with its internal guidance documents, Bank takes measures to prevent or limit any third party from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services; - Bank takes measures to prevent and/or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services where such involvement may impair the proper management of conflicts of interest; - Bank ensures that its organisational structure is designed to reduce potential conflicts of interest at all times; - To prevent conflict-of-interest situations, Bank: <ul style="list-style-type: none"> •exercises rigorous control with regard to personal transactions carried out by relevant persons, •prohibits Bank's employees to undertake personal transactions in financial instruments to which the investment research relates whenever the employees are involved in the production of the investment research or whenever they possess knowledge (information) of the content of that investment research which is not publicly available.
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6. INFORMATION ABOUT MANAGEMENT OF CLIENT'S FINANCIAL INSTRUMENTS ON A DISCRETIONARY BASIS

<p>Information on the method and frequency of valuation of the financial instruments held in client's financial instruments portfolio</p>	<p>The information is provided in the draft Discretionary Asset Management Agreement; client or potential client may request that the draft be presented for reading before signing.</p>
<p>Details of any delegation of the discretionary management of all or part of the financial instruments or funds held in client's portfolio</p>	<p>The information is provided in the draft Discretionary Asset Management Agreement; client or potential client may request that the draft be presented for reading before signing.</p>

Information on the method for evaluating the performance of client's portfolio (a specification of any benchmark)	Information on the method for evaluating the performance of client's portfolio is presented to client or potential client when offering client or potential client a discretionary portfolio management service.
Information concerning the types of financial instruments that may be included in client's financial instruments portfolio and types of transactions that may be carried out in such financial instruments	Bank offers client or potential client to construct a portfolio comprised of financial instruments from groups of financial instruments chosen by client at the time of completing the Client Questionnaire for Discretionary Asset Management Services and Investment Declaration which is an integral part of the Discretionary Asset Management Agreement. Bank notifies client or potential client of the types of transactions which can involve the financial instruments by giving client or potential client the possibility to read the draft Discretionary Asset Management Agreement; client or potential client may request that the draft be presented for reading before signing.
Information concerning the management objectives, the level of risk to be reflected in the manager's exercise of discretion, and any specific constraints on that discretion	Client sets the objectives of portfolio management objectives and the level of risk at the time of completing Client Questionnaire for Discretionary Asset Management Services and at the time of submitting Investment Declaration which is an integral part of the Discretionary Asset Management Agreement.

7. CUSTODY OF CLIENT'S FINANCIAL INSTRUMENTS AND FUNDS

Information concerning the custody (safekeeping) of financial instruments and funds with a third-party custodian	Financial Instruments not released into public circulation in the Republic of Latvia are held with Bank-chosen partners (third parties). According to Bank's <i>Rules Governing Brokerage Services</i> , client expressly agrees that the financial instruments are held according to the partner's rules and the rules shall be binding upon client. Client assumes all risks associated with the custody of non-registered financial Instruments. Bank may hold client's money and financial instruments with a third-party custodian which is required to implement the segregation requirements (the holding of client's financial instruments strictly separate) posed by the respective country and which is supervised. When choosing a third-party custodian expected to hold client's money and financial Instruments, Bank makes a thorough inquiry into the party's professional competence and market reputation and evaluates other risks that may adversely affect client's interests. Once a year, Bank reassesses the custodian's professional competence and reviews the terms and conditions of the custody.
Information concerning the custody of client's financial instruments with a third-party custodian in an omnibus / pooled nominee account (client's financial instruments are custodied together with financial instruments owned by other clients) and the warning on risks stemming from the co-custody	Bank maintains segregated accounts, i.e. Bank keeps client's financial instruments strictly separate from Bank's own financial instruments. Bank holds client's financial instruments in a clients' or nominee account opened in Bank's name with partner; the account records contain a specific indication that Bank holds financial instruments in the interests of Bank's clients. Financial Instruments owned by Bank's multiple individual clients may be custodied in an omnibus (pooled) nominee account. Bank warns client regarding additional risks that may be incurred in the cases described above. Depending on the applicable laws of the respective country, the aforesaid risks can be associated with the right of retention/ lien and differing national insolvency and bankruptcy laws (they national laws may vary significantly).

<p>Information concerning the custody of client's financial instruments with a third party where it is impossible to distinguish client's financial instruments from financial instruments owned by the third party or Bank, and the warning on risks stemming therefrom</p>	<p>Bank may hold client's money and financial instruments in a third-party omnibus nominee account also in those cases where it is impossible for Bank to ensure that client's money and financial instruments (custodied with the third party and held in an omnibus / pooled nominee account) are identifiable separately from the financial instruments owned by the third party or owned by Bank.</p> <p>Bank warns client regarding additional risks that may be incurred in the cases described above. Depending on the applicable laws of the respective country, the aforesaid risks can be associated with the right of retention/lien and differing national insolvency and bankruptcy laws (they national laws may vary significantly).</p>
<p>Information about whether foreign laws will apply to the custody of client's financial instruments or money</p>	<p>Bank may hold client's financial instruments with partners domiciled in jurisdictions that lack the legal and regulatory framework for the custody of financial instruments in third-party name in the nominee account whenever it is required for execution of order/transaction (and may hold client's financial instruments together with financial Instruments owned by Bank). Client understands and assumes risks associated with the circumstances mentioned in the previous sentence; thus, whenever client's financial instruments are custodied together with Bank-owned financial instruments, it is impossible (due to the application of foreign laws) to fully identify client's title to the financial instruments.</p>
<p>Information about the legal charge (encumbrance) over client's financial instruments or money in favour of Bank or a third party</p>	<p>Bank and its partners may encumber and use (without paying compensation to client) client's financial instruments and money held in custody.</p>
<p>Information about Bank's or a third party's right of netting (the right of offset) in respect of client's financial instruments and money</p>	<p>Bank or partner is entitled to enforce the financial collateral or exercise the netting right in respect of client's financial instruments held in the account opened with the partner or Bank if the partner's claims arise out of transactions handled in the account by client and other Bank's clients, particularly given the fact that financial instruments of Bank's multiple individual clients are registered in a single nominee omnibus account, or if Bank has the right of claim against client.</p>
<p>Third parties about whom Bank provides information outlined in this section</p>	<p>Bank furnishes client with the information outlined in this section in respect of third parties with whom Bank has entered into the custodian agreement (agreement to hold financial instruments in custody).</p>