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**A B L V**

**BANKING / INVESTMENTS \ ADVISORY**

## **ABLV Bank, AS, General Terms of Business**

|  |           |
|--|-----------|
| <b>A. General Section .....</b>  | <b>3</b>  |
| A1. Application.....   | 3         |
| A2. Amendment of Terms .....   | 3         |
| A3. Representations .....  | 3         |
| A4. Customer and its Representatives' Identification. Prevention of Money Laundering and Terrorism Financing ..... | 4         |
| A5. Confidentiality .....  | 4         |
| A6. Proxy .....  | 5         |
| A7. Data of an Individual.....   | 5         |
| A8. Notices and Information Exchange.....  | 6         |
| A9. The Customer's Obligation of Cooperation.....  | 7         |
| A10. Charges. Payments to the Bank.....  | 8         |
| A11. Security of the Bank's Claims against the Customer .....  | 9         |
| A12. Responsibility .....  | 10        |
| A13. Termination of the Transaction.....   | 10        |
| A14. Applicable Legal Enactments and Procedures of Disputes Resolution .....                                       | 11        |
| <b>B. Special Section.....</b>   | <b>12</b> |
| B1. Terms of the Current Account .....   | 12        |
| B2. Deposit Terms and Conditions .....   | 14        |
| B3. Payment Card Terms .....   | 17        |
| B4. Terms of the Financial Instruments' Account and the Cash Account .....   | 24        |
| B5. Terms of Using Internetbank .....  | 28        |
| B6. Terms of Payments .....  | 30        |
| B7. Overdraft Terms .....  | 36        |
| B8. Terms of Short-term Loans.....   | 39        |
| B9. Forex Terms .....  | 41        |
| B10. Terms of Documentary Transactions.....  | 44        |
| B11. Terms of Cheques .....  | 52        |
| B12. Terms of Rendering Information and Services Over the Telephone or SKYPE.....                                  | 53        |
| B13. Savings Account Terms and Conditions.....   | 56        |
| B14. Financing against Pledge of Investment Portfolio.....   | 58        |
| B15. AMEX Payment Card Terms .....   | 63        |
| B16. Terms of the Short Messaging .....  | 65        |
| B17. Terms of Deposit and Withdrawal .....   | 66        |
| B18. Terms of Rental of Individual Safe Deposit Boxes .....  | 67        |
| B19. Terms of Escrow Account.....  | 70        |
| B20. Terms of Transactions in Precious Metals.....   | 72        |
| B21. Terms of Investment Gold Transactions.....  | 75        |

## A. General Section

### A1. Application

- A1.1. These General Terms of Business of joint stock company ABLV Bank, AS (hereinafter referred to as *Terms*), regulate relations between joint stock company ABLV Bank, AS (a licensed credit institution registered with the Commercial Register of the Register of Enterprises of the Republic of Latvia under No 50003149401, having its registered address at 23 Elizabetes Street, Riga, LV-1010, and its operations being regulated and supervised by the Republic of Latvia Financial and Capital Market Commission ([www.fktk.lv](http://www.fktk.lv)), hereinafter referred to as *Bank*), and individuals, corporate persons, personal companies and their analogues to whom the *Bank* renders services, or who have applied to the *Bank* for its services (hereinafter each severally referred to as *Customer*, and all jointly referred to as *Customers*). The *Bank* and the *Customer* hereinafter are jointly referred to as *Parties*.
- A1.2. Upon entering into business relations with the *Bank*, the *Customer* certifies that it has studied the *Terms*, provisions of the respective agreements entered into with the *Bank*, the *Bank's Fees and Charges*, the general currency exchange rates and interest rates (on the capital use and overdue) set by the *Bank*, agrees thereto and recognises the same as binding upon itself with regard to all transactions between *Customer* and *Bank* (hereinafter referred to as *Transaction* or *Transactions*).
- The *Terms* shall constitute an integral part of all *Transactions* and agreements between the *Parties*.
- The *Terms* have the same legal force as other conditions of agreements concluded between the *Parties*. In case of any discrepancy between the norms of the *Terms* and the norms stipulated in any agreement between the *Parties*, the norms stipulated in the agreement between the *Parties* shall apply.
- A1.3. Current versions of the *Bank's Terms, Fees and Charges*, general currency exchange rates and interest rates set by the *Bank* are available for the *Customer* at the *Bank's* premises during the *Bank's* working hours and at the *Bank's* Internet homepage [www.ablv.com](http://www.ablv.com), and the *Customer* can call Client Line at +371 6777 5555 or use SKYPE (the *Bank's* SKYPE user name is "ablv.riga") to obtain information on any *Transaction* that is of interest to the *Customer*, as well as on conditions thereof.
- A1.4. The *Parties* shall be entitled to conclude *Transactions* electronically in cases and in accordance with procedures stated by the *Bank*.
- A1.5. The headings and table of contents provided herein are for convenience of reference only and shall not affect construction or interpretation of these *Terms*.

### A2. Amendment of Terms

- A2.1. The *Bank* is entitled to unilaterally amend the *Terms*. The *Bank* will notify *Customer* of any such amendments to *Terms* at the *Bank's* Internet homepage [www.ablv.com](http://www.ablv.com) (publishing the text of the *Terms*).
- The *Bank* shall be entitled to inform *Customer* of such amendments to *Terms* individually by means of a respective notice via *Internetbank*.
- A2.2. Amendments to the *Terms* shall enter into effect and become binding upon *Customer* on 31st day from the date of notification at the *Bank's* Internet homepage [www.ablv.com](http://www.ablv.com), unless such amendments to the *Terms* or legal enactments of the Republic of Latvia provide for a different term of entering into effect. *Bank* shall not be responsible for the *Customer's* losses or other expenses, should the *Customer* fail to familiarize itself with amendments to *Terms*.
- A2.3. *Terms* and amendments to *Terms* shall not apply to *Transactions* that have been executed and completed before the date of on which *Terms* and amendments to *Terms* respectively enter into effect.
- A2.4. Should the *Customer* fail to submit its objections to the *Bank* before the day on which amendments to the *Terms* become effective, the *Customer* shall be deemed to agree to amending legal relations between the *Parties* as stated in amendments to the *Terms*.
- Should the *Customer* disagree to the amendments, it shall be entitled to terminate its business relations with the *Bank* that are affected by the proposed amendments immediately, before the day on which amendments become effective, without penal sanctions applied.
- Should the relations be terminated, the *Customer* shall submit all required documents to the *Bank* and take all required steps to discharge the obligations arising out of the legal relations between the *Parties*.

### A3. Representations

- A3.1. *Customer* represents that:
- Customer* has full legal capacity and ability to act in order to execute and perform *Transactions*;
  - Customer* has all rights, permissions, licences and authorisations in order to execute and perform *Transaction*;
  - Transaction* and all its consequences are binding upon the *Customer* and do not cause infringements of Latvian law or the laws of the place of performance of the *Transaction*;

- d. *Customer* is the true beneficiary of *Transactions* with *Bank* (hereinafter referred to as *Beneficiary*), unless *Customer* has supplied *Bank* with data on a different beneficiary of *Customer*. The *Beneficiary* is the person concerned receiving all interest and other benefits resulting from the *Transaction*;
  - e. all information supplied by the *Customer* to the *Bank*, including information on its *Beneficiary*, activities, financial condition, and location, is true and is not misleading. All documents and Notices supplied by *Customer* to *Bank* are true and valid. *Customer* has been informed of criminal responsibility for supplying *Bank* with false information;
  - f. *Customer* has not offered, promised or given any thing or preference to *Bank's* employee, directly or indirectly, for the latter to act or abstain from any action in infringement of his duties;
  - g. *Customer* is not engaged in money laundering, that is, concealing or disguising the criminal origin of funds or other estate obtained as a result of criminal offence, or in terrorism financing, and *Customer's* funds on deposit at *Bank* have not been obtained through unlawful means.
- A3.2. *Customer's* representative, concluding the *Transaction* on behalf of *Customer*, certifies that it is duly authorised and entitled to conclude the *Transaction*, sign documents of the *Transaction*, and carry out other actions required to perform the *Transaction* or related to the same. Should such certification be false, the *Customer's* representative concluding the *Transaction* on behalf of the *Customer* assumes all obligations of the *Customer* against the *Bank*.
- A3.3. On opening an account for *Customer*, *Bank* shall verify the representation and certification and other information supplied by the *Customer* within 2 *Bank* days from the moment of opening of the account. During such verification the *Bank* is entitled to abstain from performing any *Transaction* with *Customer* in such account.

#### **A4. Customer and its Representatives' Identification. Prevention of Money Laundering and Terrorism Financing**

- A4.1. *Bank* shall identify *Customer* and its representatives in accordance with the laws of the Republic of Latvia and the requirements of the *Bank*. *Customer* shall be obliged to supply *Bank* with requested information and documents that certify authenticity of supplied information.

In performing *Transactions* with *Customer*, *Bank* shall compare the signature and the seal imprint of *Customer* or its representative in any *Notice* with the specimen signature and seal imprint submitted to *Bank*. In making such comparison, *Bank* shall not be obliged to take into account the colour of the seal imprint.

In verifying conformity of the signature and the seal imprint of *Customer* or its representative with the specimen signature and seal imprint in the possession of *Bank*, *Bank* shall be liable only for its wrongful intent.

If *Bank* has issued test-key calculation software (ABLV Test-Keys), test-key calculation device (Digipass), or a code card to *Customer*, *Customer* acknowledges that a test key calculated according to *Bank's* requirements or a correct code of the code card shall be considered the same as the autographic signature and seal of *Customer* and its representatives.

For *Customer* recognition and for delivery of certain information of *Bank* to *Customer* when *Customer* is not present at *Bank*, a password may be used. Special conditions of the *Bank* govern password use.

If *Customer's* test key, the content of the code card or the password becomes known to a third party, *Customer* shall be responsible for all consequences until the moment of notifying *Bank* of the same in accordance with the form and procedures set by the *Bank*.

- A4.2. For the prevention of money laundering and terrorism financing, *Bank* shall be entitled to request information and documents from *Customer* on the *Customer*, its *Beneficiary* (also on the *Customer's* and its *Beneficiary's* activities, financial status, and source of funds), purposes and the *Beneficiary* of the *Transaction* concluded or contemplated between the *Parties*, etc. It shall be *Customer's* obligation to supply *Bank* with requested information (documents). If the *Customer* fails to supply *Bank* with such information (documents), or if *Bank* suspects concealment of actual circumstances or if *Bank* suspects money laundering or terrorism financing, *Bank* shall be entitled to immediately refuse to perform the *Transaction* in full or in part, or to terminate the *Transaction*.

#### **A5. Confidentiality**

- A5.1. *Bank* acknowledges that all information related to *Customer*, the *Transaction* and *Customer's* relations with third persons, and supplied by *Customer* to *Bank*, is confidential and shall not be disclosed to third persons without *Customer's* consent, except the information that:
- a. is publicly available, or
  - b. is disclosed to the Credit Register of the Bank of Latvia and concerns the *Customer's* liabilities, or
  - c. is disclosed for the purpose of debt recovery and concerns existence, amount, grounds of the *Customer's* liabilities or reinforcement of such liabilities, or
  - d. is disclosed to an assignee on the rights of claim assigned, or is disclosed to third parties with regard to entering into partnership agreements or other financing agreements, or
  - e. is required for financial institutions involved in execution of the *Transaction* applied for by *Customer*, at their request, or

- f. pursuant to the applicable legal acts is to be disclosed to the *Agency Companies* (paragraph B4.6.1 of the *Terms* below) with which, inter alia, the *Bank* has a *Nominal Account* opened (paragraph B4.6.3 of the *Terms* below) and with which the financial instruments owned by the *Customer* are held, and this information is to be further disclosed to issuers of the respective financial instruments, their representatives, and state supervisory authorities, or
- g. is supplied to the *Bank's* group companies, or
- h. might be an evidence of a criminal offence or the *Customer's* breach under *Transactions*, or is necessary for detecting and investigating such, or
- i. is disclosed to third parties that supervise and audit the *Bank's* operations, or
- j. is provided to competent authorities of the Republic of Latvia, the European Union or other states for performing their functions pursuant to legal enactments or
- k. is provided to the *Bank's* personal data operators and other cooperation partners that provide services to the *Bank* or with whom the *Bank* otherwise cooperates for the sake of execution of the *Customer's Orders*, the *Bank's* transactions or functions, or for complying with requirements set forth in the applicable legal enactments.

On instances mentioned in subparagraphs c–k of this paragraph A5.1, the *Bank* shall be also entitled to transfer information outside Latvia, complying with the procedure set forth in the applicable normative acts.

- A5.2. Confidential information is the *Bank's* secret and is not to be disclosed. Confidential information may only be disclosed in compliance with Latvian law and these *Terms*.
- A5.3. The *Customer* shall agree to the *Bank* being entitled to record and keep all intercommunication without prior notification and to unilaterally choose technical means for recording the same. The *Customer* shall agree to the *Bank* being entitled to use intercommunication records as evidence for protecting its interests in settling disputes and in court. The *Bank* shall not be obliged to store intercommunication records for the benefit of the *Customer*.
- A5.4. The *Customer* may request and receive information regarding itself from the Credit Register of the Bank of Latvia in accordance with the Regulation for the Credit Register approved by the Bank of Latvia, the text of which is available at the Bank of Latvia home page [www.bank.lv](http://www.bank.lv).

## A6. Proxy

- A6.1. *Customer* shall be entitled to authorise a third person to perform a Transaction on behalf of *Customer*. Such authorisation shall be executed in writing, with *Customer* making such authorisation in accordance with *Bank's* requirements, for example, by filling out a signature card.  
  
*Bank* shall be entitled to refuse to conclude a Transaction with *Customer* in case such authorisation is executed in default of the *Bank's* requirements, or *Bank* has reason to believe such authorisation is not valid.  
  
*Bank* shall verify execution of the authorisation, however *Bank* shall not be responsible for other conditions of validity.
- A6.2. A power of attorney submitted to *Bank* shall be considered valid in relations between *Customer* and *Bank* until the moment when *Customer* submits a written revocation of such power of attorney to *Bank* provided that rights of representation or attorney of the *Customer's* representatives are revoked upon the *Bank* accepts such revocation submitted by the *Customer*, or validity of such power of attorney expires. *Bank* shall not be responsible for losses or other additional expenses of *Customer*, where a power of attorney is revoked and *Bank* has not been notified accordingly in writing.  
  
Where a *Customer's* representative acts on the basis of substitution of *Customer's* representative (assignment), powers of such *Customer's* representative shall be considered extended, if the powers of the primary attorney has been extended, or where a power of attorney of similar content has been issued to the primary attorney and the assignment has no stated term of validity.
- A6.3. *Customer* is obliged to ensure in compliance with *Bank* requirements that *Bank* is in constant possession of documents certifying powers of the *Customer's* representatives to act on behalf of the *Customer* and identifying the *Customer's* representatives. Unless *Customer* supplies *Bank* with such documents, *Bank* shall be entitled to immediately refuse to perform the *Transaction* in whole or in part.  
  
*Bank* is entitled to request and *Customer* is required to provide signature samples, and a specimen of the seal imprint (where so available) of *Customer* and of persons entitled to represent *Customer* in its relations with *Bank*, and *Customer* shall be obliged to submit same.

## A7. Data of an Individual

- A7.1. If *Customer*, the *Customer's* representative or *Beneficiary* are individuals, *Customer*, the *Customer's* representative and *Beneficiary*, establishing business relations with *Bank*, agree that *Bank* is entitled to process all personal data of *Customer*, the *Customer's* representative and *Beneficiary* in accordance with provisions of the Republic of Latvia normative acts, including person's identity numbers. The reason and purpose of processing of personal data is for use in the needs of rendering the *Bank's* services and ensuring of *Bank's* activities and performance of the *Bank's* functions. *Bank* shall be entitled to request, to receive and to process personal data of *Customer* and the *Customer's*

representative from other sources, including from systems for personal data processing of government and municipal institutions.

- A7.2. In cases of disclosure of *Customer's* information stated in these *Terms*, the data of individuals available to *Bank* may be disclosed to third parties that render services to the *Bank* or represent the *Bank's* interests, entrusted by the *Bank* with fulfilment of liabilities stated in these *Terms*, or with whom the *Bank* otherwise cooperates in securing its activities and performing its functions. The *Customer*, *Customer's* representative and *Beneficiary* shall agree to persons that are provided individuals' data on instances of disclosing the *Customer's* information pursuant to these *Terms* being entitled to process all personal data of the *Customer*, *Customer's* representative and *Beneficiary*, including sensitive data and person's identity numbers.
- A7.3. An individual on written application to *Bank* is entitled to review such individual's processed personal data available to *Bank* and the individual may amend or correct same according to legal enactments of the Republic of Latvia on protection of personal data of individuals.
- A7.4. If *Customer* and the *Customer's* representative are individuals, *Bank* is entitled to use available personal data of such *Customer* and the *Customer's* representative, in order to supply *Customer* orally, by post or by electronic means with information on *Bank's* products and services.
- A7.5. *Bank* is entitled to perform video surveillance and video recording of the premises owned and/or possessed by the *Bank* in the interests of *Bank* and its *Customers*.

## A8. Notices and Information Exchange

- A8.1. All orders, applications, instructions, notices, complaints and requests arising out of the business relations between the *Parties* (hereinafter referred to as the *Notice* or *Notices*) shall be sent in writing by post, subject to *Bank's* prior express written consent also by fax and e-mail, or electronically via *Internetbank* or SKYPE.

A *Notice* sent by *Customer* to *Bank* by fax or e-mail pursuant to prior arrangement with the *Bank* shall be valid only provided the same contains *Customer's* test key calculated according to requirements of the *Bank*.

Use of *Internetbank* is governed by section B5 of these *Terms*. Rendering information and services over the telephone or SKYPE is governed by section B12 of these *Terms*.

*Notices* to the *Bank* may be delivered orally as well in cases explicitly stated in these *Terms* or on instances defined as mandatory in the Republic of Latvia regulations.

All *Notices* submitted to the *Bank* shall be completed without corrections, deletions, erasures or *lapsus calami*, and shall be clearly legible and complying with the requirements set herein.

- A8.2. *Notices* to *Bank* that are sent by post shall be sent to the registered address of *Bank*. *Notices* by the *Customer* sent by post shall be deemed received by the *Bank* upon they are recorded in the *Bank's* document registry. *Notices* by the *Customer* sent by fax or e-mail shall be deemed received by the *Bank* after the *Bank* confirms their receipt.

*Notices* to *Customer* shall be sent by post to *Customer's* registered address (for legal entities) or residential address (for individuals), or to another address last communicated by the *Customer*. The *Bank* shall not be responsible for losses or expenses incurred by the *Customer* or a third party in case the *Customer* has not notified *Bank* of change of address for sending of *Notices*, or provided inaccurate or incorrect address designated for sending the *Notices*, and consequently has not received the *Notices* from the *Bank*, or has not received them in due time.

The *Bank* shall also be entitled to send *Notices* to the *Customer* following some other procedures set by the *Bank*, including communicating them by electronic means or orally.

- A8.3. If a *Notice* is sent to *Customer* to its post address, the same shall be considered received on the third *Bank* day after service to the post institution, regardless of its actual receipt. In case a *Notice* is sent to *Customer* by electronic means of communication, the same shall be considered received at the moment of being sent, regardless of its actual receipt. *Bank* shall not be responsible for losses or other additional expenses of *Customer*, which *Customer* may sustain due to transmission failure, delay or misuse of information. *Customer* authorises all its representatives, as well as other persons being at the address where *Notices* are sent to, to receive such *Notices*. In case any such authorised representative receives a *Notice*, *Customer* shall be considered to have received such *Notice*.

*Bank* is entitled to record oral *Notices*. *Customer* acknowledges such recordings of *Bank* to constitute written *Notices* received.

- A8.4. *Bank's* seal and the signature of *Bank's* employee on *Notice* submitted by *Customer* constitutes acceptance of such *Notice* for processing but does not trigger *Bank* liability for execution of *Notice*.

Execution of the *Transaction* is only evidenced by the *Transaction* being booked to the *Customer's* account or by a confirmation of its execution processed by the *Bank*.

- A8.5. *Notices* in Latvian, Russian or English languages only shall be legally valid. The *Customer* shall agree that the language stated by the *Customer* for receiving *Account* statement or other language specified in the *Customer's* *Notice* shall be the language of receiving the *Notices*. In case receipt of *Account* statement has not been applied for, the *Bank* shall be entitled to send *Notices* to the *Customer* in the language of the *Customer's* *Notice* submitted to the *Bank*. *Customer* is obliged to make a *Notice* clear and certain. *Bank* is entitled to refuse to execute an unclear *Notice* at its own discretion in



full or partially. In case figures in the Notice are stated both in words and in numbers simultaneously, figures stated in words are valid in case of discrepancies.

- A8.6. If *Bank* considers there to be potential inadequacies in the *Customer's Notice*, including with respect to its authenticity or validity, or has doubts concerning the document content, the *Bank* is entitled to request that the *Customer* should repeat the *Notice* according to the form specified or request that the *Notice* should be translated into the Latvian language and legalised. The *Bank* is entitled to refuse execution of the *Notice* until a repeat *Notice* is received.
- A8.7. The *Customer's* order submitted to the *Bank* is valid for 6 *Bank* days of the *Bank* from the date of submission of such order to the *Bank*.
- A8.8. Unless stated otherwise in the Special Section of these *Terms*, the *Rates and Charges*, or the *Bank's Notices* (also at the *Bank's* Internet home page [www.ablv.com](http://www.ablv.com)), the *Bank* shall process *Notices* on working days of the Republic of Latvia (that is on all days except Saturdays, Sundays and holidays) during the *Bank* normal working hours (hereinafter referred to as the *Bank* day). If the *Bank* has accepted a *Notice* at any other time, the following *Bank* day shall be considered the date of acceptance of the *Notice* for execution.
- A8.9. *Bank* shall transfer *Customer's* notices addressed to the asset management joint stock company ABLV Asset Management, IPAS (registered in the Republic of Latvia), and the brokerage joint stock company ABLV Capital Markets, IBAS (registered in the Republic of Latvia), hereinafter each severally referred to as *Subsidiary*, and *Subsidiary's* notices addressed to *Customer* (hereinafter referred to as *Subsidiary's Notices*) to *Subsidiary* or *Customer* accordingly. *Bank* shall choose the form and method of transfer of *Subsidiary's Notices* at its own discretion.
- A8.10. *Bank* certifies that the asset management joint stock company ABLV Asset Management, IPAS, and the brokerage joint stock company ABLV Capital Markets, IBAS, have agreed to provisions of Section A8 of these *Terms*, hence:
- a. *Subsidiary's Notices* shall be binding upon *Subsidiary* and *Customer* as *Notices* received in writing;
  - b. a written agreement has been concluded between *Customer* and *Subsidiary*, which provides for conclusion of mutual contracts between *Subsidiary* and *Customer* electronically;
  - c. all contracts between *Subsidiary* and *Customer* shall incorporate *Customer's* identity data and address available to *Bank* in cases where *Customer's* account with *Bank* is stated in such contract.
- A8.11. *Bank* shall not be held responsible for a transaction concluded, executed or completed between a third person and *Customer* in connection with or pursuant to *Subsidiary's Notice*, and *Bank* shall not be held responsible for other consequences of such *Notices* either.
- A8.12. *Bank* shall be entitled to send on its own initiative any *Notices* to *Customer* about services provided by *Bank* via texts (SMS) to *Customer's* mobile telephone numbers known to *Bank*.

## A9. The Customer's Obligation of Cooperation

- A9.1. To promote appropriate progress of *Transactions* of *Bank* and *Customer*, the *Customer* is obliged to immediately notify the *Bank* of changes in personal and registration data of *Customer* and its representatives, passport data, address, other contact information, legal capacity and ability to act, of important changes in its financial condition, as well as of amendments to or termination of powers of attorney submitted to the *Bank*, and of the *Transaction Beneficiaries*. Such obligation of notice apply even if changes in *Customer* information submitted to the *Bank* are included in public registers. *Customer* that has entered into *Transactions* related to borrowing (loan, overdraft), or *Transactions* related to security and collateral (pledge, mortgage agreement, other collateral agreements, guarantee) with *Bank* agrees to submit to *Bank* documents that certify revenues, debt liabilities and financial status of *Customer*, guarantor and other persons involved in repayment of the borrowed funds, until the deadline, in the form and in accordance with procedures specified in its request.
- A9.2. The *Bank* provides the *Customer* with all information on the *Transactions* booked to the account by providing the *Customer* with access to an electronic account report in *Internetbank*. The *Customer* shall be entitled to receive other types of account statements or reports by special request, paying the *Charge* stated in the *Fees and Charges*.
- Customer* is obliged to monitor *Transactions* booked to the account and check whether they correspond to those actually performed at least once a month. The *Customer* shall agree that for the purposes of these *Terms* an account statement / report shall be deemed a primary evidence of the *Transactions* performed by the *Customer*, constituting sufficient grounds for ascertaining the respective fact.
- The *Customer* shall agree that, unless stated otherwise herein, should the *Customer* fail to immediately, within ten calendar days from the date of receipt of the statement / report at the latest, inform the *Bank* of deficiencies, the *Customer* shall be considered to have confirmed that his/its account statement / report is correct and complete.
- Immediately replying to the *Bank's* request, the *Customer* shall supply the *Bank* with all documentary evidence of, and information on, incompliance between the *Transactions* booked to the account and those actually performed, or the *Transactions* not authorized by the *Customer*.
- A9.3. If *Customer's* account has been credited with funds or financial instruments through *Bank's* error, *Bank* shall be entitled to debit *Customer's* account with such funds or financial instruments without acceptance.

- A9.4. The Parties agree that *Customers* are not entitled to assign their claims against *Bank* to third persons without *Bank's* written consent.
- A9.5. The *Customer* shall be obliged to inform the *Bank* of any facts and events known to the *Customer* that may be an evidence of and/or lead to unfair gain for the *Customer* and/or cause losses for the *Bank*.

#### **A10. Charges. Payments to the Bank**

- A10.1. *Customer* shall pay remuneration for services rendered to *Bank* (hereinafter referred to as the *Charge*) according to the procedures and to the amount stated in the *Terms* and the *Bank's* respective Fees and Charges (hereinafter referred to as the *Fees and Charges*).

The *Fees and Charges* that are valid as of the time of rendering the service shall set the amount and procedures of payment of the *Charges*. The *Bank* shall be entitled to unilaterally amend the *Fees and Charges*. Such amendments shall enter into effect on the 31st day after adoption of same, unless the amendments or the Republic of Latvia legal enactments state otherwise. The *Bank* shall inform the *Customer* of amendments to the *Fees and Charges* by means of publication at the *Bank's* internet home page [www.ablv.com](http://www.ablv.com). The *Bank* shall additionally inform the *Customer* individually of the amendments to the *Fees and Charges* on instances stipulated in the Republic of Latvia legal acts only.

The *Bank* shall also be entitled to inform *Customer* of amendments to the *Fees and Charges* individually by means of a respective notice via *Internetbank*.

Should the *Customer* fail to submit its objections to the *Bank* before the day on which amendments to the *Fees and Charges* become effective, the *Customer* shall be deemed to agree to those amendments.

Should the *Customer* disagree to the amendments, it shall be entitled to refuse being rendered a corresponding service by the *Bank* and to terminate its business relations with the *Bank* that are affected by the proposed amendments immediately, before the day on which amendments become effective at the latest, without penal sanctions applied.

Should the relations be terminated, the *Customer* shall submit all required documents to the *Bank* and take all required steps to discharge the obligations arising out of the legal relations between the *Parties*.

- A10.2. The general currency exchange rates and reference interest rates (the rates used by the *Bank* to calculate the interest applicable to the *Transaction*, which the *Customer* can check using publicly available source) set by the *Bank* shall not be included in the *Fees and Charges* and shall be stated at the moment of rendering the respective service.

Unless stated otherwise in the agreements between the *Parties*, the *Customer* consents that the general currency exchange rates and reference interest rates set by the *Bank* may be changed any time without prior notification, also during the *Bank* day, considering currency exchange rate and reference interest rate fluctuations in financial markets. Those amendments shall become effective upon the *Customer* is notified about them, i.e. upon publishing the changes at the *Bank's* Internet homepage [www.ablv.com](http://www.ablv.com).

The *Customer* shall agree that the general currency exchange rate published by the *Bank* may differ from the currency exchange rate applied to a particular *Transaction*, and the *Bank* shall be entitled to inform the *Customer* of the same only after execution of the *Transaction* by means of account statement / report.

The *Customer* is required to familiarize itself with the *Fees and Charges*, currency exchange rates and reference interest rates before applying for any service with *Bank*.

*Bank* is entitled to unilaterally state and cancel discounts for *Customer*.

*Bank* is entitled to state the *Charges* for services that are not included in the *Fees and Charges* at its own discretion. Such *Charges* are valid from the moment when the *Customer* receives a respective Notice.

- A10.3. The *Charges* must be paid before execution of the service, unless *Bank* has stated different procedures of payment of *Charges*. Unless *Customer* has paid *Charges* to *Bank* for *Bank's* service, *Bank* is entitled to cease rendering such service to *Customer* or refuse rendering the service without any notice. If *Bank* terminates or refuses rendering the service to *Customer* because of the reasons mentioned in the previous sentence, *Bank* shall not be responsible for *Customer's* losses or other additional expenses of *Customer*. The *Bank* shall be entitled to continue rendering the service at the *Bank's* own discretion in case the *Customer* has not paid the *Charges* for the *Bank's* service, the *Bank* consequently acquiring the corresponding rights of claim towards the *Customer* of the amount equal to the *Charge*.
- A10.4. If taxes, duties or similar payments are levied on *Charges*, the *Bank* shall be entitled to withhold such payments from the *Customer*, with the *Charge* amount being increased accordingly.
- A10.5. *Bank* is entitled to debit any account (*Customer's* current account is the first to be debited unless the terms of the Special Section of the *Bank's Terms* provide otherwise) of *Customer* with amount of any claim due under the *Transactions* the *Customer* applied for (including amounts of payments applied for by the *Customer*, *Charges*, forex transactions, taxes, duties, etc.) that the *Customer* has undertaken to perform and/or *Bank* is entitled to under the *Terms* without acceptance by *Customer*.

Unless a sufficient balance in the payment currency is available in *Customer's* account at the moment when such payment is to be made, *Bank* shall be entitled to debit the amount of its claim in a different currency at the general currency exchange rate stated by *Bank* effective as of the moment of debiting the claim amount.



Unless a sufficient balance for making the payment is available in *Customer's* account at the moment when the payment is to be made, the *Bank* shall be entitled to grant credit to the *Customer* equal to the amount required for making the payment following the provisions of Special Section (section B) of the *Terms* or to immediately debit the amount of its claim upon the *Customer's* account balance is sufficient for making the payment, and this being the case, the *Bank* shall be entitled to debit the claim amount according to the *Fees and Charges* effective as of the moment of debiting the claim amount.

If the amount paid by *Customer* is insufficient to satisfy all claims of the *Bank*, the claims shall be satisfied in accordance with procedures stated at *Bank's* discretion, including procedures for first repaying less secured liabilities, and also ensuring that claims arising out of the same liability are first raised with regard to payment of overdue interest on the capital use, then payment of interest on the capital use, then discharge of the principal liability, and then payment of penalty.

A10.6. If *Customer* defaults on its liabilities against the *Bank* in full or in part, or if *Customer's* insolvency proceedings, legal protection proceedings or *Customer's* liquidation process has been initiated, *Bank* shall be entitled to use *Customer's* funds available at *Bank* for decreasing the amount of the *Customer's* liabilities or discharging those completely.

#### **A11. Security of the Bank's Claims against the Customer**

A11.1. All *Customer's* funds (money, financial instruments, *Precious Metals*, etc.) that are or will be held in the *Customer's* accounts with the *Bank*, shall serve as financial collateral for the fulfilment of obligations of the *Customer* and its closely related *Customers* (paragraph A11.3 of the *Terms* below) against the *Bank* and shall be pledged with *Bank* as a financial pledge (hereinafter referred to as *Financial Pledge*). *Financial Pledge* shall secure all obligations of *Customer* and its closely related *Customers* (paragraph A11.3 of the *Terms* below) against *Bank*, including future obligations. *Bank* shall only be liable for losses caused to *Financial Pledge* by *Bank's* wrongful intent. *Bank* shall be entitled to use *Financial Pledge* and its future components. Remuneration for such use shall be paid by *Bank*, in case it is provided for in *Fees and Charges*.

A11.2. *Bank* shall be entitled to satisfy all *Bank's* claims against *Customer* by enforcing the *Financial Pledge* even before due date of performance of obligations and without any prior *Notice* to *Customer* on the following instances:

- a. the *Customer*, a *Customer* closely related to the same, or another *Customer*, in respect of obligations of which surety is provided for, defaults on its obligations to the *Bank* in full or in part, or
- b. the *Customer* or the person acting as a surety in respect of the *Customer's* obligations has filed an application for initiating legal protection proceedings of the *Customer*, or
- c. insolvency proceedings of the *Customer* or the person acting as a surety for the performance of obligations of the *Customer* have been initiated in accordance with the procedure specified in normative acts, or
- d. reorganization or liquidation process of the *Customer* or the person acting as a surety for the performance of obligations of the *Customer* have been initiated, or
- e. in accordance with provisions of special sections of these *Terms*.

In cases where *Financial Pledge* is funds, *Bank* shall be entitled to debit (transfer) the amount due from any *Customer's* account with *Bank* or from funds otherwise due to *Customer*. In cases where *Financial Pledge* is financial instruments and/or *Precious Metals*, *Bank* shall be entitled to sell financial instruments and/or *Precious Metals* available in any *Customer's* account with *Bank* or, at *Bank's* discretion, to alienate such financial instruments and/or *Precious Metals* in its own favour at market prices. Financial instruments and/or *Precious Metals* shall be sold in the amount necessary to satisfy all claims of *Bank* to *Customer*, provided established market practice is maintained (e.g. with respect to minimum amount of financial instruments and/or *Precious Metals* to be sold / purchased on the market). *Financial Pledge* in possession of *Bank* shall be considered to have been transferred to *Bank* in connection with all *Bank's* claims against *Customer*, *Customer's* debt to *Bank* and subsequent debts of *Customer* to *Bank* are payable from such *Financial Pledge*, and *Bank* is entitled to exercise a lien upon the *Financial Pledge* and to alienate or use it without any *Notice* or special reminder to *Customer*. *Bank* shall be entitled to exercise detainer rights on *Financial Pledge*. *Bank* shall be entitled to use *Financial Pledge* replacing it with a pledge of equal value.

A11.3. *Customer* is jointly responsible for all liabilities to the *Bank* of other *Customers* who are closely related to *Customer*, as the debtor proper.

For the purposes of these *Terms*, "closely related *Customers*" mean any persons to whom one or more of the following conditions apply:

- a. one of the persons controls, directly or indirectly, another person in connection with decisive influence, on the basis of an agreement on interest, concern agreement or similar relations;
- b. the persons are closely related to a person to which provisions a) of this paragraph applies;
- c. the persons have a common *Beneficiary*.

The *Customer* is liable for the liabilities of closely related *Customers*, if such *Customers* were closely related at any moment during the period of time of the existence or continuation of such liabilities.

## A12. Responsibility

- A12.1. The *Party* at fault for default of the term of any payment shall pay to the other *Party* a penalty of one tenth per cent of the outstanding amount per day of delay, however not more than ten per cent of the outstanding amount, unless stated otherwise in the normative acts, *Fees and Charges* or other section of the *Terms* with regard to the respective financial service. Payment of the penalty shall not release the *Parties* from the requirement of fulfilment of their liabilities not discharged in due time or unduly discharged timely.
- A12.2. Payment of the penalty shall include reimbursement for all the *Customer's* losses.
- Bank* shall be responsible for losses of the *Customer* sustained in connection with the *Transaction* between the *Parties*, only if such losses are due to *Bank's* wrongful intent. In case of *Bank's* wrongful intent, *Bank* shall only reimburse *Customer* for direct losses sustained.
- A12.3. *Bank* shall not be responsible for default of its liabilities in whole or in part, provided such default has arisen due to circumstances beyond the *Bank's* control, including acts of terror, war, fires, explosions, civil unrest, strikes, acts of God, acts issued by government institutions, actions of third persons, break-downs, faults or errors of computers or other means of communication.
- A12.4. His/her parents (guardians) shall be liable for *Transactions* executed by minor *Customers* as the minor's lawful representatives. Parents (guardians) shall be liable for *Transactions* executed by minor *Customers* as guarantors as defined in Section 1702(2) of the Civil Law of the Republic of Latvia, shall assume all obligations as the minor itself, and they waive any demands that *Bank* should make recovery from such minor *Customer* first.
- A12.5. All funds and financial instruments that are available in the account of *Customer* who has reached 16 or are to be credited to *Customer's* account shall be considered as minor *Customer's* independent property as defined in the Civil Law.

## A13. Termination of the Transaction

- A13.1. Unless stated otherwise in the agreement between the *Parties* or in these *Terms*, any agreement entered into by the *Parties* shall be deemed to be of indefinite duration.
- A13.2. Each *Party* hereto shall be entitled to unilaterally terminate all or individual contractual relations existing between the *Parties* hereto, servicing a *Notice* of termination of contractual relations stated therein to the other *Party* hereto at least thirty calendar days before the date of termination of such contractual relations, unless stated otherwise in the Republic of Latvia legal enactments on consumer protection, in other laws, or in special conditions.
- A13.3. *Bank* shall be entitled to unilaterally terminate or withhold any *Transaction* and any contractual relations with *Customer* without serving a *Notice* to *Customer* and without reimbursing the *Customer* for any losses or additional expenses in the following cases:
- where *Customer* has defaulted on the present *Terms* or where *Bank* considers *Customer's* certification to be false;
  - where a person who is not validly identified or authorised is suspected of acting on behalf of the *Customer*;
  - in the case of suspected link between *Customer* and money laundering, terrorism financing, or attempted money laundering or terrorism financing;
  - where *Customer* allows a legally punishable, dishonest or unethical action, or if *Bank* has reason to consider that further cooperation with *Customer* is to the detriment of *Bank's* honour, credit or reputation;
  - in the case of suspicion of *Customer's* death;
  - in cases specified in paragraph A4.2 of the *Terms* above.
- A13.4. *Bank* is entitled to close unilaterally without prior notice the *Customer's* account if *Customer* does not utilize its account for *Transactions* for more than 6 months in succession.
- A13.5. Termination of the agreement entered into by the *Parties* shall not entail termination of their non-discharged obligations established before the agreement termination. All non-discharged obligations of the *Parties* established before terminating the agreement shall be discharged in accordance with the *Terms* and provisions of the agreements entered into. In case of terminating the agreement / *Transaction* entered into by the *Parties*, regardless the reasons for such termination, all the *Customer's* obligations arising out of the agreement / *Transaction* being terminated shall become due, and the *Customer* shall be obliged to pay *Charges*, cover incurred losses and discharge all obligations that arise out of the agreement / *Transaction* being terminated in full to the *Bank*, complying with the provisions of the agreement / *Transaction* and these *Terms*, as well as to provide adequate collateral, if so requested by the *Bank*. The *Customer* shall be obliged to discharge the obligations assumed by the *Customer* pursuant to the agreement/*Transaction* provisions and these *Terms* also after termination of the agreement/*Transaction*, until the *Customer's* obligations to the *Bank* are discharged in full, and shall also pay the *Bank* a penalty or overdue interest for delaying payments under the *Customer's* principal obligation in accordance with these *Terms*. Documents submitted by the *Customer* for the sake of conclusion of an agreement/*Transaction* and performance of the *Bank's* operations shall not be returned to the *Customer*.
- A13.6. In the event of the death of *Customer* or the *Beneficiary*, *Bank* shall be entitled to abstain from execution of *Notices* of the *Customer's* representatives for the purpose of protection of the *Customer's* estate.

Persons concerned shall be obliged to submit a document certifying their respective rights to the *Bank's* Administrative Division in order to dispose of the deceased *Customer's* estate.

A13.7. The *Customer* shall discharge all liabilities arising out of the contractual relations with the *Bank* on the day of terminating the contractual relations at the latest.

A13.8. If the *Customer's* account with the *Bank* is closed following the *Bank's* initiative or the *Customer* fails to supply the *Bank* with instructions on transfer/outpayment of the account balance, the account balance shall be kept with the *Bank*, no interest shall be accrued on the same, and, following the *Terms*, the account balance shall be paid out upon the *Customer's* request pursuant to the respective application made in accordance with the *Bank's* requirements. The *Bank* shall be entitled to withhold charge for keeping the account balance after the account closure in accordance with the *Rates and Charges*. Before paying the balance out, the *Bank* shall be entitled to perform identification of the *Customer* following the procedure set forth in section A4 above.

#### **A14. Applicable Legal Enactments and Procedures of Disputes Resolution**

A14.1. Transaction between the *Parties* is subject to the legal enactments of the Republic of Latvia, international banking practice and customary practices.

The *Bank* applies special legal norms set forth in normative acts on consumer rights protection to business relations with the *Customers* that are recognised as consumers under the Republic of Latvia Consumer Rights Protection Law.

A14.2. Disputes between the *Customer* and the *Bank* may be resolved by the *Parties* through mutual negotiations.

A14.3. Any *Customer* grievance or claim (hereinafter referred to as *Claims*) against the *Bank* shall be resolved out-of-court on the following basis:

- a. the *Customer* shall address its *Claim* to the *Bank*;
- b. the *Bank* shall register the *Customer's* *Claim* and consider the same within ten days of submission of such *Claim* and all documents requested by the *Bank* in this connection. Where the *Claim* concerns over-the-counter derivative financial instrument contract, the *Bank* shall consider the same within five days of submission of such *Claim* and all documents requested by the *Bank* in this connection.

However, should preparation of a response require additional time, the *Bank* shall be entitled to extend the term of the *Claim* consideration to thirty days, notifying the *Customer* accordingly.

A14.4. If a *Customer's* *Claim* against the *Bank* is within the jurisdiction of the Ombudsman of the Association of Commercial Banks of Latvia according to regulations of the Ombudsman, the *Customer* shall be entitled to lodge its *Claim* to the Ombudsman for resolution.

A14.5. Any dispute, discord or *Claim* ensuing from business relations of the *Parties* hereto, or the default, termination, lawfulness, validity or translation thereof shall be resolved at the discretion of the claimant at the courts of the Republic of Latvia or the Arbitration Court of the Association of Commercial Banks of Latvia according to the bylaws and regulations of such Arbitration Court and rules of expenses of the Association of Commercial Banks of Latvia. Provisions of such documents shall be incorporated by reference into this agreement by the present paragraph. An award of the Arbitration Court shall be final, not subject to appeals and binding upon the *Parties* hereto. The number of arbitrators shall be one. Litigation in the Arbitration Court shall be conducted in the Latvian language. The *Parties* hereto authorise the Chairman of the Arbitration Court of the Association of Commercial Banks of Latvia to appoint the arbitrator.

A14.6. In the case of a discrepancy between the text of the *Terms* in the Latvian language and the text of the *Terms* in another language, the *Terms* in the Latvian language shall prevail.

## B. Special Section

### B1. Terms of the Current Account

#### B1.1. Application

These *Terms* of the *Current Account* shall apply, where *Customer* has applied for opening of a current account (hereinafter referred to as the *Current Account*) with *Bank* or a current account is opened for *Customer* with *Bank*.

#### B1.2. Opening a Current Account

Based on the *Customer's* application for opening of a *Current Account*, the *Bank* shall open a multicurrency *Current Account* for the *Customer* in currencies corresponding to those stated in the *Bank's List of Main Correspondent Accounts*. The *Current Account* Agreement, constituted by the *Customer's* application for *Current Account* opening and the *Terms*, shall be considered concluded from the moment of opening such *Current Account*. The *Current Account* shall be deemed opened from the moment a confirmation of the *Current Account* opening is issued to *Customer* by the *Bank*.

The *Bank* shall be entitled to reject opening a *Current Account* for the *Customer*, based on confidential information available to the *Bank*. This being the case, the *Bank* shall not be obliged to explain reasons for rejection to the *Customer*.

#### B1.3. A Current Account of a Non-registered Enterprise

A company founded in the Republic of Latvia may open a *Current Account* for payment of its foundation capital until its registration with the Commercial Register. Funds in the *Current Account* of such non-registered enterprise shall not be used until the enterprise is registered with the Commercial Register or its foundation is terminated due to other reasons. *Bank* shall be entitled to debit the *Current Account* of the non-registered enterprise with its *Charges* according to its *Fees and Charges*. Upon registration of the enterprise with the Commercial Register, the enterprise shall be obliged to apply for opening its *Current Account* again (paragraph B1.2 of the *Terms* above), notifying *Bank* of representatives of the enterprise. In case the enterprise foundation is terminated without its registration, *Bank* shall pay out funds paid into the *Current Account* of the enterprise according to instructions of founders of the enterprise, having paid the foundation capital into its *Current Account*. In such case *Bank* shall be entitled to apply the *Charge* for paying out cash according to the *Fees and Charges*.

#### B1.4. Transactions in the Current Account

B1.4.1. Should the *Customer* identify incompliance between the *Transactions* booked to the account and those actually performed, or the *Transactions* not authorized by the *Customer*, the latter shall immediately, but not later than within thirty calendar days after the date the *Transaction* has been booked to the account (or the date the *Transaction* was supposed to be booked to the account), notify the *Bank* accordingly by submitting a claim to the *Bank* in the form and according to the procedure prescribed by the *Bank*.

B1.4.2. Pursuant to the instances and procedures stipulated in the Republic of Latvia Law on Payment Services, the *Customer* that is recognized to be a consumer under the Republic of Latvia Consumer Rights Protection Law shall be entitled to be reimbursed for losses, provided that immediately upon having detected an unauthorized *Transaction*, but not later than within the term stipulated in clause B1.4.1 above, the *Customer* informs the *Bank* of the same, complying with the procedures set forth herein. The *Bank* shall reimburse the losses by refunding the *Transaction* amount or, if applicable, by restoring the *Customer's Current Account* balance to be equal to that before performing an unauthorized *Transaction*.

The *Bank* shall not reimburse the *Customer* for losses if the *Customer* has performed unlawful acts or violated some of the provisions of these *Terms* intentionally (deliberately) or due to gross negligence, and also in cases where the *Customer* was able or should have been able to anticipate losses, but failed to ensure security of the funds held in the *Current Account*, inter alia, to set limits on the *Transactions* or to apply for blocking *Transactions* in the *Current Account*.

B1.4.3. The *Bank* shall be entitled to request the *Customer* to provide a special confirmation of the *Transaction* in the *Current Account* that has not been applied for personally by the *Customer* or its representative and the *Bank* has doubts with regard to the *Transaction* being confirmed (authorized) by the *Customer*. The *Bank* shall be entitled not to execute such *Transaction* until a special *Customer's* confirmation of the *Transaction*, meeting the *Bank* requirements, is received by the *Bank*. This being the case, the *Bank* shall not be liable for losses or additional expenses that might be incurred by the *Customer* due to delayed execution of the *Transaction*.

By submitting its special confirmation of the *Transaction* to the *Bank*, the *Customer* shall waive its right of lodging any claims with regard to this *Transaction* and requesting reimbursement for losses.

#### B1.5. Funds in the Current Account. Interest

B1.5.1. Funds in the *Customer's Current Account* are demand deposits, and the *Customer* shall be entitled to use such funds. The *Customer* may receive funds in its *Current Account* or transfer same.

- B1.5.2. The *Bank* shall pay interest on the balance in the *Current Account* of the *Customer* in case it is provided for in the *Fees and Charges*. The interest on the balance of funds in the *Current Account* for one day shall be calculated based on the actual number of days in the year (365 days or 366 days in a leap year accordingly) and shall be paid for each day on the amount of funds in the *Current Account* as at the end of the respective day (*Actual/Actual*).

The *Bank* shall pay the *Customer* interest on the balance of funds in the *Current Account* once per month by crediting this interest to the *Customer's Current Account*.

#### **B1.6. Suspending Current Account maintenance**

- B1.6.1. Where there is overdraft mentioned in paragraph B7.2.2.d of the *Terms* below generated in the *Current Account* during 180 days in a row, the *Bank* shall be entitled, without closing the *Current Account*, to suspend maintenance of the same. When suspending the *Current Account* maintenance, the *Bank* shall suspend withholding the charge for *Current Account* maintenance, calculating the remuneration for use of the overdraft mentioned in paragraph B7.2.2.d of the *Terms* below, informing the *Customer* about events that might be related to the *Current Account*, as well as executing the *Customer's* payment orders.
- B1.6.2. Suspension of the *Current Account* maintenance shall not terminate and cancel the *Customer's* obligations to the *Bank*, including those under repayment of the overdraft mentioned in paragraph B7.2.2.d of the *Terms* below, or other obligations set in these *Terms*.
- B1.6.3. If during the period of the *Current Account* maintenance being suspended the *Bank* receives any payment addressed to the *Customer*, the *Bank* shall be entitled to accept the same and credit it to the *Current Account*. The *Bank* shall apply the charge for crediting the funds in accordance with the *Rates and Charges*.
- B1.6.4. If the overdraft mentioned in paragraph B7.2.2.d of the *Terms* below in the *Current Account* is repaid, also as a result of crediting the payment addressed to the *Customer*, the *Customer* shall be entitled to apply to the *Bank* for resumption of the *Current Account* maintenance. This being the case, the *Bank* shall inform the *Customer* about repayment of the overdraft mentioned in paragraph B7.2.2.d of the *Terms* below and about the procedure of applying for resumption of the *Current Account* maintenance. Before resuming the *Current Account* maintenance, the *Bank* shall be entitled to perform identification of the *Customer* following the procedure set forth in section A4 above, and the *Customer* shall comply with all requests that the *Bank* can make in this respect. The *Bank* shall be entitled to withhold charge for resuming the *Current Account* maintenance in accordance with the *Rates and Charges*.

#### **B1.7. Closing a Current Account**

- B1.7.1. Unless stated otherwise in the Republic of Latvia legal enactments on consumer protection or other laws, each *Party* shall be entitled to initiate closing of the *Current Account* any time, without explaining reasons for it.
- Customer's Current Account* shall be closed within five *Bank* days of receipt of *Customer's Notice*. The *Current Account* shall not be closed, in case the same is required for execution of other *Transactions* concluded with *Customer* or the overdraft mentioned in paragraph B7.2.2.d of the *Terms* below is granted to the *Customer*.
- B1.7.2. *Customer* shall be obliged to pay a *Charge* for closing its *Current Account* to *Bank* in accordance with *Fees and Charges*.
- B1.7.3. If *Customer* on applying for its *Current Account* closure has provided a direction for transfer of the balance of funds contained therein in accordance with procedures stated by *Bank*, *Bank* shall close the *Current Account* and transfer the balance according to the payment order submitted by *Customer*.
- B1.7.4. If the overdraft mentioned in paragraph B7.2.2.d of the *Terms* below is generated, the *Bank* shall be entitled to close the *Current Account* without prior *Notice* to the *Customer* on the following instances:
- B1.7.4.1. the overdraft mentioned in paragraph B7.2.2.d of the *Terms* below is generated during more than 360 days in a row, or;
- B1.7.4.2. within 30 days after the *Bank's Notice* on repayment of the overdraft mentioned in paragraph B7.2.2.d of the *Terms* below and the rights to apply for resumption of the *Current Account* maintenance, the *Customer* fails to apply for resumption of the *Current Account* maintenance and/or to comply with the requests made by the *Bank* under performing the identification.



## B2. Deposit Terms and Conditions

### B2.1. Application

- B2.1.1. These Deposit *Terms* and Conditions shall apply to relations between the *Parties*, where the *Customer* has applied for a term deposit (hereinafter referred to as the *Deposit*) of his/its funds with the *Bank*, or where the *Customer* has entered into a *Deposit* Agreement with the *Bank* in accordance with the *Terms* and a deposit account (hereinafter referred to as the *Deposit Account*) has been opened for the *Customer* with the *Bank*.
- B2.1.2. Pursuant to the procedure specified in paragraphs B2.3 and B2.4.1 of the *Terms* or following a separate written agreement between the *Parties*, the *Parties* may agree upon applying other different conditions to the *Deposit*.
- B2.1.3. These Deposit *Terms* and Conditions shall be also applicable to the *Deposits* securing card credit (paragraph B3.5 of these *Terms* below) granted to the *Customer/Cardholder* (hereinafter referred to as the *Card Credit Security Deposit*), unless stated otherwise in section B3.6 of these *Terms* below.

### B2.2. Types of Deposits

The *Bank* offers the *Customer* the following types of *Deposits*:

- a. a *Deposit* with interest payment on a monthly basis;
- b. a *Deposit* with interest payment at the end of the term.

### B2.3. Procedures of Entering into the Deposit Agreement

- B2.3.1. In order to enter into a *Deposit* Agreement, the *Customer* shall submit to the *Bank* his/its *Deposit* application made in accordance with the *Bank's* requirements, stating the *Deposit* type, the *Deposit* term, the *Deposit* amount, the *Deposit* currency and the *Deposit* interest rate, and other information required to enter into the *Deposit* Agreement. The *Bank* shall consider the *Customer's* *Deposit* application and decide on entering into the *Deposit* Agreement.
- B2.3.2. The *Deposit* Agreement shall be entered into when the *Deposit account* is opened and the *Deposit account* is credited with funds equal to the *Deposit* amount in accordance with the *Terms*. Conditions of the *Deposit* Agreement incorporate the *Terms* and the *Deposit* application that is signed by the *Customer* and contains conditions accepted by the *Bank*.

### B2.4. Depositing a Deposit

- B2.4.1. Where upon receipt of the *Customer's* *Deposit* application the *Bank* agrees to enter into the *Deposit* Agreement, the *Bank* shall transfer funds equal to the *Deposit* amount from the *Customer's* *Current Account* to the *Deposit account*. The payment equal to the *Deposit* amount performed by the *Bank* from the *Customer's* *Current Account* to the *Deposit account* shall be deemed the *Bank* consent to entering into the *Deposit* Agreement.
- B2.4.2. The *Bank* may only enter into the *Deposit* Agreement with the *Customer* if the *Customer* has a *Current Account* with the *Bank*. Funds equal to the *Deposit* amount may only be transferred to the *Deposit account* from the *Customer's* *Current Account*.
- B2.4.3. The *Deposit* Agreement shall be entered into provided that:
- a. the *Customer* credits his/its *Current Account* with the required funds within 6 *Bank* days of the *Bank* from the day when the *Customer's* *Deposit* application was received by the *Bank* and as a result the amount of funds available in the *Customer's* *Current Account* is equal to or exceeds the *Deposit* amount stated in such *Deposit* application, and
  - b. the *Bank* agrees to enter into the *Deposit* Agreement pursuant to the relevant *Deposit* application, transferring funds equal to the *Deposit* amount from the *Customer's* *Current Account* to the *Deposit* account.
- B2.4.4. In case the *Customer* submits an application for placing a *Deposit* for a period less than thirty calendar days with interest payment at the end of the term (hereinafter referred to as the *Short-term Deposit*), the *Customer* shall ensure availability of funds in an amount that is not less than the *Deposit* amount stated in the *Deposit* application in his/its *Current Account* on the date when his/its *Deposit* application is received by the *Bank*. In case of a *Short-term Deposit*, the *Deposit* Agreement is not and will not be entered into, unless the *Customer* ensures availability of funds in an amount that is equal to or exceeds the *Deposit* amount stated in the *Deposit* application in his/its *Current Account* as of the date when such *Deposit* application is received by the *Bank*.

- B2.4.5. In the case specified in paragraph B2.4.3 of the *Terms* above, the *Deposit* Agreement shall be entered into in compliance with the following special conditions concerning the *Deposit* term and the *Deposit* interest rate:
- a. the date of commencement of the *Deposit* term is the date when the *Deposit* account is credited with the *Deposit* amount;
  - b. the *Deposit* interest rate is the rate stated in the *Fees and Charges* as of the date when the *Deposit* account is credited with the *Deposit* amount.
- B2.4.6. At the *Customer's* request, the *Bank* shall issue a certificate on *Deposit* account status to the *Customer*.

## B2.5. Deposit Interest and Procedures of Its Accrual

- B2.5.1. Interest shall be accrued and paid out on the *Deposit* amount available in the *Deposit* account.
- If the *Deposit* is placed for a period of up to thirty calendar days, the *Deposit* interest for one day shall be calculated based on the actual number of days in the year (365 days or 366 days in a leap year accordingly), and the *Deposit* interest shall be paid for each day of the *Deposit* being held in the *Deposit* Account (*Actual/Actual*).
- If the *Deposit* is placed for a period exceeding thirty calendar days, the *Deposit* interest for one day shall be calculated assuming that a year is comprised of 360 days, and the *Deposit* interest shall be paid assuming that a month is comprised of 30 days (*360/360*).
- B2.5.2. The dates on which the *Deposit* is deposited and withdrawn shall be considered to be a single day.

## B2.6. Procedures of Paying out the Deposit and Interest

- B2.6.1. In cases stated in the *Terms*, the *Bank* shall pay out the *Deposit* and the *Deposit* interest to the *Customer* by crediting the *Customer's* *Current* Account.
- B2.6.2. Unless the individual *Customer* has a *Current* Account with the *Bank*, upon receipt of the *Customer's* written application the *Bank* shall pay out the *Deposit* and the *Deposit* interest to the *Customer* in cash, in cases stated in the *Terms*.
- B2.6.3. With regard to the *Customer* holding a *Current* Account with the *Bank* at the moment of depositing the *Deposit*, but such *Current* Account being closed during validity of the *Deposit* Agreement, after the *Customer's* *Current* Account is closed, conditions of paragraph B2.6.2 of the *Terms* above shall apply to paying out the *Deposit* and the *Deposit* interest accordingly.
- B2.6.4. When the *Bank* pays out the *Deposit* and/or the *Deposit* interest, taxes and duties shall be withheld from funds payable to the *Customer* in accordance with procedures pursuant to normative acts of the Republic of Latvia.
- B2.6.5. Should the *Deposit* be used as collateral securing the *Customer's* or other customer's obligations to the *Bank* at the moment of the *Deposit* payout, then the *Deposit* shall not be paid out to the *Customer* before those obligations to the *Bank* are completely discharged.

## B2.7. Conditions of Paying out the Deposit and Interest

- B2.7.1. In case of a *Deposit* with interest payment on a monthly basis, interest shall be paid out once a month. In case of a *Deposit* with interest payment at the end of the *Deposit* term, interest shall be paid out on the last day of the *Deposit* term.
- B2.7.2. In case of a *Short-term* *Deposit*, *Deposit* interest shall be paid out on the last day of the *Deposit* term.
- B2.7.3. When the *Bank* pays out the *Deposit* amount, the accrued outstanding *Deposit* interest shall be paid out to the *Customer* concurrently.
- B2.7.4. The *Bank* shall credit the *Customer's* *Current* Account with the *Bank* with the *Deposit* and the *Deposit* interest.
- B2.7.5. If the *Customer* had a *Current* Account with the *Bank* when the *Deposit* was deposited and such *Current* Account was closed during the term of the *Deposit* Agreement, the *Customer* shall be entitled to receive the *Deposit* and the *Deposit* interest in cash.

## B2.8. Withdrawal of the Deposit prior to Term End

- B2.8.1. The *Customer* is entitled to request the *Bank* to pay out the *Deposit* prior to term end. Such payment shall be made as follows:
- a. the *Customer* submits his/its written application for premature withdrawal of the *Deposit* to *Bank*;
  - b. the *Bank* shall pay the *Deposit* and the accrued outstanding *Deposit* interest for the term up to the date of withdrawal of the *Deposit* to the *Customer* within 20 *Bank* days from the day when the application for premature withdrawal of the *Deposit* is received by the *Bank*;

- c. for premature withdrawal of the *Deposit* the *Customer* shall pay to the *Bank* a *Charge* to the amount stated in the *Fees and Charges* as of the date of premature withdrawal of the *Deposit*. Such *Charge* shall be paid on the date of paying out the *Deposit*.
- B2.8.2. The *Bank* shall be entitled to refuse to pay out the *Deposit* prematurely where such *Deposit* serves as security for any liabilities of the *Customer* or another *Customer* towards the *Bank*.
- B2.8.3. The *Bank* shall be entitled to terminate the *Deposit* Agreement unilaterally immediately and without notice to *Customer* before expiry of the *Deposit* term, where:
- the *Customer* fails to fulfil his/its obligations against the *Bank*, including failure to meet the deadline for performance of the *Customer's* obligations to the *Bank*;
  - another *Customer* of the *Bank* for performance of the obligations of which the *Customer* provides surety, or for performance of obligations of which the *Customer's Deposit* has been pledged in favour of the *Bank* fails to fulfil his/its obligations to the *Bank*, including failure to meet the deadline of fulfilment of the *Customer's* obligations against the *Bank*.

If the *Deposit* Agreement terminates in accordance with conditions of this paragraph, *Bank* shall assign (transfer) the *Deposit* and the accrued outstanding *Deposit* interest accordingly as a *Financial Pledge* of fulfilment of liabilities of the *Customer* / another *Customer* against *Bank*. In such cases *Bank* shall be entitled to deduct a penalty for termination of the *Deposit* Agreement to the amount equal to the *Charge* for withdrawal of the *Deposit* ahead of schedule that is stated in the *Rates and Charges*.

## B2.9. Extension of the Deposit term

- B2.9.1. Prior to the *Deposit* payout, the *Customer* shall be entitled to request the *Bank* to extend the *Deposit* term and make respective amendments to the *Deposit* agreement, submitting a corresponding free-form application to the *Bank*.
- B2.9.2. The *Bank* shall review the *Customer's* application and make a decision on extension of the *Deposit* term.
- B2.9.3. Should the *Bank* refuse extension of the *Deposit* term, the *Bank* shall pay out the *Deposit* principal and interest in accordance with the *Deposit Terms and Conditions*.
- B2.9.4. Should the *Bank* decide to extend the *Deposit* term, the *Bank* shall not pay out the *Deposit* principal to the *Customer* on the last day of the *Deposit* term set forth upon entering into the *Deposit* agreement. The *Bank* shall extend the *Deposit* term to the date stated in the *Customer's* application. Alongside extending the *Deposit* term, the *Bank* shall review the *Deposit* interest rate according to the effective *Fees and Charges*. The new interest rate shall become effective on the day of the *Deposit* rollover.
- B2.9.5. Extending the *Deposit* term, the initial *Deposit* account number shall remain unchanged as well as other *Deposit* terms and conditions, except for the *Deposit* interest rate mentioned in clause B2.9.4 above.
- B2.9.6. Interest accrued under the *Deposit* with interest repayment at the end of the term shall be paid out before extending the *Deposit* term, on the last date of the *Deposit* term set forth initially. Thereafter, the *Deposit* interest shall be accrued applying new interest rate in accordance with effective *Fees and Charges* and shall be paid out following this *Deposit Terms and Conditions*.

### B3. Payment Card Terms

#### B3.1. Application

- B3.1.1. These Payment Card *Terms* shall apply to relations between the *Bank*, the *Customer* and the Cardholder (an individual entitled to use the payment card) under issuing, use, and maintenance of payment cards of *VISA Europe* or *MasterCard Worldwide* international payment card organisations issued by the *Bank* (hereinafter in these *Terms* referred to as the *Card*), as well as under opening, use, and maintenance of the *Card* account.
- B3.1.2. The legal relations between the *Bank*, the *Customer*, and the Cardholder under the *Card* issuing, use, and maintenance or the *Card* account use and maintenance that are not covered in these Payment Card *Terms* shall be also regulated by other provisions of the *Terms* and the rules of international payment card organisations *VISA Europe* or *MasterCard Worldwide*, those rules being available for familiarizing with at the *Bank* premises, following a prior arrangement.

#### B3.2. Card Account

- B3.2.1. *Bank* shall open a *Card* account for *Customer* according to *Customer's* application. The *Card* account shall be opened in single currency as offered by *Bank* and chosen by *Customer*.
- B3.2.2. The *Card* account agreement shall be constituted by the *Terms* and the *Customer's* application for the *Card* issuing. The *Card* account agreement between *Bank* and *Customer* shall be considered concluded from the moment when *Bank* has opened a *Card* account for *Customer*. *Bank* shall be entitled to refuse to open a *Card* account or to issue a *Card*, or offer a *Card* of a different type to *Customer*, without stating grounds of such decision.

Where the *Customer* signs and submits to the *Bank* the application for the *Card* issuing to other Cardholder, the *Customer* thereby:

- a. represents that all information about the Cardholder provided in the application for the *Card* issuing is complete, accurate and true in all respects, and the Cardholder's consent to providing such information to the *Bank* for processing has been obtained, as well as the *Customer* commits to immediately inform the *Bank* on all changes in the said information;
  - b. commits to ensure that the *Card* will be used only by the Cardholder stated in the application for the *Card* issuing;
  - c. undertakes full liability for the *Transactions* performed using the *Card* issued to the Cardholder;
  - d. commits to familiarize the Cardholder with the *Terms* and ensure that the Cardholder follows the same and complies with applicable provisions of the *Terms*.
- B3.2.3. *Bank* shall credit *Customer's* *Card* account with funds paid in cash or by making a payment to *Bank* for credit to the *Card* account. In case incoming payment currency differs from the *Card* account currency, at the moment of crediting to the account *Bank* shall convert such funds into the *Card* account currency applying the *Bank's* general currency exchange rate.
- B3.2.4. *Bank* shall be entitled to debit the *Card* account with amounts of *Transactions* made by means of the *Card* and any charges thereon without acceptance, after information on the *Transaction* is received.

At the moment of executing the *Transaction*, the *Bank* will block the *Transaction* amount and any charges thereon in the *Card* account until information about the *Transaction* is received. If information about the *Transaction* is not received in due time, the blocking shall be cancelled, without cancelling the abovementioned rights of the *Bank*.

The amount and currency of the *Transaction* made shall be made known to the *Bank* by the payment processing organisation – SIA First Data Latvia, or *VISA Europe* or *MasterCard Worldwide*.

In case the currency of a *Transaction* corresponds to the *Card* account currency, the *Transaction* amount shall be debited in such currency.

In case the *Transaction* currency fails to correspond to the *Card* account currency, the *Transaction* amount shall be debited in the *Card* account currency, with funds being converted at the rate determined considering the currency exchange rate applied by SIA First Data Latvia, or *VISA Europe* or *MasterCard Worldwide* and effective as at the moment of the *Transaction* processing, and the *Bank's* general exchange rate effective as of the moment of posting the *Transaction* to the *Card* account. For converting the *Transaction* amount the *Customer* shall pay the *Bank* the currency conversion fee stated in the *Rates and Charges*.

- B3.2.5. *Bank* shall debit without acceptance *Customer's* *Card* account with *Bank's* *Charges* for services rendered according to the *Fees and Charges* effective as of the moment of posting the *Transaction* to the *Card* account. *Bank* shall also be entitled to debit the *Charges* from other *Customer's* accounts with *Bank*. The *Customer* shall also pay the *Bank* the third parties' charges related to the payment card services rendered, provided they are set forth in the *Fees and Charges* or the *Customer* is otherwise informed of the same by the third parties.

The said charges may be stated as a part of the *Transaction* amount, unless third parties involved in settlement do not state the charges separately from the *Transaction* amount.

- B3.2.6. *Customer* shall be entitled to make *Transactions* with the *Card* (also by ensuring funds in the *Card* account to make payments related to the *Transactions* and to cover the *Fees*) within the balance of funds in the *Card* account and the *Card* Credit (paragraph B3.5 below). *Customer* shall reimburse *Bank* for all expenses and losses that may be sustained by *Bank* through *Customer's* failure to comply with a provision mentioned in the previous sentence.
- B3.2.7. To enhance security of the funds held in the *Customer's* *Card* account, the *Customer* shall be entitled to apply to the *Bank* for spending limits on the *Transactions* with the *Card* to be set or to request the *Card* to be temporarily blocked, by submitting a respective application to the *Bank* in the form and according to the procedure prescribed by the *Bank*. In case of the *Card* renewal or replacement, the spending limits set earlier shall not apply to the renewed or replaced *Card*.
- The *Bank* shall be entitled to request the *Customer* to provide a special confirmation of the *Transaction* in the *Card* account that has not been applied for personally by the *Customer* or its representative and the *Bank* has doubts with regard to the *Transaction* being confirmed (authorized) by the *Customer*. The *Bank* shall be entitled not to execute such *Transaction* until a special *Customer's* confirmation of the *Transaction*, meeting the *Bank* requirements, is received by the *Bank*. This being the case, the *Bank* shall not be liable for losses or additional expenses that might be incurred by the *Customer* due to delayed execution of the *Transaction*.
- B3.2.8. In case the Cardholder has received the *Card* Credit (paragraph B3.5 below) or a part thereof as of the end of the settlement cycle covering one calendar month, *Customer* shall be obliged to decrease its *Card* account balance by making a minimum payment for such account maintenance, that is, by debiting the *Card* account with at least the minimum amount stated by *Bank* and specified in the *Card* account statement until the date stated in such statement (hereinafter referred to as *Minimum payment*).
- B3.2.9. If *Customer* makes late payment of the Minimum payment to the *Card* account, *Customer* shall pay overdue interest to *Bank* for delay of such Minimum payment to the amount stated in the *Fees and Charges*.
- B3.2.10. Other rights and obligations of the *Parties* related to payments made by the *Card* and payments to / from the *Card* account shall be regulated by section B6 of the *Terms* below, unless stated otherwise in these *Payment Card Terms*.

### B3.3. Card and Authorization of the Transaction

- B3.3.1. The *Card* is *Bank's* property transferred to the Cardholder for use. The Cardholder shall only be entitled to use the *Card*.
- In order to prevent or cease unlawful operations with the *Card*, *Bank* shall be entitled to demand from *Customer* and *Cardholder* to return the *Card* and *Customer* shall be obliged to satisfy above mentioned request of *Bank* immediately.
- B3.3.2. In case the *Card* provides for the Cardholder's signature specimen, the Cardholder shall be obliged to affix his signature to the *Card* in the place meant for the signature specimen at the moment of receiving his *Card*.
- B3.3.3. A Cirrus *Card* is meant for cash withdrawal in an ATM. Other *Card* types may be used in all *Transactions* where the respective *Card* type may be used.
- B3.3.4. The Cardholder is required to ensure the safekeeping of his *Card*, without allowing access of a third person to his *Card* or *Card* information (*Card* number, validity or CVC2 / CVV2 code).
- Should the *Card* be lost, reproduced or happened to unlawfully come to the disposal of a third party, or the *Card* information be disclosed, or the above facts be suspected, the *Customer* / Cardholder shall immediately give *Card* number or call its name, date of birth, type of the *Card* and the *Card* account currency to *Bank* or an organisation stated by *Bank* (paragraph B3.4.1 below), for such organisation to be able to block the *Card* for the purposes of prevention of unlawful *Transactions* with the *Card*.
- B3.3.5. The Cardholder shall not be allowed to damage his *Card*, to modify or reproduce the *Card*, or to allow such damage, modification or reproduction. In case the *Card* is damaged, *Customer* shall be entitled to apply to *Bank* for replacement of his *Card*.
- B3.3.6. A PIN-code is a personal identification number issued by *Bank* to the Cardholder together with the *Card*. The PIN-code is only known to the Cardholder and considered equal to the Cardholder's signature for Transaction certification. In case of PIN-code use, strict observance of all instructions of the respective ATM or payment card terminal is required.
- B3.3.7. Disclosure of PIN-code to third persons is not permitted. The PIN-code is to be kept safely, so that third persons have no access to same. Cardholder shall not be entitled to write his PIN-code on the *Card* or to keep the same together with his *Card*.
- B3.3.8. When making a Transaction with his *Card*, Cardholder shall be obliged to supervise actions with the *Card*, and shall be responsible in full for risks arising as a result of his *Card* servicing in the absence of the Cardholder or if the *Card* comes into the possession of any third party. The *Customer* / Cardholder shall familiarize itself with



other rules of safe keeping and using of the *Card*, which are available at the *Bank's* Internet homepage [www.ablv.com](http://www.ablv.com), and shall observe the same.

- B3.3.9. The *Customer* shall recognize a *Transaction* with the *Card* as confirmed (authorized) by the *Customer* provided that:
- when making a *Transaction*, the *Customer* / Cardholder has signed a document certifying the *Transaction*;
  - the *Transaction* has been confirmed by entering the PIN-code in the ATM or card POS terminal;
  - the *Transaction* has been confirmed by entering (providing) the *Customer's* / Cardholder's name, surname, the *Card* number, validity period and CVC2 / CVV2 code.

The *Customer* shall agree that a *Transaction* confirmation given following the procedures stipulated in sub-clauses a, b, c of clause B3.3.9 above shall constitute an irrevocable confirmation / consent by the *Customer* / Cardholder with regard to the amount and other details stated in the document, or an ATM's or card POS terminal's display.

The *Customer* / Cardholder shall keep the document certifying the *Transaction* till the end of the term designated for lodging a claim, set forth in clause B3.7.1 below.

The *Customer* shall agree that in case of the *Transaction* amount being less than EUR 250 (or equivalent amount in another currency) the fact of the *Card* magnetic strip or a smart-card chip being placed in a card POS terminal for reading the *Card* data, thus enabling the *Transaction* to be authorized in accordance with the procedures stated above, shall be deemed to constitute the confirmation (authorization) by the *Customer* / Cardholder.

- B3.3.10. The *Customer* / Cardholder is obliged to present his identity document at the request of the receiver of the *Transaction* amount or a person authorized by the latter.
- B3.3.11. *Bank* shall not be responsible for:
- losses of *Customer* / Cardholder caused by damages or faults in the *Card* serving computer system, including the *Customer's* / Cardholder's failure to use funds available in the *Card* account;
  - errors or unlawful action of the receiver of the *Transaction* amount;
  - quality of goods and services purchased with the *Card* being used;
  - refusal to accept the *Card*.
- B3.3.12. On the instances related to safe using of the *Card*, suspected unauthorized use of the *Card* or use of the same for fraudulent purposes, or where the *Card* is linked to the *Card* credit and the *Customer's* risk of defaulting in its obligations has increased, the *Bank* shall be entitled to block the *Card* at any time, banning *Transactions* with it. *Bank* shall not be responsible for *Customer's* / Cardholder's losses and other additional expenses, provided *Bank* exercises its rights according to provisions stated in the previous sentence. *Customer* shall reimburse *Bank* for all expenses that may be connected with the above blockage of the *Card*.
- The *Bank* shall unblock the *Card* or replace it with a new one, as soon as grounds for blocking are no longer present.
- B3.3.13. Validity of the *Card* is stated on the *Card*. The *Card* is valid until the last day of its validity (inclusive). Upon expiry of validity of the *Card*, as well as in case the *Card* is blocked, the same shall not be used. The *Customer* / Cardholder shall be obliged to destroy a *Card* with expired validity, e.g. by dividing the same in two parts.
- B3.3.14. Upon expiry of validity of the *Card*, *Bank* shall make a new *Card* for the *Customer* / Cardholder, unless *Customer* has refused to receive such new *Card* at least one month before expiry of validity of the current *Card* or *Bank* has notified *Customer* of its rejection to issue a new card. The *Bank* shall debit the *Customer's* *Card* account with the *Charge* for the *Card* production without acceptance in accordance with the *Fees and Charges*. A new *Card* shall be kept at the *Bank* until being issued / sent to the *Customer* / Cardholder. Unless the *Card* is picked up within three months, it will be cancelled and destroyed. The *Bank* shall not refund the *Charge* paid in accordance with this paragraph.

The *Bank* shall issue the *PIN-code* and the *Card* to the *Customer* / Cardholder as the *Customer* shall instruct. Where the *Customer* instructs the *Bank* to send the *Card* and/or the *PIN-code* to the *Customer* or the Cardholder by post and/or through intermediary of third parties, the *Customer* shall assume all risks that may be associated with the *Card* delivery. The *Bank* shall be entitled to use services provided by third parties to fulfil the *Customer's* instructions regarding delivery of the *Card* / *PIN-code*. The *Bank* shall bear no responsibility for losses or other expenses incurred by the *Customer* or third parties as a result of the delayed delivery, the dispatch being lost, misused, deficient or damaged, confidential information being disclosed, or due to any other reasons beyond the *Bank's* control.

- B3.3.15. *Customer* shall be responsible for fulfilment of all liabilities against *Bank* ensuing from the Payment Card *Terms*.

### B3.4. Loss of the Card, Disclosing PIN-Code to a Third Person

- B3.4.1. In case the *Card* is lost, stolen, reproduced or otherwise has come to the disposal of a third person (hereinafter – *lost*), or PIN-code has become known or might have become known to a third person, or unauthorized use of the *Card* has occurred, the *Customer* / Cardholder shall be obliged to inform the *Bank* of the same without delay, as soon as possible calling at +371 6777 5555, or using SKYPE voice telephony (the *Bank's* SKYPE user name is "ablv.riga"). *Customer* / Cardholder shall notify *Bank* of the fact of loss of the *Card*, disclosure of PIN-code to a third person, or unauthorized use of the *Card* in writing within seven days from the date of such loss of the *Card*, disclosure of PIN-code, or unauthorized use of the *Card*.
- B3.4.2. *Customer* / Cardholder shall be obliged to immediately supply *Bank* at its request with data on circumstances related to loss of *Card*, disclosure of PIN-code to a third person, or unauthorized use of the *Card*.
- B3.4.3. If *Customer* / Cardholder finds the *Card* declared to be *lost*, then *Customer* / Cardholder is obliged to immediately notify *Bank* accordingly and make his *Card* unusable according to paragraph B3.3.13 of the *Terms* above.

### B3.5. Card Credit

- B3.5.1. The *Customer* shall be granted a *Card Credit* according to provisions of the *Rates and Charges* and the arrangement between the *Bank* and the *Customer*, based on the *Customer's* application or on the *Customer's* consent to the *Bank's* offer, expressed in the form of the letter with European consumer credit information on overdrafts or in another way, or pursuant to the *Terms*, and the letter on card credit granting sent to the *Customer* by the *Bank*.
- B3.5.2. *Card Credit* agreement between the *Bank* and the *Customer* shall be deemed entered into, and *Card Credit* shall be considered to have been received as of the moment when the *Card* account is debited with the amount of the *Transaction* or with other amount of funds payable pursuant to the *Terms* exceeding the *Customer's* funds balance in the *Card* account.
- B3.5.3. *Card Credit* the limit of which is assigned pursuant to provisions of the *Rates and Charges* and the *Bank's* arrangement with the *Customer* shall be deemed the credit subject to notice of termination. *Bank* shall be entitled to unilaterally decrease the said *Card Credit* or request that *Card Credit* is repaid at *Bank's* own discretion at any time.

If *Bank* has requested that *Card Credit* the limit of which is assigned pursuant to provisions of the *Rates and Charges* and the *Bank's* arrangement with the *Customer* be repaid in full or partially, *Customer* shall be obliged to repay the credit immediately, including when *Customer* has been notified accordingly.

*Customer* shall be obliged to immediately repay the *Card Credit* exceeding the *Card Credit* limit assigned pursuant to provisions of the *Rates and Charges* and the *Bank's* arrangement with the *Customer* without special *Notice* from *Bank*.

- B3.5.4. For using the *Card* credit within the repayment period the *Customer* shall pay interest on the capital use to *Bank* according to the *Rates and Charges*, and for using the *Card* credit after the repayment period the *Customer* shall pay overdue interest to the *Bank* according to the *Rates and Charges*. Interest on the capital use and overdue interest for using the *Card* credit shall be accrued on the actually used credit amount, and the due term of their payment shall be the last day of each month. Interest on the capital use and overdue interest for using the *Card* credit for one day shall be calculated assuming that a year is comprised of 360 days, and the same shall be accrued for each calendar day of using the *Card* credit (*Actual/360*). The accrued interest and other amounts of funds payable pursuant to the *Terms* shall be withheld from the *Card* account without specific *Customer's* order as soon as those become due, and where there are no sufficient *Customer's* funds available in the *Card* account as at the moment of making the payment, those shall be withheld by increasing the *Card* credit accordingly. The day of the *Card* credit granting (disbursement) and the day of repayment of the same shall be considered to be a single day.
- B3.5.5. *Customer* shall be entitled to refuse *Card Credit* and to decrease its amount at any time, repaying the credit part used and other payments related to the credit to *Bank* according to the present Payment Card *Terms* and the *Fees and Charges*, and delivering written *Notice* to *Bank* of termination or lowering of its *Card Credit* requirements.
- B3.5.6. In cases where *Bank* grants *Card Credit* to *Customer* with zero interest rate, the *Minimum Payment* shall amount to the amount of *Card Credit* used. In such cases *Customer* authorises *Bank* to debit *Customer's* *Current Account* with the *Minimum Payment* in the *Card Credit* currency without acceptance from the first day of each settlement month until *Card Credit* is repaid in full. Should the *Minimum Payment* amount exceed the amount of balance available in the *Customer's* *Current Account* in the *Card Credit* currency, the *Bank* shall debit the *Customer's* *Current Account* with the *Minimum Payment* amount equal to the available balance in the *Card Credit* currency without acceptance.
- B3.5.7. The calendar month stated for making the *Minimum Payment* in the *Card* account statement shall be considered a settlement month. *Bank* shall be entitled, without obligation, to satisfy claims under the *Card* Credit by realising the *Financial Pledge*.

- B3.5.8. The *Parties* shall use *Internetbank* as main means for communication between the *Bank* and the *Customer* regarding the *Card Credit* granted, provided the *Customer* has applied for using *Internetbank* and unless stated otherwise in the respective *Customer's* application.

### B3.6. Collateral

- B3.6.1. The *Customer*, given the *Bank's* approval, shall be entitled to place a *Card Credit Security Deposit* with the *Bank* upon submitting a respective application to the *Bank* in accordance with the form set by the *Bank*. The following conditions shall apply to such deposit as long as the same serves as security under the *Customer's* / *Cardholder's* obligations to the *Bank* arising out of these Payment Card Terms:
- B3.6.1.1. the *Card Credit Security Deposit* shall be a term deposit, i.e., the *Card Credit Security Deposit* shall be deemed placed for an indefinite period, and the same shall be repaid upon request in accordance with the Terms, but not before the date of complete discharge of liabilities secured thereby, i.e., the term stated in paragraph B3.8.3 of these Payment Card Terms below, unless the *Bank* states otherwise. The *Bank* shall not be obliged to repay the *Card Credit Security Deposit* prior the expiry of the term mentioned in the previous sentence;
- B3.6.1.2. where at the moment of placing the *Card Credit Security Deposit* there is no sufficient balance in the *Customer's* *Current Account* in the currency required for placing the *Card Credit Security Deposit*, the *Bank* shall be entitled to debit the amount of the *Card Credit Security Deposit* in other currency(-ies) without acceptance, applying the *Bank's* general currency exchange rate effective as at the moment of placing the *Card Credit Security Deposit*;
- B3.6.1.3. in case the *Card Credit Security Deposit* has been placed as security of liabilities of a third person, the *Customer* having placed such deposit shall be responsible for the debt of such person as the debtor proper. This being the case, the financial pledge agreement shall be deemed to be entered into upon the moment when the *Customer* acting as the security provider has submitted a signed surety application to the *Bank* and the *Bank* has after submission confirmed it by its signature. In such case, the provisions of the financial pledge agreement shall be constituted by the surety application signed by the *Customer* and the *Bank* (sent to the *Customer* by the *Bank* upon request) and the Terms;
- B3.6.1.4. in case of default of the secured liability, as well as in case the *Customer's* bankruptcy or liquidation trial has been initiated, the *Bank* shall be entitled to use the *Card Credit Security Deposit* and outstanding deposit interest accrued for mutual set-off of liabilities of the *Parties* without any limitations.
- B3.6.2. In case the *Customer* has established a pledge in favour of the *Bank* as security for its liabilities (not related to the *Card Credit*), such pledge shall secure the *Customer's* liabilities ensuing from the present Payment Card Terms after opening the *Card* account.
- B3.6.3. The Interest on the *Card Credit Security Deposit* shall be accrued and paid to the *Customer* in accordance with the *Rates and Charges*. The Interest on the *Card Credit Security Deposit* for one day shall be calculated assuming that a year is comprised of 360 days, and the interest shall be paid assuming that a month is comprised of 30 days (360/360). The day of the *Card Credit Security Deposit* placement and the day of its payment out shall be considered to be a single day.
- B3.6.4. The *Bank* shall pay the *Customer* the interest accrued under the *Card Credit Security Deposit* once per calendar year by crediting this interest to the *Customer's* *Current Account*.
- B3.6.5. If the *Customer* holds an effective *Card Credit Security Deposit* placed for a specific period, it shall be extended in accordance with the following procedure:
- B3.6.5.1. The *Bank* shall pay the amount of the *Card Credit Security Deposit* to the *Customer* on the last day of the term.
- B3.6.5.2. The *Bank*, without specific *Customer's* application, shall execute another *Card Credit Security Deposit* in accordance with the Terms and effective *Rates and Charges*. The amount of the *Card Credit Security Deposit* shall be determined by the *Bank* at the moment of placing the *Card Credit Security Deposit*. The new interest rate shall become effective on the day of extending the *Card Credit Security Deposit*.
- B3.6.5.3. When extending the *Card Credit Security Deposit*, another *Deposit* account number shall be assigned, and other conditions of the *Card Credit Security Deposit* shall be changed in accordance with the *Rates and Charges* effective as at the day of extending the *Card Credit Security Deposit*.

### B3.7. Contesting a Transaction

- B3.7.1. Should the *Customer* identify incompliance between the *Transactions* booked to the account and those actually performed, or the *Transactions* not authorized by the *Customer*, the latter shall immediately, but not later than within sixty calendar days after the date the *Transaction* was booked to the account (or the date the

*Transaction* was supposed to be booked to the account), notify the *Bank* accordingly by submitting a claim in the form and according to the procedure prescribed by the *Bank*.

- B3.7.2. *Bank* shall consider such claim within reasonable period of time upon receipt of the claim and all information related to the contested *Transaction*, including receipt of information from the *Customer* / Cardholder, SIA First Data Latvia and *VISA Europe* or *MasterCard Worldwide*.

The *Customer* shall pay a *Charge* for consideration of an unjustified claim to the *Bank* according to the amount stated in the *Rates and Charges*, as well as shall reimburse the *Bank* for the payments made to third parties that are due from the *Bank* in connection with the consideration of such unjustified claim of the *Customer* / Cardholder.

- B3.7.3. Unless it contradicts to the Republic of Latvia special legal norms on consumer protection, the *Bank* shall be entitled not to refund the contested or unauthorized (paragraph B3.3.9 above) *Transaction* amount to *Customer*, in case:
- a. the *Customer* failed to notify in accordance with clause B3.7.1 herein;
  - b. the *Transaction* has been confirmed in accordance with the procedure set forth in paragraph B3.3.9 of the *Terms* above;
  - c. the *Customer* / Cardholder has transferred or allowed the *Card* to be at the disposal of a third person, or failed to fulfil other obligations stipulated in these *Payment Card Terms*;
  - d. the *Customer* / Cardholder has not ensured safe keeping of the *Card* information (paragraph B3.3.4 above) and safe using of the *Card*;
  - e. the *Transaction* has been executed after *Customer* / Cardholder learned about loss or reproduction of the *Card*, or about the *Card* being at the disposal of a third person, or PIN-code being disclosed, or unauthorized use of the *Card*, however before giving the relevant *Notice* about loss or reproduction of the *Card*, or about the *Card* being at the disposal of a third person, or PIN-code being disclosed, or unauthorized use of the *Card* (paragraph B3.4.1 above);
  - f. the *Transaction* has been executed within 48 hours of the moment of giving the *Notice* about loss or reproduction of the *Card*, or about the *Card* being at the disposal of a third person, or PIN-code being disclosed, or unauthorized use of the *Card*;
  - g. the *Transaction* has been executed in 48 hours of the moment of giving the *Notice* about loss or reproduction of the *Card*, or about the *Card* being at the disposal of a third person, or PIN-code being disclosed, or unauthorized use of the *Card* and within ten days after the above term of 48 hours, and the *Transaction* amount does not exceed EUR 250 or equivalent amount in another currency;
  - h. a *Short Message* about authorisation of a contested *Transaction* has been sent to *Customer* or *Cardholder*, and, within 4 hours after such *Short Message* is sent, *Customer* or *Cardholder* fails to notify *Bank* or an organisation stated thereby (paragraph B3.4.1 of the *Terms* above) that it is necessary to block the *Card* due to suspected unauthorised use of the *Card*;
  - i. in other cases, where the same is permitted by legal enactments applicable to the *Bank*.

Pursuant to the instances and procedures stipulated in the Republic of Latvia Law on Payment Services, the *Customer* that is recognized as a consumer under the Republic of Latvia Consumer Rights Protection Law shall be entitled to be reimbursed for losses, provided that immediately upon having detected an unauthorized *Transaction*, but not later than within the term stipulated in clause B3.7.1 above, the *Customer* informs the *Bank* of the same, complying with the procedures set forth herein. The *Bank* shall reimburse the losses by refunding the *Transaction* amount or, if applicable, by restoring the *Customer's Card* account balance to be equal to that before performing an unauthorized *Transaction*.

The *Bank* shall not reimburse the *Customer* for losses if the *Customer* has performed unlawful acts or has not performed intentionally (deliberately) or due to gross negligence one or several of the provisions of sections A and B3 of these *Terms* or special terms of using payment cards published at the *Bank's* Internet home page, including cases where the *Customer* was able or should have been able to anticipate losses, but failed to ensure security of the funds held in the *Card* account, inter alia, to set spending limits on the *Transactions* with the *Card* or to apply for blocking the *Card* (paragraph B3.2.7 above).

- B3.7.4. By submitting its special confirmation of the *Transaction* to the *Bank* (paragraph B3.2.7 of the *Terms* above), the *Customer* shall waive its right of lodging any claims with regard to this *Transaction* or requesting reimbursement for losses.
- B3.7.5. On instances stipulated in the Republic of Latvia Law on Payment Services and Electronic Money, the *Customer* that is recognized as a consumer under the Republic of Latvia Consumer Rights Protection Law shall be entitled to lodge substantiated claims to the *Bank* with regard to confirmed (authorized) *Transaction*, provided that the latter has been initiated by the *Transaction* beneficiary or through the intermediary of the *Transaction* beneficiary, by stating precisely the essence of the claim and circumstances that might be of importance for claim consideration, as well as by providing all evidence available to the *Customer* that support the *Customer's* claim and its substantiation.

**B3.8. Cancelling the Card and Closing the Card Account**

- B3.8.1. *Customer* may apply for cancellation of the *Card* at any time by submitting the same to *Bank*, as well as closing the *Card* account by submitting a written application and all *Cards* related to the *Card* account to *Bank*. The account is closed when *Customer* has settled with *Bank* in full. For the purposes of the *Terms*, *Card* cancellation shall mean that the *Customer / Cardholder* loses right to use the *Card* as a means of payment. The *Customer* shall not be entitled to request closing of the *Card* account without requesting cancellation of the *Card*.
- B3.8.2. In case *Customer / Cardholder* defaults in its liabilities against *Bank*, *Bank* may cancel the *Card* or close the *Card* account at any time. In case of cancellation of the *Card* and/or closing of the *Card* account, *Customer / Cardholder* shall be obliged at *Bank's* request to submit all of its *Cards* to *Bank*.
- B3.8.3. In case of closing the *Card* account, the *Card* account balance and the *Card Credit Security Deposit* (or part of such account balance and the *Card Credit Security Deposit*, at the *Bank's* discretion) shall secure the *Customer's* liabilities against the *Bank*, arising upon closing the *Card* account. Such amount shall become available to the *Customer* in its *Current Account* with the *Bank*, observing provisions of paragraph B3.6.1.1 above, or otherwise in case the *Customer* has no such *Current Account*, shall be paid out to the *Customer* according to the arrangement between the *Parties*, upon the *Customer's* full settlement with the *Bank*, however within sixty days upon closing the *Card* account.



## B4. Terms of the Financial Instruments' Account and the Cash Account

### B4.1. Application

These *Terms* of the financial instruments' account and the cash account shall apply where *Customer* has filed its application for receipt of investment (brokerage) services.

Appendix No 1 '*Terms and Conditions for Orders for Financial Instruments Transactions*' shall be an integral part of these *Terms*. *Bank* shall notify *Customers* about any amendments to such appendix, and the same shall take effect on the date stated in such notice.

### B4.2. Opening the Accounts included in the Customer's investment portfolio and Determining Customer's Status

- B4.2.1. The *Bank* opens a financial instruments' account for the *Customer* and a related cash account (both hereinafter referred to as the *Accounts*) on the basis of the *Customer's* application for receipt of investment (brokerage) services, provided the *Customer* has a *Current Account* opened with the *Bank*. The *Customer* shall be entitled to submit application for receipt of investment (brokerage) services in writing or electronically via the *Internetbank*.
- B4.2.2. These *Terms* and *Customer's* application for receipt of investment (brokerage) services shall constitute the agreement on the financial instruments' account concluded between the *Parties* (referred to as the *Agreement* in this section B4). Agreement shall be considered concluded from the moment when *Accounts* are opened. At *Customer's* request *Bank* may issue a certificate or another confirmation of opening such *Accounts* to *Customer*.
- B4.2.3. Financial instruments' account and cash account opened for the *Customer* with the *Bank* (as well as special financial instruments' and cash accounts) constitute an aggregate of related entries in the *Bank's* accounting system, and it is labelled as the *Customer's Investment Portfolio* (in these *Terms* referred to as the *Investment Portfolio*). On instances stipulated in the *Terms*, other types of assets may be additionally accounted in the *Customer's Investment Portfolio*.
- B4.2.4. After the account is opened, *Bank* on its own behalf and on behalf of the *Brokerage Company* shall notify *Customer* about his/its status (retail customer, professional customer or eligible counterparty) concerning investment services provided by *Bank* and *Brokerage Company*. *Customer* shall be entitled to request that his/its status should be changed in cases and according to procedures pursuant to legal enactments, also by submitting a motivated application to *Bank* and *Brokerage Company*.

### B4.3. Financial Instruments' Account

- B4.3.1. *Bank* shall hold in custody financial instruments owned by *Customer* separately from financial instruments owned by *Bank*.
- B4.3.2. Financial instruments being in public circulation in the Republic of Latvia shall be held in the account of *Bank's* customers with the Latvian Central Depository according to its regulations.
- B4.3.3. Financial instruments not being in public circulation in the Republic of Latvia shall be held with another Latvian *Agency Company* or a foreign *Agency Company*. *Customer* undertakes all risks related to custody non-registered financial instruments.
- B4.3.4. *Customer* shall make all decisions related to transactions with financial instruments independently or authorise a third person to do so at its own risk and responsibility, and *Bank* shall not be responsible for losses arising as a result of *Customer's* transactions with financial instruments. *Customer* shall reimburse *Bank* for all losses sustained as a result of *Customer's* transactions with financial instruments.
- B4.3.5. In accordance with procedures and within the term approved by *Bank* *Customer* shall receive a statement of his/its financial instruments' account that contains information on financial instruments entered in such account. *Customer* shall be entitled to receive other statements of his/its financial instruments' account in accordance with a special request or via *Internetbank*.
- B4.3.6. *Customer* shall be entitled to apply to *Bank* for opening a special financial instruments' account in order to enter into *Transactions* of any specific category in accordance with procedures agreed with *Bank*. *Terms* of the financial instruments' account shall apply to such account.

### B4.4. Cash Account

- B4.4.1. A cash account is an account where funds are used for transactions with financial instruments, including purchase and sale of financial instruments, making related tax payments, if necessary, payment of *Charges* of *Bank* and the *Brokerage Company* and ABLV Asset Management, IPAS, other payments related to purchase of financial instruments and *Accounts* maintenance, as well as currency Exchange and funds transfers to *Customer's Current Account* with *Bank*. Funds in the *Cash Account* are also used for transactions in *Precious*

*Metals* (as defined in paragraph B20.1.1 below), provided the *Customer* has a *Precious Metals' Account* opened with the *Bank* pursuant to these *Terms*, and for related payments.

- B4.4.2. *Cash Account* may only be credited with funds from *Customer's Current Account* with *Bank* or in relation to transactions with financial instruments available in *Customer's* financial instruments' account with *Bank* and/or *Precious Metals*, including for receiving dividends, interest and other income due to *Customer* from its financial instruments and income from sale of financial instruments and/or *Precious Metals*.
- B4.4.3. *Bank* undertakes to credit the cash account with dividends, interest income and other funds received from financial instruments owned by *Customer* within one *Bank* day after *Bank* has such funds at its disposal, for example, after *Bank's* correspondent account is credited with such funds.
- B4.4.4. Unless *Bank* receives dividends, interest or other payments for financial instruments that are calculated by the issuer from *Agency Companies*, *Bank* shall not credit *Customer's Cash Account* with such payments until such payments are at *Bank's* unlimited disposal. *Customer* undertakes risk of losses related to failure of all kinds of payments through the fault of the issuer or other third persons, or due to other reasons beyond *Bank's* control.
- B4.4.5. Interest shall accrue and shall be paid on funds balance in the *Cash Account*, in case it is provided for in *Fees* and *Charges*. Interest on funds balance in the *Cash Account* for one day shall be calculated based on the actual number of days in the year (365 days or 366 days in a leap year accordingly) and shall be paid for each day on the amount of funds in the *Cash Account* at the close of the relevant day (*Actual/Actual*).
- The *Bank* shall pay the interest on funds balance available in the *Cash Account* to the *Customer* once a month by crediting the *Customer's Cash Account*.
- B4.4.6. *Cash Account* statement is available to the *Customer* in *Internetbank* or upon special request.
- B4.4.7. The *Customer* shall be entitled to apply to the *Bank* for opening a special cash account in order to enter into *Transactions* of any specific category in accordance with procedures agreed with the *Bank*. *Terms* of the *Cash Account* shall apply to such account.

#### **B4.5. Investment Brokerage Company**

- B4.5.1. *Customer* instructs and authorizes ABLV Capital Markets, IBAS, registered with the Commercial Register of the Register of Enterprises of the Republic of Latvia under No 40003814705 (hereinafter referred to as the *Brokerage Company*), to conclude all kinds of transactions with financial instruments and funds available in *Accounts* and to carry on all actions with *Accounts*, including purchase, sale and transfers of financial instruments, filing applications and receiving loans for purchase of financial instruments, pledging financial instruments, according to procedures stated in these *Terms* and submitted orders, and pursuant to the terms and conditions of *Bank* and *Agency Companies*.
- B4.5.2. *Customer* recognizes all transactions and orders given by *Brokerage Company* to *Bank* or executed with *Bank* on *Customer's* behalf as binding upon itself.
- B4.5.3. *Customer* shall not be entitled to give orders for any actions related to its *Account* to *Bank* without *Brokerage Company's* agency and consent, except Exchange and crediting its cash accounts with funds from *Customer's Current Account* with *Bank*, unless *Bank* has given its earlier consent to other *Customer's* orders too.
- B4.5.4. *Customer* agrees that *Brokerage Company* receives information on *Customer* and *Customer's* transactions with *Bank* from *Bank*. *Bank* ensures Access of *Brokerage Company* to information on condition of *Accounts* and transactions in *Accounts*, as well as the opportunity to receive *Account* statements. *Customer* undertakes to receive such information from *Brokerage Company*.
- B4.5.5. Revocation of authorisation pursuant to this section B4 shall only be binding upon *Bank* and *Brokerage Company* in cases where such revocation is received by *Bank* and *Brokerage Company*.
- B4.5.6. *Customer* recognises the *Brokerage Company* General Terms of Business and ABLV Asset Management, IPAS, General Terms of Business applicable to investment services provided by *Bank* and/or such companies as binding upon him/it.

#### **B4.6. Agency Companies**

- B4.6.1. To hold and service *Customer's* financial instruments and *Precious Metals* (where the *Customer* has a *Precious Metals' Account* opened with the *Bank*) and to execute transactions, *Bank* shall use the services of other *Agency Companies*, including correspondent banks, stock exchanges, depositories, clearing institutions and other financial market institutions (hereinafter referred to as the *Agency Companies*). *Customer* undertakes risks of default of liabilities and insolvency of *Agency Companies*, and *Bank* shall not be responsible for losses that *Customer* may sustain in connection with activities of *Agency Companies*. In case the execution of *Transaction* is delayed due to the default and/or insolvency of *Agency Companies*, *Customer* shall not be entitled to cancel transaction without the consent of *Bank*.
- B4.6.2. *Bank* shall be entitled to book the execution of transaction with financial instruments on *Customer's* financial instruments' account and/or cash account prior the confirmation of execution of *Transaction* is received by

*Bank* from *Agency Company*. If as a result of a failure of an *Agency Company Transaction* or the relevant payment is not executed or its execution is delayed, *Bank* shall be entitled without the consent of *Customer* to make all the necessary corrections on *Customer's* financial instruments' account and/or cash account in order to reflect execution of *Transaction* in compliance with the *terms* of actual execution.

- B4.6.3. Financial instruments owned by *Customer* shall be held in an account opened in *Bank's* name with the *Agency Company* in accordance with rules and legal enactments applicable to operations of such *Agency Company*, with a note that such financial instruments are owned by *Bank's Customers* (hereinafter in these *Terms* referred to as the *Nominal Account*). Financial instruments owned by more than one *Bank's Customer* shall be held in such nominal account.
- B4.6.4. *Customer* agrees that *Bank* is entitled to hold financial instruments owned by its *Customers* in *Agency Companies* registered abroad even in cases where holding of financial instruments in favour of third persons in a nominal account is not regulated in the relevant country, provided it is necessary for execution of any *Transaction Customer* has submitted an application for. *Customer* is aware of and undertakes risks related to the circumstances mentioned in the previous sentence, to wit in such cases financial instruments owned by *Customer* shall be held together with financial instruments owned by *Bank*, and as a result it is impossible to identify *Customer's* title to financial instruments to the full extent, should foreign legal enactments be applied. However, *Bank* shall keep accounts of *Customer's* financial instruments held thereby and shall ensure that:
- a. it should be possible to separate financial instruments owned by one *Customer* from those owned by another *Customer* or those owned by *Bank* at any moment;
  - b. accounts should be reconciled against accounts of an *Agency Company* where *Bank* holds *Customer* financial instruments on a regular basis.
- B4.6.5. *Customer* is aware of and undertakes risks related to the fact that the *Agency Company* carries out its operations in accordance with foreign legal enactments and the Market practice, and their regulation may differ from what is set forth in legal enactments of the Republic of Latvia.
- B4.6.6. *Customer* is aware of and undertakes risks of default and insolvency of *Agency Companies*, *Brokerage Company* and *Bank* shall not be responsible for losses that may be sustained by *Customer* due to action (omission) of the *Agency Company*.
- B4.6.7. In cases where financial instruments owned by *Customer* and held by the *Agency Company* are irrecoverably lost (incl. in cases of insolvency of the *Agency Company*, insolvency of the issuer of financial instruments, loss of data), *Bank* shall be entitled to debit *Customer's* financial instruments' account with the relevant financial instruments. In cases where irrecoverably lost financial instruments were held in a nominal account together with financial instruments of other *Bank's Customers*, *Bank* shall exercise the rights of debiting financial instruments pursuant to the previous sentence in proportion to the number of financial instruments owned by *Customer* that were irrecoverably lost in such nominal account.
- B4.6.8. *Customer* agrees that:
- B4.6.8.1. *Bank* and the *Agency Company* shall be entitled to encumber and use *Customer's* financial instruments and funds held thereby;
  - B4.6.8.2. the *Agency Company* shall be entitled to exercise netting rights with regard to *Customer's* financial instruments held thereby.

#### **B4.7. Charges and Payments**

- B4.7.1. *Customer* shall pay *Charges* for opening, maintenance of *Accounts*, holding financial instruments and related transactions to *Brokerage Company* pursuant to *Brokerage Company's Fees and Charges*.
- B4.7.2. The *terms* similar to those of *Bank's Charges* shall apply to *Brokerage Company's Charges*. *Bank* shall notify *Customer* on behalf of *Brokerage Company* that the latter has joined this Agreement and is entitled to claim *Charges*.
- B4.7.3. *Bank* and *Brokerage Company* shall pay all taxes, duties and other payments ensuing from the *Transaction* applied for or applicable to respective financial instruments (e.g. a charge applied by the „Depositary bank” to deposit certificates) that are payable by *Bank* or *Brokerage Company* pursuant to the legal enactments of the Republic of Latvia or other countries and the international market practice, instead of *Customer*, without *Customer's* special consent and at *Customer's* expense. *Bank* and *Brokerage Company* shall not be responsible for payment of taxes, duties and other payments payable by *Customer*.
- B4.7.4. *Bank* shall be entitled to debit any *Customer's* account with *Bank* with any payments due to *Brokerage Company* pursuant to these *Terms* or agreements concluded between *Brokerage Company* and *Customer*, or payable by *Customer* under executed transactions with financial instruments, without acceptance for execution of such transactions, with payments being made from the cash account first.
- B4.7.5. In cases where *Customer* has any liabilities against *Brokerage Company*, financial instruments and funds available in *Customer's Accounts* shall be considered transferred to *Bank* as a pledge to serve as a financial pledge and security of *Customer's* liabilities against *Brokerage Company*. In cases where *Customer* has

liabilities against both *Bank* and *Brokerage Company* at the same time, *Bank* shall be considered to have first preferred and *Brokerage Company* to have second preferred pledge.

- B4.7.6. In cases where *Bank* assigns its right of claim against *Customer* to *Brokerage Company*, *Brokerage Company* and *Bank* shall be entitled to exercise such rights with regard to payments and procedures of their receipt without limitation. In such cases *Customer* shall be considered to be notified about such assignment at the moment when the payment is executed in full or partially.

#### **B4.8. Closing Accounts**

- B4.8.1. *Customer* shall be entitled to file an application for closing *Accounts* at any time. *Accounts* shall be closed within five *Bank* days after *Customer's* application is received. *Accounts* shall not be closed in cases where they are required for execution of *Customer's Transactions* with *Bank* or *Bank's* Subsidiaries.
- B4.8.2. In cases where *Customer* files an application for closing its financial instruments' account, it shall be considered as an application for closing its cash account at the same time, and vice versa.
- B4.8.3. *Customer* shall pay to *Brokerage Company* a *Charge* pursuant to *Brokerage Company's fees and charges* for closing its account.
- B4.8.4. *Bank* shall be entitled to close *Customer's Accounts* unilaterally and without any notice to *Customer*, in cases where *Customer* has revoked its authorization of *Brokerage Company*, *Brokerage Company* has terminated business relations with *Customer*, and in other cases pursuant to these *Terms*.
- B4.8.5. Closing *Accounts*, *Bank* shall transfer financial instruments available in financial instruments' account according to *Customer's* instructions, and shall transfer funds available in cash account to *Customer's Current Account* with *Bank*. Unless *Customer* has stated an account for transfer of financial instruments, *Bank* shall be entitled to sell *Customer's* financial instruments at the market price according to the current market practice. Unless *Customer* has stated an account for transfer of funds, *Bank* shall hold *Account* balance without accruing any interest, and shall pay it out at *Customer's* request pursuant to these *Terms*, on the basis of and according to the relevant application filed in keeping with *Bank's* requirements.

## B5. Terms of Using Internetbank

### B5.1. Application

The present *Terms* of using *Internetbank* shall apply if *Customer* has applied for using *Internetbank* (referred to as *Internetbank* throughout these *Terms*) to the *Bank*.

*Internetbank* is software for operations between the *Parties* by means of internet.

### B5.2. Use of Internetbank

B5.2.1. For using *Internetbank*, the *Customer* shall submit respective application to *Bank* in accordance with a form prescribed by *Bank*. Upon making a positive decision on granting rights of using *Internetbank*, *Bank* shall issue necessary means of the *Customer* identification for accessing *Internetbank* – the user name and password, as well as necessary authorization tools at the *Customer*'s choice – to *Customer*.

- a. a code card, or
- b. tool for testkey calculation (Digipass), or
- c. software for testkey calculation (ABLV Test-Keys).

Applying for use of *Internetbank*, the *Customer* shall be entitled to obtain several authorization tools, under condition that the *Customer* is entitled to use actively only one of them.

The *Customer* shall assume all risks that may be associated with the *Customer* identification and authorization tools delivery to the *Customer*. The *Bank* shall be entitled to use services provided by third parties to deliver the dispatch. The *Bank* shall bear no responsibility for losses or other expenses incurred by the *Customer* or third parties as a result of the delayed delivery, the dispatch being lost, misused, deficient or damaged, confidential information being disclosed, or due to any other reasons beyond the *Bank*'s control.

B5.2.2. The *Customer* shall ensure safe keeping of the means of the *Customer* identification and the *Customer*'s authorization tools (hereinafter each severally and both jointly referred to as the personal security elements) and their inaccessibility to third parties.

B5.2.3. *Customer* shall acknowledge receipt of authorization tools and means of *Customer* identification to *Bank* in writing.

B5.2.4. The *Customer* shall agree that any *Notice*, incl. a payment order, submitted to *Bank* using *Internetbank* and containing *Customer*'s testkey calculated according to *Bank*'s requirements or a correct code of the code card shall be deemed confirmed (authorized) by the *Customer*, and the *Bank* may rely on the same as on a *Notice* signed by the *Customer*'s own hand. The *Customer* shall agree that confirmation of a *Notice*, also a payment order, pursuant to the procedures set in this clause, may be treated by the *Bank* as a *Customer*'s irrevocable confirmation of / consent to the information stated in the *Notice*, incl. a payment order.

B5.2.5. The *Bank* shall be entitled to block *Internetbank* on instances that concern safety of personal security elements, reasonably suspected unauthorized use of the personal security elements or their use for fraudulent purposes, and also on instances where the *Customer*'s risk of defaulting in its obligations has increased significantly. The *Bank* shall not be liable for the *Customer*'s losses and other additional expenses in case the *Bank* exercises its rights in accordance with provisions of the foregoing sentence. The *Customer* shall cover all the *Bank*'s expenses related to the said blocking.

The *Bank* shall unblock *Internetbank* or replace the personal security elements with the new ones, as soon as grounds for blocking are no longer present.

### B5.3. Customer Group

Accounts of more than one *Customer* may be managed, using *Internetbank*. Such *Customers* make a *Customer* group. The following conditions shall apply to a *Customer* group:

- a. one common user name and one common password shall identify each *Customer* whose account is connected to *Internetbank*;
- b. each *Customer* whose account is connected to *Internetbank* shall be entitled to apply to *Bank* for connection of another *Customer* to *Customer* group without receipt of consent of the other participants of *Customer* group;
- c. *Bank* shall be entitled to debit the account of any *Customer* included in *Customer* group with the *Charge* due to *Bank* from one of *Customers* included in such *Customer* group.



**B5.4. Copyright, Modifications**

- B5.4.1. *Bank* shall own all personal and property copyright to *Internetbank* and related materials (manuals, user manuals, etc.). *Customer* shall only be entitled to use *Internetbank* within limits set by the present *Terms*, that is, according to conditions of *Internetbank* use stated by *Bank*.
- B5.4.2. Apart from that, no modification of *Internetbank*, no *Internetbank* reproduction, publishing beyond that stipulated in the present *Terms*, no transfer thereof to any third person or use of technologies used in *Internetbank* for making other software shall be allowed without *Bank's* consent.
- B5.4.3. *Bank* guarantees compatibility of *Internetbank* with applications stated by *Bank*.

**B5.5. Internetbank Security Requirements and Responsibility of the Parties**

- B5.5.1. *Customer* shall ensure that personal security elements are kept safely and are not accessible to third persons.
- B5.5.2. The *Customer* shall study technical requirements of using *Internetbank* and personal security elements, and also requirements to safe keeping and using of the personal security elements, which are available at the *Bank's* Internet homepage, and shall observe the same.
- B5.5.3. In case personal security elements are lost, stolen, reproduced or become otherwise accessible to a third party, or in case of unauthorized use of the personal security elements, the *Customer* shall immediately, as soon as possible, notify *Bank* accordingly within the *Bank's* working hours, calling at +371 6777 5555 or using SKYPE voice telephony (the *Bank's* SKYPE user name is "ablv.riga") and providing the *Account* number or the *Customer's* code and name, surname (company name), as well as other information requested by the *Bank*. Upon receipt of such information, *Bank* shall immediately suspend operation of *Internetbank* and notify *Customer* accordingly within the term stated by *Bank*. *Customer* shall be responsible for all losses and risks of other additional expenses of *Customer* in case *Customer's* personal security elements come to the disposal of a third person.
- B5.5.4. Immediately following a request by the *Bank*, the *Customer* shall provide the same with information on circumstances related to loss, theft, reproduction of the personal security elements or their coming to the disposal of a third party.

## B6. Terms of Payments

### B6.1. Application

B6.1.1. The present *Terms of Payments* shall apply, in case *Customer* has submitted a payment order to *Bank* or *Bank* receives funds addressed to *Customer*. Relations between the *Parties* that ensue from payments, unless regulated by these *Terms of Payments*, shall be interpreted in accordance with provisions of the Civil Law on work-performance contracts, the Commercial Law provisions on commercial transactions, the Law on Payment Services and legal enactments issued by the Bank of Latvia and the Financial and Capital Market Commission, as well as international banking practice and customs of *Bank's* operations.

### B6.2. Accounts from which and to which payments are made

B6.2.1. *Customer* shall only be entitled to make payments from *Customer's Current, Cash, Card or Savings Account with Bank*.

*Customer* shall be entitled to make payments from its *Current Account with Bank* to:

- a. its *Current, Card, Cash or Savings Account with Bank*;
- b. other customer's *Current, Card or Savings Account*, or escrow account with *Bank*;
- c. by prior agreement with *Bank*, to another account with *Bank*;
- d. another bank.

*Customer* shall be entitled to make payments from its *Card, Cash, or Savings Account with Bank* only to its *Current Account with Bank*.

B6.2.2. Funds received by *Bank* and addressed to *Customer* shall be credited following the procedures set forth herein and according to details stated in the received payment order to *Customer's Current Account, Card Account* and escrow account, as well as, by prior agreement with *Bank*, to another account with *Bank*. In case *Bank* receives funds addressed to *Customer* and meant to be credited to another *Customer's* account with *Bank*, and such credit has not been previously agreed on, *Bank* shall credit *Customer's Current Account* with such funds

*Customer* shall be considered to have received such funds when *Customer's* account with *Bank* is credited with the same.

The *Bank* shall bear no responsibility to the *Customer* with regard to a non-executed or unduly executed payment in case the payment currency does not match those stated in the *Bank's List of Main Correspondent Accounts*.

### B6.3. Submission and execution of Payment Order, and Payment Authorization

B6.3.1. In order to make a payment, *Customer* shall submit payment order to *Bank* in a form and according to the procedure prescribed by the *Bank*, filling in the same precisely and in full and stating all information requested. The *Customer* shall state the *Customer's* name and number of its account with the *Bank*, the payment amount and currency, the beneficiary's name, address and account number, full names, addresses and bank codes of the beneficiary bank and intermediary bank, the payment purpose, and other details required in the payment order and necessary for performing the payment. The payment purpose stated by *Customer* in the payment order shall describe the nature of such payment (including the number of the transaction supporting document, details) and goods or services paid for clearly.

B6.3.2. *Bank* shall not execute payment orders where the *Customer's* account balance is insufficient to execute the same. Where the *Customer's* account balance is insufficient for executing a payment order submitted by the *Customer*, such order shall be valid for eight calendar days.

B6.3.3. Should the *Customer* fail to provide all required details in a payment order or clearly state the nature of the payment, e.g., fail to indicate the goods or services paid for, or other information enabling check of the transaction compliance, the *Bank* shall be entitled at its own discretion:

- B6.3.3.1. to request the *Customer* to provide additional information and documents evidencing the payment purpose;
- B6.3.3.2. to unilaterally supplement the information for beneficiary indicated in payment submitted by the *Customer*, as well as the information for banks involved in the payment execution, based on the information received from the *Customer* or obtained otherwise as a result of investigation of the *Customer* activity;
- B6.3.3.3. to deny execution of such payment.

- B6.3.4. To protect the *Customer's* property, the *Bank* shall be entitled, without obligation, to request additional payment confirmation (authorization) to be provided by the *Customer*, where under the payment processing by the *Bank* there arise suspicions of attempted fraud involving the *Customer's* funds, even though attempted fraudulent transaction might be not detected after the check. The *Bank* may suspend execution of such payment until the *Customer* confirms the *Transaction* in accordance with the *Bank's* requirements and also may deny execution of the payment if no confirmation is received.
- B6.3.5. The *Bank* shall be entitled to deny execution of a payment also on instances where other provisions stipulated herein are not complied with, or where legal enactments or other regulatory requirements applicable to the *Bank* prohibit execution of the payment.
- The *Bank* shall inform the *Customer* of suspending the payment execution or the denial to execute the payment in writing, by means of a *Notice* via *Internetbank* or in other way designated for that by the *Customer*, unless legal enactments applicable to the *Bank* prohibit provision of such information. The *Bank* shall be entitled to withhold a *Charge* for providing the said information.
- B6.3.6. The *Bank* shall be not liable for the *Customer's* losses or other additional expenses incurred by the *Customer* in case of suspending the payment execution or the denial to execute the payment stipulated herein. The *Bank* shall be not liable for the *Customer's* losses or other additional expenses that might be incurred due to not executing the payment order or undue execution of the same, where the beneficiary's account number provided in the *Customer's* payment order and stated in IBAN or other format, including invalid or incorrect account number, fails to conform to other payment details stated, and also where details provided in the *Customer's* payment order are incorrect or incomplete.
- B6.3.7. Where precise information for identification of the banks involved in the payment execution is not provided in the *Customer's* payment order, the *Bank* shall determine the same unilaterally. When executing a payment order, *Bank* shall execute such order as a specialist, choosing more effective means of execution and payment systems without special approval by *Customer*.
- B6.3.8. The *Customer* shall agree that in case of interbank payments the *Bank* shall be deemed to have fulfilled its liabilities under the payment order upon the payment amount is passed on to the disposal of the beneficiary's bank or intermediary bank within the term stipulated in the *Fees and Charges*. Having received the payment amount passed on, the beneficiary's or intermediary bank shall be liable to the *Customer* or beneficiary for due execution of the payment.
- B6.3.9. The *Bank* shall bear no responsibility with regard to a non-executed or unduly executed payment order in case due execution of the same is hindered by legal enactments or other regulatory requirements applicable to the *Bank*.
- B6.3.10. The *Customer* shall agree that a payment shall be deemed confirmed (authorized) by the *Customer* where:
- the payment order is submitted in paper form and signed in conformity with the specimen signatures and/or seal imprints submitted to the *Bank*;
  - the payment order is submitted via *Internetbank* and authorized according to specification of personal security elements (paragraph B5.2.2 above) as stated in the *Terms of Using Internetbank*;
  - the payment order is submitted by fax, using the *Customer's* testkey or Digipass code calculated in accordance with the *Bank* requirements;
  - the payment order is submitted by phone, using the *Customer's* recognition methods stated in the *Terms of Rendering Information and Services over the Telephone* (paragraph B12.2.1.2 below).
- The *Customer* shall agree that a *Transaction* confirmation given following the procedures stipulated in sub-clauses a, b, c, d of clause B6.3.10 above shall constitute an irrevocable confirmation / consent by the *Customer* with regard to the amount and other details stated in the payment order.
- The *Bank* shall be entitled to request additional payment confirmation complying with the *Bank's* requirements to be provided by the *Customer* on instances stipulated herein.

#### B6.4. Charges and Currency Exchange Rate

- B6.4.1. *Bank* offers the following types of *Charge* payment to *Customer*:
- in case *Customer* has stated the type of *Charge* payment "OUR" in its payment order, *Customer* shall ensure the payment amount at *Bank* and shall pay *Bank's* *Charge* in addition according to the *Fees and Charges*. *Bank* shall transfer *Customer's* payment order to its correspondent bank, stating the option "OUR" in the respective field of SWIFT message, and thus instructing such bank to pay out the full payment amount to the beneficiary. Thereupon *Bank* shall be considered to have fulfilled its liabilities concerning execution of the payment according to "OUR" conditions. In case banks involved in the payment execution request *Charges*, *Bank* shall debit *Customer's* *Current Account* with *Bank* with such *Charges* without acceptance;
  - in case *Customer* has stated the type of *Charge* payment "BEN" in its payment order, *Customer* shall ensure the payment amount at *Bank*. *Bank* shall transfer *Customer's* payment order to its correspondent

bank, stating the option "BEN" in the respective field of SWIFT message. Thereupon *Bank* shall be considered to have fulfilled its liabilities concerning execution of the payment according to "BEN" conditions. *Bank* shall withhold the *Charge* from the payment amount. The other banks involved in the payment execution shall be entitled to debit *Charges* from the payment amount;

- c. in case *Customer* has stated the type of *Charge* payment "SHA" in its payment order, *Customer* shall ensure the payment amount at *Bank*, and apart from that shall pay *Bank's Charge* according to the *Fees and Charges*. *Bank* shall transfer *Customer's* payment order to its correspondent bank, stating the option "SHA" in the respective field of SWIFT message. Thereupon *Bank* shall be considered to have fulfilled its liabilities concerning execution of the payment according to "SHA" conditions. All banks involved in the payment execution, except *Bank*, shall be entitled to debit *Charges* from the payment amount, moreover, in case of payments in currencies of the European Economic Area (hereinafter referred to as the EEA) member states, including EUR, within the EEA, the beneficiary's bank only is entitled to withhold charges from the payment amount before the latter is credited to the beneficiary account, if agreed upon by the beneficiary and its servicing bank.

Unless *Customer* has stated the type of *Charge* payment in its payment order, the terms of *Charge* payment "SHA" shall apply, except for payments in BYR, RUB, UAH, KZT, MDL, to which "OUR" type of the *Charge* payment shall apply.

- B6.4.2. *Bank* may state additional conditions for *Charges* for payments set in the *Fees and Charges*, as well as exceptions to this section B6.4.
- B6.4.3. For payments in the currencies of the EEA member states, including EUR, within the EEA, the "SHA" type of *Charge* payment is to be stated. Should the *Customer* fail to meet the above obligation by stating "OUR" or "BEN" type of the *Charge* payment, the *Bank* shall be entitled to change the type of *Charge* payment to "SHA" or to deny the payment execution.

## B6.5. Funds for Payment

- B6.5.1. *Customer* shall ensure the sufficient amount for execution of a payment and payment of *Bank's Charges* in its *Current / Card / Cash Account* with *Bank*.
- B6.5.2. *Customer* shall ensure the amount of payment in the payment currency or else give an order to *Bank* for exchange of funds in another currency (hereinafter referred to as the *Cover Currency*) into such payment currency.

The *Customer* shall choose the currency for paying the *Charge* at its own discretion, complying with the form and procedure set by the *Bank*, by putting a corresponding mark in the payment order. In case the currency designated by the *Customer* for paying the *Charge* is different from the currency of the respective *Charge* specified in the *Fees and Charges*, the *Bank* shall debit the *Charge* in the currency chosen by the *Customer*, calculating equivalent of the *Charge* amount specified in the *Fees and Charges* in the currency indicated by the *Customer* at the *Bank* general currency exchange rate effective as of the moment of exchange.

In case the *Customer* has not indicated the currency designated for paying the *Charge*, complying with the form and procedure set by the *Bank*, the *Bank* shall debit the *Charge* as follows:

- a. in the payment currency, calculating equivalent of the *Charge* amount specified in the *Fees and Charges* in the payment currency at the *Bank* general currency exchange rate, or
- b. in the *Cover Currency*, calculating equivalent of the *Charge* amount specified in the *Fees and Charges* in the *Cover Currency* at the *Bank* general currency exchange rate – for making payments with exchange into the payment currency the *Bank* shall debit in the *Cover Currency*.

*Bank* shall be entitled to debit the *Charge* in the currency chosen at the *Bank's* option, calculating equivalent of the *Charge* amount specified in the *Fees and Charges* in the currency chosen by the *Bank* at the *Bank* general currency exchange rate, without special *Customer's* order, provided that:

- a. balance of the *Customer's Current / Card / Cash Account* in the currency, designated by the *Customer* for paying the *Charge*, is insufficient for paying the *Bank Charge* for executing this payment or
  - b. the *Customer* has not indicated the currency chosen for paying the *Charge*, complying with the form and procedure set by the *Bank*, and balance of the *Customer's Current / Card / Cash Account* in the payment currency (*Cover Currency*) is insufficient for paying the *Bank Charge*.
- B6.5.3. If *Customer* has submitted more than one payment order to *Bank* to the total amount exceeding *Account* balance, *Bank* shall state the sequence of execution of such payment orders at its own discretion.

## B6.6. Correspondent Banks

- B6.6.1. Correspondent banks and correspondent accounts stated in the List of Main Correspondent Accounts approved by *Bank* (hereinafter referred to as the *List of Main Correspondent Accounts*), as well as local and international payment and settlement systems, shall be used for executing all payments addressed to *Customer* or performed by the *Customer* (except intrabank payments).

*Bank* shall be entitled to unilaterally revise the *List of Main Correspondent Accounts*. Such revision shall enter into effect from the moment of notice to *Customers*, that is, at the moment of publishing such revision on *Bank's* internet home page [www.ablv.com](http://www.ablv.com) or else on the date stated in such revision notice.

- B6.6.2. Payments via *Bank's* correspondent accounts that are not stated in the *List of Main Correspondent Accounts* may only be executed if specifically agreed with the *Bank* in advance. *Bank* shall be entitled not to credit *Customer's* account with funds credited to *Bank's* correspondent account that is not included in the *List of Main Correspondent Accounts*, until the moment of crediting a correspondent account included in *Bank's List of Main Correspondent Accounts* with such funds. A special *Charge of Bank* may be applied to the payment made via the *Bank's* correspondent accounts that are not stated in the *List of Main Correspondent Accounts*.
- B6.6.3. *Customer* assumes all risks for *Customer's* funds credited to correspondent account that are not included in the *List of Main Correspondent Accounts*, including the risk of insolvency of correspondent banks.
- B6.6.4. *Customer* assumes all risk arising from currency exchange limitations, taxes, duties and other payments valid in the respective country, as well as from revision of legal enactments of the respective country, court awards, and resolutions of other administrative institutions and decisions of the central bank, that may cause losses or additional expenses to *Bank, Customer* or third parties.

## **B6.7. Terms of Payment**

- B6.7.1. The moment of receiving the payment order shall be that when the *Bank* receives a payment order complying with the form and procedures stipulated by the *Bank*, meeting the *Bank* requirements and submitted in accordance with the cut-off times stated in the *Bank Fees and Charges*.

Receipt of a payment order shall not guarantee its execution. A condition precedent for executing a payment order is compliance of the same with all requirements set forth herein and in other legal enactments that regulate payments.

- B6.7.2. Terms of executing payments performed by the *Customer* shall depend on payment types stated in the *Fees and Charges* and cut-off times.

*Customer* shall state the preferred payment type in its payment order. If *Customer* has not stated the preferred payment type, such payment shall be executed as a standard payment. Before submitting an order for urgent payment, the *Customer* shall agree upon the possibility of performing such with the *Bank* in respect of all currencies, except EUR and USD. If the *Customer* failed to agree upon the possibility of performing order for urgent payment with the *Bank* before submitting such order, the *Bank* shall be entitled to unilaterally change status of the order submitted by the *Customer* from "urgent" to "standard".

Should the *Customer's* payment order be received by the *Bank* before the cut-off times stated in the *Fees and Charges*, the *Bank* shall pass on the payment order amount to the beneficiary's or intermediary bank on the value date stated in the *Fees and Charges* at the latest. Should the value date stated in the *Fees and Charges* appear to be a non-working day of the beneficiary's / intermediary bank or the payment system used for execution of the payment, or a day set to be a holiday in the issuing country of the payment currency, the *Bank* shall execute the payment order on the next working day of the *Bank*, beneficiary's / intermediary bank.

In case of interbank payments, the *Bank* cannot guarantee that the payment is credited to the beneficiary's account at a particular time where the beneficiary's bank is not the *Bank* corresponding bank or where there are one or a few intermediary banks involved in executing the payment.

The *Bank* shall credit payments addressed to the *Customer* to the *Customer's* account not later than on the following *Bank* day after receiving the payment addressed to the *Customer* in the *Bank's* correspondent account, unless other value date is stated in the payment order.

- B6.7.3. *Bank* shall not be responsible for *Customer's* losses and other additional expenses of *Customer* sustained thereby as a result of non-execution or undue execution of a payment, in case such non-execution or undue execution occurred through the fault of third persons involved in execution of the payment. Conditions of the previous sentence shall not apply to non-execution or undue execution of the payment of correspondent banks included in the *List of Main Correspondent Accounts*, for which *Bank* shall be responsible, except cases when correspondent banks have allowed delay as a result of circumstances stated in paragraph A12.3 of the *Terms* above.

## **B6.8. Payments Addressed to Customer**

- B6.8.1. A payment shall be deemed executed correctly provided that the same has been executed in accordance with the *Customer's* account number in IBAN format stated in the payment order.

In some cases, the *Bank* shall be entitled, without obligation, to check whether account number stated in the payment order conforms to the *Customer's* name, and in case of the respective nonconformity – to deny execution of the payment or request details to be amended.



- B6.8.2. In case *Customer's* account has been credited with funds through *Bank's* error, *Bank* shall be entitled to debit the account with such funds without acceptance, notifying *Customer* accordingly in its account statement / report.
- B6.8.3. In case *Customer's* account has been credited with funds through the beneficiary's error, *Customer* undertakes to cooperate with *Bank* in settlement of consequences of such error. In this connection *Customer* undertakes to supply *Bank* with requested information and documents related to funds credited by error within terms stated by *Bank*. Unless *Customer* observes its obligation of such cooperation, *Bank* shall be entitled to block funds credited by error until elucidation of circumstances.
- B6.8.4. The *Bank* shall be entitled not to credit a payment addressed to the *Customer* or return the payment to the remitting bank, where:
- a. the payment comes from a state that is included in the list of states suspected of money laundering or supporting terrorism, or where international sanctions apply to this state, or where the transfer comes from an intermediary outside those states, but having its parent company registered in a state included in the list of such states, and also where the transfer comes from a remitter included in the list of subjects suspected of money laundering and terrorism financing, or
  - b. the remitter has not been sufficiently identified, or
  - c. in other cases, unless it is specially prohibited by the Republic of Latvia legal enactments.

On such instances, the *Bank* shall not be liable for losses or additional expenses that might be directly or indirectly incurred by the *Customer* due to non-execution of the payment. On instances stipulated in the Republic of Latvia legal enactments or other legislation, the *Bank* shall be entitled not to explain the reasons for non-crediting.

## B6.9. Regular Payments

- B6.9.1. These *Terms* of Regular Payments shall apply, where in accordance with the *Terms* the *Parties* have entered into the agreement (hereinafter in this paragraph B6.9 referred to as the *Agreement*) on the following:
- B6.9.1.1. execution of fixed-amount payments – regular payments from *Customer's Current Account* to another *Current Account, Card Account, Savings Account, Cash Account* of *Customer* with *Bank*, or to a *Current, Card, Savings Account* of another *Customer*, or any account with another bank, and/or
  - B6.9.1.2. account balance management – execution of regular payments from *Customer's Current Account* to another *Current Account, Card Account, Savings Account, Cash Account* of *Customer* or to a *Current, Card* or *Savings Account* of another *Customer* with *Bank* to maintain the maximum or minimum balance in the respective account, and/or
  - B6.9.1.3. automatic *Card* credit repayment – execution of regular payments from *Customer's Current Account* to the *Card Account* of *Customer* or another *Customer* (provided the another *Customer's* consent is received) equal to the *Minimum Payment* amount or used *Card* credit amount
- (hereinafter in this paragraph B6.9 each severally referred to as the *Service*).
- B6.9.2. To enter into the *Agreement*, the *Customer* shall submit a respective order for receipt of the *Service* (hereinafter in this paragraph B6.9 referred to as the *Order*) to the *Bank* in accordance with the form and procedure prescribed by the *Bank*.
- B6.9.3. The *Agreement* shall be deemed entered into upon rendering of the respective *Service* is started.
- B6.9.4. Pursuant to the *Agreement*, *Customer* continuously authorises *Bank* to effect regular payments. *Bank* shall render the respective *Service* only if conditions of the *Order* execution are in place.
- B6.9.5. *Bank* shall make sure that conditions of the *Agreement* are in place at times stated in the *Agreement*. Unless funds are available in the account specified in the *Agreement* in the currency and amount required to effect the payment on the day of effecting the payment:
- B6.9.5.1. in case of execution of fixed-amount regular payments – the *Customer* shall ensure required funds within eight calendar days after the regular payment execution day, otherwise the payment shall not be executed;
  - B6.9.5.2. in case of account balance management – minimum balance maintenance every week or every set month – the *Customer* shall ensure funds within eight calendar days after the regular payment execution day, otherwise the payment shall not be executed;
  - B6.9.5.3. in case of account balance management – minimum balance maintenance every day – the payment shall not be executed;
  - B6.9.5.4. in case of automatic *Card* credit repayment – execution of the *Minimum Payment* and/or a payment equal to the used *Card* credit amount – the payment shall not be executed;

- B6.9.5.5. in case of automatic repayment of the *Card* credit with zero interest rate – execution of the *Minimum Payment* and/or a payment equal to the used *Card* credit amount – the payment shall be executed to the amount available in the specified account.
- B6.9.6. The first payment execution date stated in the *Order* may not be earlier than one calendar day after the date when such *Order* is submitted.
- In cases where the payment execution date falls on a *Bank* holiday, an intrabank payment shall be executed on the execution date stated in the *Order*, whereas payment to another bank shall be executed on the following calendar day.
- B6.9.7. The *Agreement* shall be terminated in cases mentioned in the *Terms*, as well as in cases,
- a. where *Bank* receives *Customer's* notice on the *Order* cancellation;
  - b. upon expiry of the *Order* validity period;
  - c. where *Customer's* account with *Bank*, from which the regular payment has to be effected, is closed, and/or an account to which the regular payment has to be effected is closed.
- B6.9.8. *Customer* shall not be entitled to correct his/her *Order* submitted thereby; however *Customer* shall be entitled to cancel the *Order* submitted and to submit another one. Should the *Customer* make a notice on the *Order* cancellation, only non-executed payments shall be cancelled thereby.

#### **B6.10. Correction, Cancellation, Investigation, and Refund of Payments**

- B6.10.1. *Customer* shall be entitled to apply to *Bank* for corrections in the payment order submitted to the *Bank*, submitting a respective application in the form and according to the procedure required by *Bank*. Nevertheless, the *Bank* shall not guarantee correction of the payment order.
- Where the payment order has not been executed yet, the *Bank* shall ensure correction of the payment order as requested by the *Customer*.
- Where the *Customer* applies for correcting an already executed payment order, the *Bank* shall, to the extent possible, contact the beneficiary's or intermediary bank to request corrections in the executed payment order, as applied for by the *Customer*.
- B6.10.2. The *Customer* shall be entitled to apply to the *Bank* for cancellation of a submitted payment order, submitting a respective application in the form and according to the procedure set by the *Bank* to the same. Nevertheless, the *Bank* shall not guarantee cancellation of the payment order.
- Where the payment order has not been executed yet, the *Bank* shall do everything necessary for this payment order not to be executed.
- Where the *Customer* applies for cancelling an already executed payment order:
- a. in case of an interbank payment – the *Bank* shall, to the extent possible, contact the beneficiary's or intermediary bank to get back the funds transferred. The *Bank* shall refund funds to the *Customer's* account only upon the *Bank* ascertains that the payment order has not been executed on any stage of the payment order execution and after the *Bank* gets the funds back from the beneficiary or intermediary bank;
  - b. in case of an intrabank payment – the *Bank* shall, to the extent possible, try to contact the beneficiary *Customer* to obtain its consent to the payment refund. The payment shall be refunded to the remitting *Customer* only after the beneficiary *Customer* consents to the same.
- B6.10.3. *Bank* shall investigate funds transferred by the *Customer* or addressed to the *Customer* and not received by the *Bank* according to the application which is submitted by the *Customer* and meets the requirements set by the *Bank*.
- B6.10.4. The *Bank* shall be entitled to withhold *Charges* for correction, cancellation, investigation and refund of the payment from the *Customer* in accordance with the *Fees and Charges*, and also other charges withheld by the banks involved in the payment execution.

## B7. Overdraft Terms

### B7.1. Application

The present Overdraft *Terms* shall apply to relations between *Bank* and *Customer* having applied for receipt of overdraft with *Bank* or having received an overdraft from *Bank*.

### B7.2. Overdraft Types

- B7.2.1. Overdraft is a short-term loan issued within the set limit at the request or upon order for the sake of execution of *Customer's* payment or other order, or pursuant to the *Terms*, exceeding balance of the *Current Account*. The overdraft can be used several times (revolving limit) or just once (non-revolving limit).
- B7.2.2. *Bank* issues overdrafts of four types to *Customer*:
- overdraft issued according to *Customer's* written application (Overdraft applied for);
  - overdraft issued according to *Customer's* telephone application (*Bonus Overdraft*);
  - overdraft issued without a special *Customer's* application by executing the *Customer's* payment order (overdraft upon order);
  - overdraft issued for discharging the *Customer's* payment obligations to the *Bank* set forth in the *Terms* that are due (Technical overdraft).
- B7.2.3. Overdraft applied for shall be issued:
- in the form of a revolving overdraft limit (i.e. the *Bank* shall be entitled to issue the overdraft upon the *Customer's* order within the limit and term applied for by the *Customer*, and the *Customer* shall be entitled to use the overdraft again within its limit and term, after the overdraft, or a part of it, is repaid);
  - in the form of a non-revolving overdraft limit (i.e. the *Bank* shall be entitled to issue the overdraft upon the *Customer's* order within the limit and term applied for by the *Customer*. The *Customer* shall not be entitled to use the overdraft, or a received part of it, once again upon the term is due or in case of the overdraft repayment. In case of partial overdraft repayment, the *Customer* shall be entitled to receive the non-used overdraft part within the term set for using the overdraft.
- B7.2.4. *Bonus Overdraft* shall be issued in the form of a revolving overdraft limit (i.e., the *Bank* shall be entitled to issue the overdraft to the *Customer* within the limit and term applied for by the *Customer*, and the *Customer* shall be entitled to use the overdraft repeatedly after repayment of the overdraft, or a part of it, within the limit and term of the same).
- B7.2.5. Overdraft upon order shall be issued in the form of a non-revolving overdraft limit (i.e., the *Bank* shall be entitled to issue the overdraft pursuant to the *Customer's* payment order in order to execute a particular payment from the *Customer's Current Account*, the overdraft amount being equal to the amount deficient in the *Current Account* for execution of this particular payment, complying with restrictions set forth in the Overdraft Terms. The *Customer* shall not be entitled to receive once again the one-time granted amount of the overdraft).
- B7.2.6. Technical overdraft shall be issued in the form of a non-revolving overdraft (i.e., the *Bank* shall be entitled to issue the overdraft on the *Customer's Current Account* for the sake of discharging the *Customer's* obligations set in the *Terms*, the overdraft amount being equal to the amount deficient in the *Current Account* for discharging these particular obligations. The *Customer* shall not be entitled to receive once again the one-time granted amount of the overdraft).

### B7.3. Procedure of granting, receiving and issuing an Overdraft

- B7.3.1. In order to receive an Overdraft applied for, the *Customer* shall agree on the purpose, amount, procedures of repayment, interest rate on the capital use, type (revolving or non-revolving limit), security and other conditions with *Bank* and shall submit its application with *Bank*. *Bank* shall either satisfy *Customer's* application in full by granting an overdraft to the *Customer*, or decline its application.
- B7.3.2. The following conditions shall apply to overdraft upon order:
- the overdraft amount shall not exceed EUR 1000 or equivalent amount in a different currency at the European Central Bank currency exchange rate;
  - the agreement term shall be one month. The overdraft repayment term shall be the last day of the agreement term;
  - the interest rate on the capital use/overdue interest rate shall be determined in accordance with the *Fees and Charges*. The term of paying the accrued interest on the capital use/overdue interest shall be the last day of each month;

- d. the purpose of granting the overdraft is execution of *Customer's* payment order, with the amount stated therein exceeding *Customer's Current Account* balance with *Bank*;
- B7.3.3. *Customer* shall be entitled to apply for a Bonus Overdraft over the telephone, identifying himself/herself by the *Current Account* password and stating the required Bonus Overdraft amount. The following conditions shall apply to Bonus Overdraft:
- a. the agreement term shall not exceed one month. The overdraft repayment term shall be the last day of the agreement term;
  - b. the interest rate on the capital use/overdue interest rate is stated in the *Fees and Charges*;
  - c. the purpose is execution of urgent transactions by means of the *Card*.
- The amount of issued Bonus Overdraft shall be equal to the amount issued to *Customer* for *Card* payments in accordance with the telephone application.
- B7.3.4. At any moment, the *Bank* shall be entitled to unilaterally refuse issue of any type of overdraft or to reduce the amount of the granted overdraft without notice to the *Customer* and without giving reasons.
- B7.3.5. In case of granting an Overdraft applied for, the *Bank* shall issue the Overdraft applied for by means of executing the *Customer's* order(s), with the amount stated therein exceeding the *Customer's Current Account* balance with the *Bank*. This being the case, the overdraft shall be deemed received at the moment of executing the *Customer's* order mentioned in the previous sentence (or in case of a revolving limit – at the moment when the *Bank* executes the first *Customer's* order, counting from the moment of granting the overdraft), and the overdraft amount shall be deemed equal to the amount deficient for executing the submitted order.
- B7.3.6. *Bank* shall issue a Bonus Overdraft by making it possible for *Customer* to make *Card* payments within the *Bonus Overdraft* amount. The Bonus Overdraft shall be considered to have been received from the moment when *Customer* starts making *Card* payments within the *Bonus Overdraft* amount.
- B7.3.7. The *Bank* shall issue the overdraft upon order by executing the *Customer's* payment order where the amount required for executing the same exceeds the balance of the *Customer's Current Account* with the *Bank*. This being the case, the overdraft shall be deemed received at the moment of executing the *Customer's* order mentioned in the foregoing sentence, the overdraft amount being equal to the amount deficient for executing the order.
- B7.3.8. In case of granting Technical overdraft, the *Bank* shall issue Technical overdraft by discharging the *Customer's* obligations arising out of the *Terms* where the amount required for discharging those exceeds the balance of the *Customer's Current Account* with the *Bank*. This being the case, the overdraft shall be deemed received at the moment of discharging the obligations mentioned in the foregoing sentence, the overdraft amount being equal to the amount deficient for discharging the obligations.
- B7.3.9. *Bank* shall notify *Customer* of the period, interest rate on the capital use/overdue interest rate and amount of the granted (issued) Overdraft applied for and overdraft upon order, stating the same in the *Current Account* report in *Internetbank* or in a special *Notice*. *Bank* shall notify *Customer* of the period, interest rate on the capital use/overdue interest rate and amount of the granted (issued) Bonus Overdraft by a special *Notice*. The *Bank* shall notify the *Customer* about the fact of issuing the granted (issued) *Technical overdraft* by stating the same in the *Current Account* report in the *Internetbank*.

#### B7.4. Changing Conditions of the Granted Overdraft

- B7.4.1. Before the repayment date of the overdraft applied for, the *Customer* shall be entitled to request the *Bank* to change the overdraft conditions, submitting a free-form application to the *Bank*.
- B7.4.2. The *Bank* shall review the *Customer's* application and make a decision on changing the conditions of the overdraft applied for.
- B7.4.3. Should the *Bank* agree to changing the overdraft conditions pursuant to the *Customer's* application, the *Bank* shall notify the *Customer* of the new overdraft conditions by stating those in *Internetbank*. New overdraft conditions shall be effective upon being stated by the *Bank* in *Internetbank*.

#### B7.5. Overdraft Repayment

- B7.5.1. Overdraft applied for and Bonus Overdraft shall be issued for the period until the repayment date stated in the *Notice* (paragraph B7.3.9 of the *Terms*). The *Customer* shall repay the used overdraft amount until the repayment date specified in the *Notice* (paragraph B7.3.9 of the *Terms*). The *Customer* shall repay the overdraft upon order until the repayment date stated in paragraph B7.3.2 of the *Terms*. The *Customer* shall repay the *Technical overdraft* immediately on the day it is formed.
- B7.5.2. The *Parties* agree that, regardless of the overdraft repayment period, funds in the overdraft currency credited to the *Current Account* shall be applied towards repayment of the overdraft and discharge of the obligations under the overdraft on the day of crediting the funds, without special order from the *Customer* and request

from the *Bank*. The *Bank* shall be entitled, without obligation, to exchange required amount of funds available in the *Current Account* into the overdraft currency at the general currency exchange rate set by the *Bank* and to apply such exchanged funds towards repayment of the overdraft and discharge of obligations under the overdraft, also before the date of the overdraft repayment.

- B7.5.3. *Bank* shall be entitled to request that *Customer* repay its overdraft at any moment. *Customer* shall be obliged to repay its overdraft and make related payments to *Bank* on the date of receipt of such request, by crediting *Customer's Current Account* with the required amount. This being the case, the *Bank* shall be entitled, without obligation, to exchange required amount of funds available in the *Current Account* into the overdraft currency at the general currency exchange rate set by the *Bank* and to apply such exchanged funds towards repayment of the overdraft and payments under the overdraft.

## **B7.6. Charges and interest payments**

- B7.6.1. *Customer* shall pay a *Charge* for the overdraft issue, interest on the capital use for using the overdraft, and overdue interest to *Bank* according to the *Fees and Charges*, unless the *Parties* have agreed otherwise.
- B7.6.2. Interest on the capital use shall be calculated on the actually used overdraft amount, and the term of paying the interest shall be the last day of each month, unless the *Parties* have agreed otherwise. The accrued interest on the capital use and other payments due under the overdraft shall be withheld from the *Current Account* without specific order by the *Customer*, increasing used overdraft by the respective amount where the *Current Account* balance is not sufficient for making respective payments.
- B7.6.3. The overdraft granted to the *Customer* shall be repaid by the *Customer* to the *Bank* on the overdraft repayment term stated in the Overdraft Terms. For using the overdraft after the term, the *Bank* shall be entitled to accrue overdue interest to the amount stated in the *Rates and Charges*. The overdue interest on the overdraft amount actually used after the repayment term shall be accrued every day and shall be withheld from the *Current Account* on the last day of each month, unless the *Parties* have agreed otherwise, without the *Customer's* specific order, by increasing already granted overdraft by respective amount or by granting *Technical overdraft*, if the *Current Account* balance is insufficient for making respective payments.
- B7.6.4. The interest on the capital use and overdue interest for using the overdraft for one day shall be calculated assuming that a year is comprised of 360 days, and the same shall be accrued for each calendar day of using the overdraft (*Actual/360*).

The days when the overdraft is granted (issued) and repaid shall be considered to be a single day. If the *Customer* receives the overdraft and repays it on the same day, the *Bank* shall be entitled to withhold the interest on the capital use or overdue interest for using the overdraft for one day on the maximum overdraft amount used during the respective day.

## **B7.7. Security of an Overdraft**

- B7.7.1. All the *Customer's* funds shall serve as financial collateral for the performance of the *Customer's* obligations under the overdraft in accordance with section A11 of the *Terms*. If security is provided to reinforce the obligations of a third party, the *Customer* providing the security shall be responsible for the debt of such party as the debtor proper, and this being the case, the financial pledge agreement shall be deemed to be entered into upon the moment the *Customer*, who is the security provider has submitted a signed surety application to the *Bank* and the *Bank* has after submission confirmed it by its signature. In such case the provisions of the financial pledge agreement shall be constituted by the surety application signed by the *Customer* and the *Bank* (sent to the *Customer* by the *Bank* upon request) and the *Terms*.
- B7.7.2. *Bank* shall be entitled to limit use by *Customer* and its closely related *Customers* (paragraph A11.3 of the *Terms* above) of any financial instruments and funds of *Customer* in any account with *Bank* and in any currency until the overdraft issued to *Customer* is repaid.
- B7.7.3. In case *Bank* requests that an overdraft be repaid prematurely, *Bank* shall be entitled to use *Financial Pledge* immediately (paragraphs A11.1– A11.3 of the *Terms* above).



## B8. Terms of Short-term Loans

### B8.1. Application

- B8.1.1. These terms of *Short-term Loans* shall apply to relations between *Bank* and *Customer*, when *Customer* has applied for receiving or has received a *Short-term Loan* from the *Bank*.
- B8.1.2. A *Short-term Loan* shall be granted following the *Customer's* request for the sake of executing the *Customer's* payment or other order, in accordance with procedures set forth herein, by crediting granted funds to the *Customer's Current Account*.

### B8.2. Procedure of receiving and issuing a Short-term Loan

- B8.2.1. In order to receive a *Short-term Loan*, the *Customer* shall agree on the purpose, amount, repayment procedure, interest rate on the loan use, security and other conditions of the *Short-term Loan* with the *Bank* and shall submit its application to the *Bank*.
- B8.2.2. The *Bank* shall be entitled to unilaterally refuse issue of a *Short-term Loan* at any time without notice to the *Customer*.
- B8.2.3. The *Bank* shall issue a *Short-term Loan* by transferring its amount to the *Customer's Current Account*. The *Short-term Loan* shall be deemed received upon being credited to the *Customer's Current Account*.
- B8.2.4. The *Bank* shall notify the *Customer* of the amount of issued *Short-term Loan*, stating the same in the *Customer's Current Account* statement. The *Bank* shall notify the *Customer* of the period and interest rate on the loan use of the granted (issued) *Short-term Loan* by a special *Notice*.

### B8.3. Repayment of a Short-term Loan

- B8.3.1. The *Customer* shall repay the *Short-term Loan* and make related payments within the period set in the *Application*.
- B8.3.2. The *Parties* agree that, regardless of the *Short-term Loan* period, the *Bank* shall be entitled to debit the *Customer's Current Account* with the *Bank* with funds for repaying the *Short-term Loan* every working day without acceptance.
- B8.3.3. The *Bank* shall be entitled to request the *Short-term Loan* to be repaid by the *Customer* at any moment. The *Customer* shall repay the *Short-term Loan* and make related payments to the *Bank* on the date of receipt of such request, by crediting the respective amount to the *Customer's Current Account*.

### B8.4. Charges and interest payments

- B8.4.1. The *Customer* shall pay the *Bank* the *Charge* for granting the *Short-term Loan* and interest for using the *Short-term Loan* according to the *Fees and Charges*, unless the *Parties* have agreed on a different interest rate. The interest on the loan use shall be accrued on the whole amount of the granted *Short-term Loan*, and the term of paying the interest shall be the day of repaying the *Short-term Loan*. The interest for using the *Short-term Loan* for one day shall be calculated assuming that a year is comprised of 360 days, and the interest shall be charged for each calendar day of using the *Short-term Loan* (*Actual/360*).
- B8.4.2. For accrual of the *Short-term Loan* interest, the days when the *Short-term Loan* is issued and repaid shall be considered to be a single day.
- B8.4.3. For each delayed payment (of the *Short-term Loan* principal) the *Customer* shall pay the *Bank* the overdue interest of the amount stated in the *Fees and Charges*. The overdue interest shall be accrued on the whole amount of the delayed payment under the *Short-term Loan*, and the term of paying the interest shall be the last day of the month. The overdue interest for one day of delaying a payment under the *Short-term Loan* shall be calculated assuming that a year is comprised of 360 days, and the overdue interest shall be withheld for each calendar day of delaying a payment under the *Short-term Loan* (*Actual/360*).

### B8.5. Security of a Short-term Loan

- B8.5.1. A deposit may be used as security of a *Short-term Loan*, as well as limitations may be set on use of the *Customer's* funds and financial instruments. The *Bank's* rights mentioned in the previous sentence shall not cancel or limit the *Financial Pledge* established by the *Customer* in favour of the *Bank* in accordance with section A11 of the *Terms* above, and the *Bank's* ensuing rights.
- B8.5.2. The *Bank* shall be entitled to limit use by the *Customer* and its closely related *Customers* (paragraph A11.3 of the *Terms* above) of any financial instruments and funds of the *Customer* in any account with the *Bank* and in any currency until the *Short-term Loan* issued to the *Customer* is repaid.

- B8.5.3. In case the *Bank* requests premature repayment of the *Short-term Loan*, the *Bank* shall be entitled to use the *Financial Pledge* immediately (paragraphs A11.1–A11.3 of the *Terms* above).

## B9. Forex Terms

### B9.1. General Forex Terms

#### B9.1.1. Application

The present Currency Exchange *Terms* shall apply to relations between *Customer* and *Bank*, in case *Customer* has applied for a forex *Transaction* with *Bank*.

In case of cash currency exchange, the Terms of Deposit and Withdrawal (paragraph B17 of the *Terms* below) shall also apply to such *Transaction*.

#### B9.1.2. Currencies, Terms

*Bank* shall execute forex *Transactions* in accordance with the list of convertible currencies set by the *Bank* that is published at the *Bank's* Internet homepage [www.ablv.com](http://www.ablv.com).

The *Bank* shall be entitled to deny execution of a forex *Transaction*. This being the case, the *Bank* shall not be obliged to explain the reason for denial to the *Customer*.

#### B9.1.3. Currency Exchange Rate

A forex *Transaction* shall be executed at the general currency exchange rate of *Bank*. In case the amount of a forex *Transaction* exceeds the amount stated in the *Fees and Charges*, *Customer* shall be entitled to apply for a special currency exchange rate for such *Transaction*. In case the *Parties* have agreed, such special currency exchange rate shall be stated in the forex order, otherwise the *Transaction* shall be executed at the general currency exchange rate of *Bank*.

#### B9.1.4. Concluding a Forex Transaction at a Special Currency Exchange Rate

B9.1.4.1. A *Transaction* at a special currency exchange rate shall be considered concluded when the *Parties* have agreed over the telephone or using SKYPE communication (pursuant to provisions of section B12 below) on the currency to be bought and sold, the amounts and the currency exchange rate of the *Transaction*.

B9.1.4.2. The *Customer* shall be entitled to submit to the *Bank* a pending currency exchange order which is to be executed at better currency exchange rate than that currently offered by the *Bank*, provided the *Transaction* amount, the desired currency exchange rate, the order validity period, and the market currency exchange rate level to be reached for the *Bank* to execute the currency exchange at the *Customer's* desired currency exchange rate are previously agreed upon with the *Bank* (hereinafter – *LIMIT ORDER*).

The *LIMIT ORDER* validity period may not exceed three months, and the amount of the same may not be lower than that stated in the *Rates and Charges*.

The *LIMIT ORDER* shall be always executed at the moment of the currency exchange rate in the currency market available to the *Bank* reaching the market level agreed upon by the *Customer* and the *Bank* when submitting the *LIMIT ORDER*.

B9.1.4.3. Should the *Customer* submit a forex order with the *Transaction* conditions not being previously agreed upon with the *Bank*, the *Transaction* shall be deemed concluded only after the *Bank* confirms the conditions stated in the forex order.

#### B9.1.5. Conditions of executing a forex Transaction

B9.1.5.1. If the sum of forex *Transaction* between the *Parties* which has been concluded over the telephone or SKYPE communication exceeds the balance available in the *Customer's Current Account* in the *Transaction* currency on the day when the *Transaction* was applied for or in other cases, also where the *Parties* agree on any special currency exchange rate over the telephone or using SKYPE communication, *Customer*, in addition to provisions of section B12 below, shall ensure that the amount necessary for executing the *Transaction* is available in the *Current Account* on the following *Bank* day after the *Transaction* was applied for at the latest. Only after *Customer* has fulfilled all its obligations under the *Transaction*, *Bank* shall fulfil its liabilities under the *Transaction* according to the present Currency Exchange *Terms* and the *Fees and Charges*.

B9.1.5.2. Unless *Customer* has fulfilled its liabilities under the *Transaction* (paragraph B9.1.5.1 and section B12 of the *Terms*), the *Transaction* shall be considered terminated, and *Customer* shall reimburse *Bank* for all expenses and losses that may be sustained by *Bank* due to the same. *Customer's* account shall be debited with the *Bank's* expenses and losses without acceptance, and their amount shall be calculated as a difference between the exchange rate agreed by the *Parties* when concluding the *Transaction* and the currency exchange rate *Bank* executes an opposite to such forex *Transaction* at.

## B9.2. Terms of SWAP and FORWARD Forex Transactions

### B9.2.1. Definitions:

- the date of the *Transaction* execution: in the text of the present Forex Terms is the date when *Bank* executes a forex *Transaction*;
- a SWAP *Transaction*: a forex *Transaction* consisting of two opposite forex *Transactions* with the same currencies and with different dates of the *Transaction* execution at rates stated at the moment of concluding such SWAP *Transaction*;
- a FORWARD *Transaction*: a forex *Transaction* to be executed on a specific date in the future, not earlier than the third working day of *Bank* after the date of concluding the *Transaction*, at the rate stated at the moment of concluding such *Transaction*.

### B9.2.2. Concluding SWAP and FORWARD Transactions

In order to conclude a SWAP or FORWARD *Transaction*, the *Customer* shall agree on the exchange rate of the *Transaction*, its volume and the date of the *Transaction* execution with the *Bank*, and shall submit its SWAP and FORWARD *Transaction* order to the *Bank*, stating conditions approved by the *Bank* therein.

### B9.2.3. Security

Precondition of a FORWARD *Transaction* shall be placing the *Customer's* security deposit (section B2 of these *Terms* above) with the *Bank*.

FORWARD *Transaction* security deposit shall be placed on the basis of the *Customer's* FORWARD *Transaction* order.

The security deposit shall expire on the date of execution of the concluded FORWARD *Transaction*. The *Customer* shall not be entitled to request premature payment of the security deposit. The *Bank* shall pay out the FORWARD *Transaction* security deposit (or remaining amount of the same) not earlier than on the day of complete discharge of the obligations secured thereby. No interest shall be accrued on the FORWARD *Transaction* security deposit.

The *Bank* shall be entitled to apply the FORWARD *Transaction* security deposit towards covering the losses incurred as a result of the FORWARD *Transaction*.

In case losses of the *Transaction* currency position resulting from the exchange rate fluctuations achieve:

- a. 60% of the FORWARD *Transaction* security deposit amount, the *Bank* shall notify the *Customer* accordingly in writing;
- b. 80% of the FORWARD *Transaction* security deposit amount, the *Customer* shall replenish the FORWARD *Transaction* security deposit with the *Bank* accordingly.

Unless the *Customer* replenishes the FORWARD *Transaction* security deposit, the FORWARD *Transaction* shall be considered terminated, the *Bank* shall be entitled to close the current FORWARD *Transaction* currency position at the current market rate and cover losses due to currency exchange rate fluctuations from the FORWARD *Transaction* security deposit amount.

### B9.2.4. Execution of a Transaction

B9.2.4.1. On the date of execution of a SWAP and/or FORWARD *Transaction* *Customer* shall ensure the required balance in the respective currency in its *Current Account* with *Bank* according to conditions of the *Transaction*. Unless *Customer* has fulfilled this, *Bank* shall execute an opposite forex *Transaction* to the SWAP or FORWARD *Transaction* concluded by *Customer* at the current market rate. The losses, incurred as a result of an opposite forex *Transaction*, shall be covered from the security deposit amount (paragraph B9.2.3 of the *Terms* above), and the resulting profit shall be credited to the *Customer's* *Current Account* with *Bank*.

B9.2.4.2. The *Customer* may close its open SWAP or FORWARD *Transaction* position at any moment until the date of execution of the SWAP or FORWARD *Transaction*, by concluding an opposite *Transaction* to the SWAP or FORWARD *Transaction* concluded earlier.

### B9.2.5. Special requirements under EMIR

B9.2.5.1. The *Bank* shall confirm entering into SWAP and FORWARD contract by sending a respective notice to the *Customer* via the *Internetbank*. In case the *Customer*, upon receiving the confirmation on entering into SWAP or FORWARD contract, has not within one *Bank* day after receipt of the notice submitted objections regarding it to the *Bank*, it shall be deemed that the *Customer* consents to the confirmation sent by the *Bank*.

B9.2.5.2. The *Bank* shall assign a unique transaction identifier (*UTI*) and inform the *Customer* of the same in the confirmation on entering into SWAP or FORWARD contract.

B9.2.5.3. For reconciliation of the SWAP and FORWARD transactions portfolio, the *Bank* shall supply the *Customer* with information on assessment of non-executed SWAP and FORWARD contracts,

pursuant to requirements of Regulation (EU) No 648/2012 of the European Parliament and of the Council (hereinafter referred to as the EMIR). Should the *Customer* fail to submit its objections regarding the same to the *Bank* within five days, the assessment sent by the *Bank* shall be deemed reconciled by the *Customer*.

- B9.2.5.4. The *Customer*–legal entity shall be obliged to inform the *Bank* in case of achieving or exceeding the clearing threshold stated in the EMIR.
- B9.2.5.5. The *Bank* shall report concluded SWAP and FORWARD transactions to the trade repositories chosen by the *Bank* at its discretion and to other persons pursuant to the EMIR requirements.
- B9.2.5.6. The *Customer* can find additional information on the EMIR requirements and duties thereunder at the *Bank*'s home page <http://www.ablv.com/en/legal/EMIR>.



## B10. Terms of Documentary Transactions

### B10.1. Application

These *Terms of Documentary Transactions* shall apply to relations between the *Parties* in execution of documentary transactions, i.e. letters of credit, collection and bank guarantees.

The respective uniform rules of the International Chamber of Commerce (ICC) shall apply to documentary transactions:

- a. Uniform Customs and Practice for Documentary Credits,
- b. International Standard Banking Practice for the Examination of Documents under Documentary Credits,
- c. Uniform Rules for Demand Guarantees,
- d. Uniform Rules for Documentary Collections.

*Customer's Current Account* with *Bank* shall be a precondition of documentary transactions.

### B10.2. Charges

*Customer* shall pay *Charges* to *Bank* for execution of documentary transactions according to the *Rates and Charges*.

### B10.3. General Terms of Documentary Transactions

- B10.3.1. In cases where *Bank* advises *Customer* of an export letter of credit or guarantee, *Bank* assumes no liability, unless *Bank* confirms such letter of credit or guarantee.
- B10.3.2. *Customer* shall be entitled to refuse to accept a letter of credit, guarantee or collection of another bank. In case another bank fails to accept a letter of credit opened by *Bank*, *Bank* shall return the amount of the guarantee or the letter of credit security account (as defined in paragraphs B10.4 and B10 of the *Terms* accordingly) to *Customer* upon deduction of *Bank's Charge* for services provided to *Customer* according to the *Rates and Charges*.
- B10.3.3. In connection with execution of documentary transactions, *Bank* is entitled to require *Customer* to submit any documents to *Bank*, including without limitation contracts that justify the transaction, trade and transport documents, etc. Unless *Customer* submits the requested documents to *Bank*, *Bank* may suspend fulfilment of its liabilities related to execution of the respective documentary transactions until such moment as *Customer* submits the requested documents to *Bank*.
- B10.3.4. *Bank* shall send all documents related to execution of documentary transactions by means of express mail service chosen by *Bank*. *Bank* shall not be responsible for damage or loss of documents sent by express mail or delay in their delivery to the addressee. *Bank* shall not be responsible for losses incurred by *Customer* and/or third persons, where documents sent by express mail are damaged, *lost* or fail to be delivered to the addressee on time.
- B10.3.5. *Bank* shall independently choose banks to be used for advising and confirmation of the letter of credit or guarantee. *Bank* undertakes to observe as much caution as possible in choosing banks to advise and confirm the letter of credit or guarantee, however *Bank* shall not be responsible for the actions of such banks. At *Customer's* request *Bank* may ask a specific bank to confirm the letter of credit or guarantee.
- B10.3.6. If a confirming bank requests security for confirmation, *Bank* shall transfer funds owned by *Customer* to such confirming bank with *Customer's* written consent. In such case *Customer* assumes all risks related to such payment, as well as with safety and refund of *Customer's* funds. Such funds shall be held by the confirming bank on the confirming bank's conditions.
- B10.3.7. If *Bank* is appointed as a confirming bank without the need to confirm the letter of credit in accordance with conditions of the export letter of credit, and *Bank* agrees to execute the letter of credit without confirming it, then *Bank* shall only credit to *Customer* the funds payable against the documents submitted under the letter of credit after *Bank* receives such funds from the issuing bank or the paying bank.

### B10.4. Terms of Guarantee Issue

- B10.4.1. *Bank* shall issue a guarantee in accordance with a Guarantee Agreement entered into between the *Parties* (hereinafter in paragraph B10.4 of the *Terms* referred to as the *Agreement*). The *Agreement* shall be entered into in accordance with *Customer's* guarantee application submitted to *Bank* that is acceptable to *Bank* in terms of its form and content, (hereinafter in paragraph B10.4 of the *Terms* referred to as the *Application*). Conditions of the *Agreement* shall incorporate conditions of the *Application*, the *Terms* and ICC Uniform Rules for Demand Guarantees. *Bank* and *Customer* shall enter into a separate Guarantee Agreement in accordance with paragraph B10.4.18 of the *Terms* below, in cases where *Customer* applies in his/its *Application* to the *Bank* for a credit decision granting an unsecured guarantee.

- B10.4.2. The terms used in paragraph B10.4 of the *Terms* shall have the following meaning:
- Security Account means an account the balance of which is comprised of any funds available in *Customer's Current Account* with *Bank*, including funds to be credited to *Customer's Current Account* accordingly (only in case of the advance payment guarantee), and whose funds are used by *Bank* for payment in accordance with the payment demand of the beneficiary under the guarantee;
  - Credit means a credit granted to *Customer* for the issuance of a guarantee and payment in accordance with a *Credit Agreement* entered into between the *Parties*. A guarantee issued without security pursuant to the terms of paragraph B10.4.18 is not a Credit in the terms of paragraph B10.4 of the *Terms*.
- B10.4.3. In accordance with conditions of the *Agreement*, *Bank* shall issue a guarantee in favour of the beneficiary under the guarantee (hereinafter in paragraph B10.4 of the *Terms* referred to as the *Guarantee*). Conditions of the *Guarantee* shall be set out in the *Guarantee* text.
- B10.4.4. In accordance with the *Guarantee*, *Bank* undertakes to pay an amount up to that specified in the *Guarantee* to the beneficiary under the *Guarantee* after the first demand for payment is received from the beneficiary under the *Guarantee*, provided the *guarantee* is valid and conditions of payment under the *guarantee* are fulfilled. The *Guarantee* is an appendix to the *Agreement* and an integral part thereof.
- B10.4.5. After the demand for payment is received from the beneficiary under the *Guarantee*, *Bank* shall check compliance of the submitted documents with conditions of the *Guarantee*. *Bank* shall not be responsible for the form, sufficiency, authenticity, precision, validity, falsification of the submitted documents, for the content of such document, statements contained therein, or the quantity, quality or availability of the goods and services (where they are specified in the submitted documents). *Bank* shall not be responsible for implementation of the agreement between *Customer* and the beneficiary under the guarantee, and such agreement shall not be binding upon *Bank*, even if the *Agreement (Application)* and/or the *Guarantee* contain a reference to same.
- B10.4.6. In cases where in accordance with the *Agreement (Application)* *Bank* is to issue the *Guarantee* through a bank confirming the *Guarantee*, such confirming bank shall undertake the guarantee liabilities against the beneficiary under the guarantee at *Bank's* request and issue the respective guarantee (hereinafter referred to as the *Indirect Guarantee*). In such cases *Bank* shall issue the respective *Guarantee* in favour of the confirming bank (hereinafter referred to as the *Counter Guarantee*) and undertake liabilities for the respective payment under the *Guarantee* to the confirming bank in cases where the beneficiary under the *Guarantee* requests payment from the confirming bank in accordance with the *Indirect Guarantee* issued thereby to the beneficiary under the *Guarantee*. In such cases an *Indirect Guarantee* shall be issued in accordance with conditions incorporated in the *Indirect Guarantee*.
- B10.4.7. In cases where *Bank* issues a *Counter Guarantee*, the term of the guarantee specified in the *Agreement (Application)* shall be the term of the *Indirect Guarantee* issued by the confirming bank in favour of the beneficiary under the *Guarantee*. In its turn, the term of the *Counter Guarantee* issued by *Bank* shall be the term determined by *Bank* unilaterally and specified in the text of the *Counter Guarantee*. The term of the *Counter Guarantee* shall exceed that of the *Indirect Guarantee* by at least fifteen calendar days.
- B10.4.8. The liabilities under the *Guarantee*, the *Indirect Guarantee* and the *Counter Guarantee* shall be regulated by the laws and conditions mentioned in the text of the *Guarantee*, the *Indirect Guarantee* and the *Counter Guarantee* accordingly.
- B10.4.9. Where *Bank* enters into the *Agreement* in accordance with the *Application* and a Security Account is used for fulfilment of *Customer's* liabilities under the *Agreement*, *Bank* shall transfer funds equal to the amount of the Security Account from *Customer's Current Account* to the Security Account with *Bank* opened by *Bank*.
- B10.4.10. In cases where *Customer's* liabilities against *Bank* under the *Agreement* are covered by the Security Account, the *Application* shall incorporate an application for opening a Security Account as well. Conditions of the Security Account Agreement shall incorporate conditions of the *Application*.
- B10.4.11. The Security Account shall be opened on the following conditions:
- B10.4.11.1. The Security Account amount shall be equal to the amount of the guarantee to be issued, provided the guarantee amount coincides with the currency of funds available in *Customer's Current Account* or the currency of funds received by *Customer* as an advance payment accordingly.
- B10.4.11.2. The Security Account amount shall be equal to the amount (in the currency of the Security Account) that exceeds the amount of the guarantee to be issued by 15% where the currency of the guarantee amount does not coincide with the currency of funds available in *Customer's Current Account* or the currency of funds received by *Customer* as an advance payment accordingly. To determine the Security Account amount in accordance with this paragraph, the applicable exchange rate set by *Bank* on the day when the Security Account is opened shall be applied. Conditions of this paragraph shall only be applicable to EUR and USD. In cases where the currency of the guarantee or the Security Account differs from those mentioned above, *Bank* may apply other conditions and set additional requirements unilaterally, inter alia determining a different higher Security Account amount unilaterally.
- B10.4.11.3. The Security Account interest shall be accrued and paid on the amount available in the Security Account in accordance with terms set out in the *Rates and Charges*. The Security Account interest

for one day shall be calculated based on the actual number of days in the year (365 days or 366 days in a leap year accordingly) and shall be paid for each day on the amount available in the Security Account at the close of the respective day, in keeping with the Security Account interest rate applicable on the respective day (*Actual/Actual*). The *Bank* shall pay out the Security Account interest on funds deposited in the Security Account to the *Customer* once a month by crediting the *Customer's Current Account* opened with the *Bank*.

- B10.4.11.4. The term of the Security Account shall be determined by extending the term of the guarantee or the *Counter Guarantee* issued by *Bank* by the number of days required to make the term of the Security Account longer than that of the guarantee or the *Counter Guarantee* by one *Bank* working day. *Customer* shall be entitled to terminate the Security Account ahead of schedule unilaterally or to request that the amount deposited in the Security Account and the accrued outstanding Security Account interest should be paid out.
- B10.4.11.5. If *Bank* makes full payment of the *Guarantee* in accordance with conditions of the *Guarantee* issued by *Bank* to the beneficiary under the guarantee in accordance with the *Agreement*, *Bank* shall be entitled to terminate the Security Account Agreement ahead of schedule and to transfer the required Security Account amount to the beneficiary under the *Guarantee* unilaterally. No penalty or charge shall be collected for withdrawal of funds from the Security Account ahead of schedule.
- B10.4.11.6. In cases where *Bank* shall make partial payment of the *Guarantee* in accordance with conditions of the *Guarantee* issued by *Bank* to the beneficiary under the *Guarantee* in accordance with the *Agreement*, *Bank* shall be entitled to decrease the Security Account amount by the amount of the *Guarantee* payment and to transfer the same to the beneficiary under the guarantee unilaterally. In such cases after the claimed guarantee amount is paid, the new amount in the Security Account shall be equal to the balance funds available in the Security Account. No penalty or charge shall be collected for partial withdrawal of funds from the Security Account ahead of schedule.
- B10.4.11.7. If *Bank* makes full or partial payment of the guarantee in accordance with conditions of the *Guarantee* issued by *Bank* to the beneficiary under the guarantee in accordance with the *Agreement*, and the currency of the Security Account differs from that of the guarantee payment to be made by *Bank*, then subject to conditions of paragraphs B10.4.11.5 and B10.4.11.6 of the *Terms* above *Bank* shall exchange the required Security Account amount or a part thereof into the currency of the *Guarantee* payment and transfer the resulting amount to the beneficiary under the *Guarantee* on the day of the *Guarantee* payment. *Bank* shall apply a currency exchange rate in accordance with *Bank's* currency exchange rate of the respective currency set on the day of the guarantee payment.
- B10.4.11.8. On *Bank's* following working day after expiry of the *Guarantee*, *Bank* shall close the Security Account and transfer funds available in the Security Account and accrued outstanding Security Account interest to *Customer's Current Account* with *Bank* unilaterally, unless *Bank* receives the payment demand of the beneficiary under the *Guarantee*.
- B10.4.12. Where *Bank* decides to enter into the *Agreement* in accordance with the *Application* and a Credit is used for fulfilment of *Customer's* liabilities under the *Agreement*, and the Credit currency coincides with that of the *Guarantee* issued by *Bank*, *Customer* may not use the Credit to the amount equal to the *Guarantee* amount over the period from the moment when the *Guarantee* is issued until the moment of expiry or payment of the *Guarantee*.
- B10.4.13. In cases where the Credit currency does not coincide with that of the *Guarantee* issued by *Bank*, *Customer* may not use the Credit to the amount equal to the *Guarantee* amount plus 15% over the period from the moment when the *Guarantee* is issued until the expiry or payment of the *Guarantee*. To determine the Credit amount that may not be used by *Customer* in accordance with this paragraph, the respective exchange rate set by *Bank* on the day when the *Guarantee* is issued shall be applied. Conditions of this paragraph shall only be applicable to EUR and USD. In cases where the currency of the *Guarantee* or the Credit differs from those mentioned above, *Bank* may apply other conditions and set additional requirements, inter alia, unilaterally determine a different higher Credit amount, that shall not be available to *Customer*.
- B10.4.14. In cases where a Credit to the amount specified in the *Application* is used for fulfilment of *Customer's* liabilities under the *Agreement*, and *Bank* shall make full or partial payment of the *Guarantee* in accordance with conditions of the *Guarantee*, *Bank* shall advance a Credit to the amount of the *Guarantee* payment to *Customer* and transfer the same to the beneficiary under the guarantee, unless the *Parties* agreed otherwise.
- B10.4.15. In cases where the Credit currency differs from that of the guarantee payment to be made by *Bank*, then on the day of the guarantee payment *Bank* shall advance a Credit to the required amount to *Customer*, and exchange the same into the *Guarantee* currency at the respective exchange rate of *Bank* of the respective day to obtain the amount in the *Guarantee* currency required for the *Guarantee* payment. *Bank* shall transfer the amount resulting from such exchange to the beneficiary under the *Guarantee* in accordance with conditions of the *Guarantee*.
- B10.4.16. In cases where the Security Account formed from funds available in *Customer's Current Account* is specified as cover of the *Guarantee* in the *Application*, and *Bank* decides to enter into the *Agreement* and the Security

Account Agreement in accordance with the Application, the Agreement and the Security Account Agreement shall be entered into and take effect from the moment when a Security Account is opened for *Customer* and credited with the Security Account amount with the abovementioned conditions.

In cases where the Security Account amount is formed from the advance payment addressed to *Customer*, the Agreement and the Security Account Agreement shall be entered into and take effect from the moment when *Bank* issues the *Guarantee* in favour of the beneficiary under the *Guarantee* in accordance with the *Agreement*. In such cases the *Guarantee* issued by *Bank* shall take effect after the Security Account is opened from the received advance payment addressed to *Customer* in accordance with conditions of the Security Account Agreement, unless the *Parties* have agreed on other conditions of the guarantee taking effect. Over the period from the moment when the *Guarantee* is issued until the moment when the Security Account is opened, *Bank* shall block *Customer's Current Account* with *Bank*.

- B10.4.17. In cases where the Credit is specified as cover of the *Guarantee* in the *Application*, and *Bank* decides to enter into the *Agreement* in accordance with the *Application*, the *Agreement* shall be entered into and take effect from the moment when all conditions precedent of advancing the Credit have been fulfilled in accordance with the Credit Agreement, except *Bank's* obligation to make the *Guarantee* payment, and *Bank* has issued the *Guarantee* in favour of the beneficiary under the guarantee.
- B10.4.18. Where in accordance with his/its *Application* *Customer* requests that *Bank* should take a credit decision for issue of the unsecured guarantee, *Bank* may take the respective decision and issue the *Guarantee*, and enter into a separate agreement on issue of the *Guarantee*. In such case the *Guarantee* shall be issued on conditions mentioned in the separate agreement on issue of the *Guarantee*. Unless such separate agreement on issue of the guarantee is entered into, the *Application* shall not create any *Bank's* rights or obligations against *Customer*. Where a separate agreement on issue of the *Guarantee* is entered into, conditions of such agreement shall incorporate conditions of the *Application* and the *Terms* too, in so far as they are not in conflict with other conditions of the separate agreement on the issuance of the *Guarantee*.
- B10.4.19. *Customer* shall be entitled to ask *Bank* to amend the terms of the guarantee and/or cancel the guarantee by submitting to *Bank* an application for amendment of the terms of the *Guarantee* in accordance with *Bank's* requirements.
- B10.4.20. If in accordance with *Customer's* application for the amendment of the terms of the *Guarantee* *Customer* asks *Bank* to increase the amount of the *Guarantee*, then *Bank* shall make a decision to increase the amount of the guarantee only after the amount of the Security account is increased for the respective amount, in case where Security Account covers obligations under the Agreement, or Credit amount is increased or Security Account is opened, in case where obligations under the Agreement are set off against the Credit, or respective amendments are made in the separate *Guarantee* agreement, in case the *Guarantee* is issued without security.
- B10.4.21. If *Bank* in accordance with *Customer's* application for amendment of the *Guarantee*, decides to increase the amount of the *Guarantee* and/or to prolong the term of the *Guarantee*, and/or to amend other terms of the *Guarantee*, that improve the position of the beneficiary under the *Guarantee*, then *Bank* shall assume that amendments to the *Guarantee* take effect from the moment when *Bank* issues respective amendments.
- B10.4.22. If *Bank* in accordance with *Customer's* application for amendment of the *Guarantee* decides to reduce the amount of the *Guarantee* and/or the term of the *Guarantee* and/or amend other terms of the *Guarantee*, that jeopardize the position of the beneficiary under the *Guarantee*, then amendments shall take effect from the moment when *Bank* receives respective confirmation of consent / acceptance of the amendments from the beneficiary under the guarantee in accordance with *Bank's* requirements.
- B10.4.23. In cases where in accordance with *Customer's* application *Customer* wishes to cancel the *Guarantee*, then the guarantee shall be considered cancelled from the moment *Bank* receives confirmation of cancellation of the *Guarantee* from the beneficiary under the *Guarantee* in accordance with *Bank's* requirements, and the date mentioned of the receipt of the confirmation from the beneficiary under the *Guarantee* shall be the date of the termination of the *Guarantee* in the terms of paragraph B10.4 of the *Terms*.
- B10.4.24. All amendments of the *Guarantee* after they duly take effect shall form part of the Agreement. Respective terms of issuing of the guarantee in paragraph B10.4 shall apply to the amendments of the *Guarantee* and to corresponding changes in Security Account Agreement and/or Credit Agreement or separate agreement on issuance of the *Guarantee*.
- B10.4.25. In connection with entering into the Agreement and issue of the *Guarantee*, and amendment of the terms of the *Guarantee* in accordance with conditions of the Agreement *Customer* or the beneficiary under the guarantee accordingly shall pay *Charges* pursuant to the *Rates and Charges* to *Bank*, and shall pay charges to the bank confirming the *Guarantee* and/or the bank of the beneficiary under the *Guarantee* in such amount and in accordance with procedures as set by such banks. In cases where in accordance with conditions of the Agreement the beneficiary under the *Guarantee* shall pay charges of *Bank* and/or the bank confirming the *Guarantee* and/or the bank of the beneficiary under the *Guarantee*, and the beneficiary under the *Guarantee* fails to pay the respective charges at the request of the respective bank, the obligation to pay the respective charges shall be imposed upon *Customer*. *Customer* shall also cover any other costs of *Bank* related to entering into the Agreement and issuance of the *Guarantee*.



- B10.4.26. The beneficiary under the *Guarantee* may pay *Bank's Charges*, only where *Bank* sends the guarantee to the beneficiary under the *Guarantee* by means of an electronic message (SWIFT, TELEX).
- B10.4.27. In cases where a Security Account formed from funds of the advance payment is used for fulfilment of *Customer's* liabilities under the Agreement, *Customer* shall pay a *Charge* for monitoring incoming payments to *Bank* in accordance with the *Rates and Charges* over the period from the moment when the guarantee is issued until the moment when the Security Account is opened.

### B10.5. Terms of Issue of Letters of Credit by Bank

- B10.5.1. *Bank* shall issue a letter of credit in accordance with a Letter of Credit Agreement entered into between the *Parties*, (hereinafter in paragraph B10.5 of the *Terms* referred to as the Agreement). *Bank* and *Customer* shall enter into the Agreement in accordance with *Customer's* letter of credit application submitted to *Bank* that is acceptable to *Bank* in terms of its form and content (hereinafter in paragraph B10.5 of the *Terms* referred to as the Application). Conditions of the Agreement shall incorporate conditions of the Application, the *Terms*, ICC Uniform Customs and Practice for Documentary Credits and International Standard Banking Practice for the Examination of Documents under Documentary Credits.
- B10.5.2. In accordance with conditions of the Agreement, *Bank* shall issue a letter of credit in favour of the beneficiary under the letter of credit (hereinafter in paragraph B10.5 of the *Terms* referred to as the *Beneficiary*). Conditions of the letter of credit shall incorporate conditions of the *Application* conditions included in the letter of credit. Liabilities under the letter of credit shall be regulated by conditions that are mentioned accordingly in the text of the letter of credit, ICC Uniform Customs and Practice for Documentary Credits and International Standard Banking Practice for the Examination of Documents under Documentary Credits.
- B10.5.3. The terms used in paragraph B10.5 of the *Terms* shall have the following meaning:
- Letter of credit amount means the maximum possible amount of liabilities under *Bank's* letter of credit. In cases where allowed fluctuations of the letter of credit amount are specified in the *Application*, the letter of credit amount for the purposes of paragraph B10.5 of the *Terms* shall be the amount formed by increasing the letter of credit amount specified in the *Application* by the amount of allowed fluctuations specified in the *Application*;
  - Date of expiry of the letter of credit means a date specified in the *Application*. Date of expiry of the letter of credit is the final date until which the *Beneficiary* shall submit the documents to the executing bank. Upon expiry of letter of credit, *Bank's* liabilities under the letter of credit shall continue, provided the *Beneficiary* has submitted the documents in accordance with conditions of the letter of credit;
  - Maturity date of the letter of credit means a date when *Bank* shall make payment against the documents that comply with the conditions of the letter of credit in accordance with the conditions of the letter of credit, which may be later than the date of expiry of the letter of credit;
  - Security Account means an account formed from any funds available in *Customer's Current Account* with *Bank*, and whose funds are used by *Bank* for payment in accordance with the conditions of the letter of credit payment;
  - Credit means a credit granted to *Customer* for the letter of credit issue and payment in accordance with a Credit Agreement entered into between the *Parties*.
- B10.5.4. In accordance with the guarantee, *Bank* undertakes to pay an amount up to the letter of credit amount to the *Beneficiary* within the term specified in the letter of credit, upon receipt of the documents specified in the letter of credit that comply in full with the conditions of the letter of credit, Uniform Customs and Practice for Documentary Credits and International Standard Banking Practice for the Examination of Documents under Documentary Credits. The letter of credit text shall be an appendix to the *Agreement* and an integral part thereof.
- B10.5.5. After the documents submitted by the *Beneficiary* are received, *Bank* shall check compliance of the submitted documents with conditions of the letter of credit, Uniform Customs and Practice for Documentary Credits and International Standard Banking Practice for the Examination of Documents under Documentary Credits. *Bank* shall not be responsible for the form, sufficiency, authenticity, precision, validity, falsification of the submitted documents, for the content of such document, statements contained therein, or the quantity, quality or availability of the goods and services (where such are specified in the submitted documents). *Bank* shall not be responsible for implementation of the agreement between *Customer* and the *Beneficiary*, and such agreement shall not be binding upon *Bank*, even if the Agreement (Application) and/or the letter of credit contain a reference to same.
- B10.5.6. Where in accordance with the Agreement (Application) *Bank* shall issue a letter of credit through a bank confirming the letter of credit, such confirming bank shall undertake at *Bank's* request, in addition to *Bank's* liabilities, to pay an amount up to the letter of credit amount to the *Beneficiary* within the term specified in letter of credit, upon receipt of the documents specified in the letter of credit that comply in full with the conditions of the letter of credit, Uniform Customs and Practice for Documentary Credits and International Standard Banking Practice for the Examination of Documents under Documentary Credits.



- B10.5.7. Where *Bank* decides to enter into the Agreement in accordance with the Application and a Security Account is used for fulfilment of *Customer's* liabilities under the Agreement, *Bank* shall transfer funds equal to the amount of the Security Account from *Customer's Current Account* to the Security Account with *Bank* opened by *Bank*.
- B10.5.8. In cases where *Customer's* liabilities against *Bank* under the Agreement are covered by the Security Account, the Application for the letter of credit shall incorporate an application for opening a Security Account as well. Conditions of the Security Account Agreement shall incorporate conditions of the *Application*.
- B10.5.9. The Security Account shall be opened on the following conditions:
- B10.5.9.1. The Security Account amount shall be equal to the amount of the letter of credit to be issued, provided the letter of credit amount coincides with the currency of funds available in *Customer's Current Account*.
- B10.5.9.2. The Security Account amount shall be equal to the amount (in the currency of the Security Account) that exceeds the amount of the letter of credit to be issued by 15%, in cases where the currency of the letter of credit amount does not coincide with the currency of funds available in *Customer's Current Account* accordingly. To determine the Security Account amount in accordance with this paragraph, the respective exchange rate set by *Bank* on the day when the Security Account is opened shall be applied. Conditions of this paragraph shall only be applicable to EUR and USD. In cases where the currency of the letter of credit or the Security Account differs from those mentioned above, *Bank* may apply other conditions and set additional requirements unilaterally, inter alia determine a different higher Security Account amount unilaterally.
- B10.5.9.3. Security Account interest shall be accrued and paid on the amount available in the Security Account in accordance with the *Rates and Charges*. The interest for one day shall be calculated based on the actual number of days in the year (365 days or 366 days in a leap year accordingly) and shall be paid for each day on the amount available in the Security Account at the close of the respective day, in keeping with the Security Account interest rate applicable on the respective day (*Actual/Actual*). The *Bank* shall pay out the interest on funds deposited in the Security Account to the *Customer* once a month by crediting the *Customer's Current Account* opened with the *Bank*.
- B10.5.9.4. The term of the Security Account shall be stated as follows:
- a. for a letter of credit with immediate payment – by extending the date of expiry of the letter of credit specified in the Application by ten *Bank's* working days,
  - b. for a letter of credit with acceptance or deferred payment – as the planned last possible day of the deferred payment or by extending the date of expiry of the letter of credit specified in the Application by ten *Bank's* working days, whichever is the later of the two.
- Bank* may extend the term of the Security Account unilaterally, provided upon expiry of the term of the Security Account *Bank's* liabilities continue (i.e. the *Beneficiary* has submitted the documents that have not been paid by *Bank* in accordance with conditions of the letter of credit and have not been rejected by *Customer*). *Customer* shall not be entitled to terminate the Security Account ahead of schedule unilaterally or before *Bank's* liabilities under the letter of credit are fulfilled, or to request that the amount deposited in the Security Account and the accrued outstanding Security Account interest should be paid out.
- B10.5.9.5. Where *Bank* is required to make full payment of the letter of credit in accordance with conditions of the letter of credit issued by *Bank* to the *Beneficiary* in accordance with the *Agreement*, *Bank* shall be entitled to terminate the Security Account Agreement ahead of schedule and to transfer the required Security Account amount to the *Beneficiary* unilaterally. No penalty or charge shall be collected for withdrawal of funds from the Security Account ahead of schedule.
- B10.5.9.6. Where *Bank* is required to make partial payment of the letter of credit in accordance with conditions of the letter of credit issued by *Bank* to the *Beneficiary* in accordance with the *Agreement*, *Bank* shall be entitled to decrease the Security Account amount by the amount of the letter of credit payment and to transfer the same to the *Beneficiary* unilaterally. In such cases after the claimed letter of credit amount is paid, the new amount in the Security Account shall be equal to the balance of funds available in the Security Account. No penalty or charge shall be collected for partial withdrawal of funds from the Security Account ahead of schedule.
- B10.5.9.7. Where *Bank* is required to make full or partial payment of the letter of credit in accordance with conditions of the letter of credit issued by *Bank* to the *Beneficiary* in accordance with the *Agreement*, and the currency of the Security Account differs from that of the letter of credit payment to be made by *Bank*, subject to conditions of paragraphs B10.5.9.5 and B10.5.9.6 of the *Terms* above, *Bank* shall exchange the required Security Account amount or a part thereof into the currency of the letter of credit payment and transfer the resulting amount to the *Beneficiary* on the day of the letter of credit payment. *Bank* shall apply a currency exchange rate in accordance with the *Bank's* currency exchange rate of the respective currency set on the day of the letter of credit payment.

- B10.5.9.8. Upon expiry of liabilities under *Bank's* letter of credit, *Bank* shall close the Security Account and transfer funds available in the Security Account and accrued outstanding Security Account interest to *Customer's Current Account* with *Bank* unilaterally.
- B10.5.10. Where *Bank* decides to enter into the *Agreement* in accordance with the *Application* and a Credit is used for fulfilment of *Customer's* liabilities under the *Agreement*, and the Credit currency coincides with that of the letter of credit issued by *Bank*, *Customer* may not use the Credit to the amount equal to the letter of credit amount over the period from the moment when the letter of credit is issued until the moment of expiry or payment of the letter of credit.
- B10.5.11. In cases where the Credit currency does not coincide with that of the letter of credit issued by *Bank*, *Customer* may not use the Credit to the amount equal to the letter of credit amount plus 15% over the period from the moment when the letter of credit is issued until expiry or payment of the letter of credit. To determine the Credit amount that may not be used by *Customer* in accordance with this paragraph, the respective exchange rate set by *Bank* on the day when the letter of credit is issued shall be applied. Conditions of this paragraph shall only be applicable to EUR and USD. In cases where the currency of the letter of credit or the Credit differs from those mentioned above, *Bank* may apply other conditions and set additional requirements, inter alia, unilaterally determine a different higher Credit amount, that shall not be available to *Customer*.
- B10.5.12. In cases where a Credit to the amount specified in the *Application* is used for fulfilment of *Customer's* liabilities under the *Agreement*, *Customer* shall send to *Bank* his/its application stating the source of funds to be used for payment, on the day when *Bank* shall make the letter of credit payment in full or partially in accordance with conditions of the letter of credit issued by *Bank* in favour of the *Beneficiary* pursuant to the *Agreement*.
- B10.5.13. In cases where *Customer* states in his/its application that a Credit shall be used for the payment or *Customer* fails to send his/its application at *Bank's* request in accordance with paragraph B10.5.12 of the *Terms* above, *Bank* shall advance a Credit to the amount of the letter of credit payment to *Customer* and transfer the same to the *Beneficiary* on the day of the letter of credit payment.
- B10.5.14. In cases where the Credit currency differs from that of the letter of credit payment to be made by *Bank*, on the day of the letter of credit payment *Bank* shall advance a Credit to the required amount to *Customer*, and exchange the same into the letter of credit currency at the respective exchange rate of *Bank* of the respective day to obtain the amount in the letter of credit currency required for the letter of credit payment. *Bank* shall transfer the amount resulting from such exchange to the *Beneficiary* in accordance with conditions of the letter of credit.
- B10.5.15. In cases where the Security Account is specified as cover of the letter of credit in the *Application*, and *Bank* decides to enter into the *Agreement* and the Security Account Agreement in accordance with the *Application*, the *Agreement* and the Security Account Agreement shall be entered into and take effect from the moment when a Security Account is opened for *Customer* in accordance with the abovementioned conditions and credited with the Security Account amount.
- B10.5.16. In cases where the Credit is specified as cover of the letter of credit, and *Bank* decides to enter into the *Agreement* in accordance with the *Application*, the *Agreement* shall be entered into and take effect from the moment when all conditions precedent of advancing the Credit have been fulfilled in accordance with the Credit Agreement, except *Bank's* obligation to make the letter of credit payment, and *Bank* has issued the letter of credit in favour of the *Beneficiary*.
- B10.5.17. *Customer* shall be entitled to ask *Bank* to amend the terms of the letter of credit and/or cancel the letter of credit, by submitting to *Bank* an application for amendment of the terms of the letter of credit in accordance with *Bank's* requirements.
- B10.5.18. If *Bank* in accordance with *Customer's* application for amendment of the letter of credit decides to amend the terms of the letter of credit, then *Bank* issues the amendments in accordance with the rules of the International Chamber of Commerce (ICC) mentioned in paragraph B10.1.
- If in accordance with *Customer's* application for the amendment of the terms of the letter of credit *Customer* asks *Bank* to increase the amount of the letter of credit, then *Bank* shall make a decision to increase the amount of the letter of credit only after the amount of the Security account is increased for the respective amount, in case where Security Account covers obligations under the *Agreement*, or Credit amount is increased or Security Account is opened, in case where obligations under the *Agreement* are set off against the Credit.
- B10.5.19. All amendments to the letter of credit take effect in accordance with the rules of the International Chamber of Commerce (ICC) mentioned in paragraph B10.1.
- In cases where *Bank* in accordance with the amendments in the letter of credit increases the amount of the letter of credit and/or prolongs the term of the letter of credit, then for accounting purposes *Bank* shall assume that amendments to the letter of credit take effect from the moment when *Bank* issues respective amendments.
- B10.5.20. In cases where *Customer* in accordance with *Customer's* application wishes to cancel the letter of credit, then the letter of credit shall be considered cancelled from the moment when *Bank* receives a confirmation of cancellation of the letter of credit from the *Beneficiary* in accordance with *Bank's* requirements, and the date of

receipt of the relevant confirmation from the *Beneficiary* shall be considered the date of termination of obligations under the letter of credit in the terms of paragraph B10.5.

B10.5.21. All amendments of the letter of credit after they duly take effect shall form part of the Agreement. Respective terms of issuing of the letter of credit in paragraph B10.5 shall apply to the amendments of the letter of credit and to corresponding changes in the terms of Security Account Agreement and/or Credit Agreement.

B10.5.22. In connection with entering into the Agreement and issue of the letter of credit, in accordance with conditions of the Agreement *Customer* or the *Beneficiary* accordingly shall pay *Charges* pursuant to the *Rates and Charges to Bank*, and shall pay charges to the bank confirming the letter of credit and/or the bank of the *Beneficiary* to the amount and in accordance with procedures set by such bank. In cases where in accordance with conditions of the Agreement the *Beneficiary* shall pay charges of *Bank* and/or the bank confirming the letter of credit and/or the bank of the *Beneficiary*, and the *Beneficiary* fails to pay the respective charges at the request of the respective bank, the obligation to pay the respective charges shall be imposed upon *Customer*. *Customer* shall also assume any other costs of *Bank* related to entering into the Agreement and issue of the letter of credit.

#### **B10.6. Terms of Collection**

B10.6.1. *Bank's* action in execution of collection transactions shall be regulated by the *Terms* and ICC Uniform Rules for Collections.

B10.6.2. In cases of import collection *Bank* shall act in accordance with instructions of the issuing bank of such collection. *Bank* shall make collection payment and deliver the documents in accordance with *Customer's* respective written application submitted to *Bank* that is acceptable to *Bank* in terms of its form and content.

B10.6.3. *Bank* shall issue an export collection in accordance with *Customer's* respective written application submitted to *Bank* that is acceptable to *Bank* in terms of its form and content. An export collection may only be cancelled in cases where the collecting bank fails to deliver the documents to the beneficiary.

## B11. Terms of Cheques

### B11.1. Application

The present *Terms of Cheques* shall apply to relations between the *Parties*, in case the *Customer* has applied for receipt of a service related to the cheque from the *Bank* and the *Bank* has agreed to render such service to the *Customer*.

### B11.2. Services in Cheque Honouring

B11.2.1. *Bank* shall honour cheques of other banks submitted by *Customer* to *Bank* for honouring, by crediting *Customer's Current Account with Bank* with the cheque amount.

Accepting a cheque submitted by *Customer* for honouring, *Bank* shall verify whether *Customer* conforms to the beneficiary stated in such cheque. A cheque submitted to *Bank* for honouring shall have no damages, contain no corrections, the same shall be filled in in the Latvian or Russian or English language, in clearly legible letters and figures written by means of a pen of one colour only (black or blue), with its text being preserved for an indefinite time, and which cannot be erased otherwise but by obviously damaging the material of the cheque.

*Bank* shall accept a cheque with unexpired validity. Where no validity is stated, the cheque shall be deemed valid during 180 days after being issued.

*Bank* shall only accept cheques of other banks from *Customer* in whose name such cheque is issued and who has a *Current Account with Bank*.

*Bank* shall be entitled to refuse to accept a cheque or to honour a cheque without explaining reasons of such refusal.

B11.2.2. Charge for Honouring Cheques

The *Bank* shall inform the *Customer* of the *Charge* for the cheque honouring. In addition to the *Charge* stated in the previous sentence, charges of foreign banks, if arising in honouring such cheque, shall be withheld from the *Customer*. The *Customer's Current Account with the Bank* shall be debited with the *Charges* without acceptance. Submitting a cheque to the *Bank* for honouring, the *Customer* shall be obliged to ensure that the amount conforming to the amount of the *Charge* is available in its *Current Account with the Bank*. From the moment of submitting the cheque to the *Bank* for honouring until debiting the *Charge*, the *Customer* shall be obliged to ensure that the amount conforming to the amount of the *Charge* stated in the previous sentence is available in its *Current Account with the Bank*.

B11.2.3. Term of a Cheque

The term of a cheque of another bank submitted to *Bank* for honouring shall be sixty calendar days. In case reasons making honouring of such cheque impossible are stated in honouring the cheque, *Bank* shall not honour such cheque and return the same to *Customer*, provided such return is possible. In case cheque honouring has been refused or *Customer* revoked its cheque honouring, the *Charge* shall apply to such cheque.

B11.2.4. Bank's Losses

In case *Bank* is requested to refund the amount paid out to *Customer*, or *Bank* otherwise sustains losses related to a cheque honoured after honouring such cheque due to shortages of the cheque stated or due to other reasons related to the cheque, *Bank* shall be entitled to debit any account of *Customer with Bank* with the cheque amount paid out and/or the amount of losses sustained by *Bank* in relation to such cheque without acceptance. Unless the necessary amount is available in *Customer's account*, *Customer* shall be obliged immediately, however within three working days of *Bank* upon receipt of *Bank's Notice*, to ensure that the necessary amount is available in its *Current Account with Bank*.

## B12. Terms of Rendering Information and Services Over the Telephone or SKYPE

### B12.1. Application

The present *Terms of Rendering Information and Services Over the Telephone or using SKYPE* shall apply to *Customers* having agreed with *Bank* on using the password or those performing forex transactions. The *Terms* shall apply, in case *Bank* renders information or services to *Customer* over the telephone or using SKYPE voice telephony and communication (hereinafter referred to as SKYPE).

In these *Terms*, SKYPE shall mean software provided by Skype Software Sàrl (registered address: 23 – 29 Rives de Clausen, L-2165 Luxembourg), Skype Communications Sàrl (registered address: 23 – 29 Rives de Clausen, L-2165 Luxembourg) or Skype, Inc (registered address: 3210 Porter Drive, Palo Alto, California, 94304, USA), or legal successors of those companies.

### B12.2. Password

#### B12.2.1. Concept, Meaning and Types of the Password

B12.2.1.1. A password is a code consisting of Arabic figures and/or letters of the Latin alphabet that *Customer* has applied for and that denotes *Customer*.

B12.2.1.2. The *Parties* agree for the password together with other data requested by *Bank* from *Customer* (the first name and the surname / the name of the company, the account number / customer code, the identity number / the registration number, passport data or other *Customer* identification details) to be considered as sufficient means of *Customer's* recognition in communication of the *Parties* over the telephone or using SKYPE. The *Customer* hereby confirms that all *Notices* (including payment orders) submitted to the *Bank* by phone or using SKYPE, where the *Customer* is recognized by the *Bank* using the password, may be considered by the *Bank* to have the same legal effect as documents submitted in hard copy and bearing the *Customer's* true signature.

#### B12.2.1.3. Password types:

- a. payment card password;
- b. *Current Account* password.

#### B12.2.2. Ordering a Password

B12.2.2.1. *Customer* shall be entitled to order a payment card, *Current Account* password from *Bank*, submitting an application to the *Bank* in accordance with the form and procedure set by the *Bank*.

#### B12.2.3. Keeping the Password

B12.2.3.1. *Customer* recognizes that any third party can access the *Customer's* account using the *Customer's* password. The *Customer* undertakes to keep its password secret without disclosing the same to third persons. In case the password is lost, stolen, reproduced or otherwise comes to the disposal of a third person, or unauthorized use of the password takes place, the *Customer* shall immediately, as soon as possible, inform the *Bank* of the same within the *Bank's* working hours, calling at +371 6777 5555 or using SKYPE voice telephony (the *Bank's* SKYPE user name is "ablv.riga"). After being informed, the *Bank* shall immediately stop providing services to the *Customer* by phone or using SKYPE where the same requires the *Customer* recognition using the password and shall notify the *Customer* accordingly within the term set by the *Bank*. The *Customer* shall assume all risks of incurring losses and expenses due to the *Customer's* password becoming available to third parties.

Immediately following the *Bank's* request, the *Customer* shall supply the *Bank* with information on conditions of the password being lost, stolen, reproduced, or possessed by third parties.

The *Bank* shall resume providing services to the *Customer* by phone or using SKYPE where the same requires the *Customer* recognition using the password only after a new password is ordered from the *Bank* in accordance with the procedure set by the *Bank*. The *Customer* shall be obliged to order a new password from *Bank*, and the *Customer* hereby agrees that the *Bank* shall bear no responsibility for possible expenses or losses that might be incurred by the *Customer* due to remote account management by phone or using SKYPE being unavailable.

B12.2.3.2. *Customer* shall be entitled to order a new password from *Bank* at any time.

#### B12.2.4. Information and services available over the telephone or using SKYPE

Recognising *Customer* over the telephone or using SKYPE voice telephony:

- a. by its payment *Card* password, the *Bank* shall be entitled to activate the *Customer's* payment card, to block the *Customer's* payment card, to supply the *Customer* with information on balances and transactions in the *Customer's Card Account* with the *Bank* and on validity of the *Customer's* payment card;



- b. by its payment *Card* password, the *Bank* shall be entitled to execute the *Customer's* order for increasing the *Card* 24-hour ATM cash withdrawal limit, unblocking the *Card* PIN-code and/or blocked *Card*;
- c. by its *Current Account* password, *Bank* shall be entitled to supply *Customer* with information on balances and transactions in *Customer's* current and other accounts with *Bank*, *Customer's* credit and deposit payments, other information related to *Customer*, to block *Internetbank* and the *Customer's* personal security elements (paragraph B5.2.2 above);
- d. by its *Current Account* password, the *Bank* shall be entitled to supply the *Customer* with information on the *Customer's* financial instruments account and related cash account, details of particular transaction in financial instruments, and the amount of withheld charges, as well as the amount of used financing;
- e. by its *Current Account* password, *Bank* shall be entitled to effect *Customer's* applications for *Bonus Overdraft* in its *Card Account* submitted over the telephone and *Customer's* / other *Customer's* relevant applications for establishment of *Financial Pledge* for *Bonus Overdrafts* issued this way, in accordance with conditions and limitations stated in Section B7;
- f. by its *Current Account* password, provided the *Customer* and the *Bank* entered into the agreement on remote account management over the telephone, *Bank* shall be entitled to effect *Customer's* orders given over the telephone for action with his/its *Current Account*, *Card Account*, *Cash Account*, *Savings Account* and telephone applications for depositing a *Deposit*, receiving / use of *Short-term Loan* in accordance with conditions and limitations stated in *Customer's* application (paragraph B12.3 of the *Terms* below);
- g. by its *Current Account* password, the *Bank* shall be entitled to execute the *Customer's* order for changing the *Customer's Internetbank* access password, unblocking the *Customer's* test-key calculation device (Digipass), and providing new code for the test-key calculation device (Digipass).

To enhance security of the funds held in the *Customer's* account, the *Customer* shall be entitled to apply for limits on the *Transactions* over the telephone to be set, by submitting an application to the *Bank* in accordance with the form and procedure set by the *Bank*.

B12.2.5. Without performing *Customer* recognition by its password, *Bank* shall be entitled:

- a. to supply *Customer* with general information on *Bank's* products and services over the telephone or using SKYPE voice telephony;
- b. to accept *Customer's* propositions and complaints;
- c. to block *Customer's Cards*, *Internetbank* and personal security elements (paragraph B5.2.2 of the *Terms* above), recognising *Customer* by other *Customer* data.

### B12.3. Forex orders over the telephone

- B12.3.1. Having recognized the *Customer* based on the *Current Account* password, the *Bank* shall be entitled to accept the *Customer's* forex orders given over the telephone, to negotiate conditions of the respective forex *Transaction* with the *Customer*, and to conclude the same within the limit of the *Customer's Current Account* or *Cash Account* balance.
- B12.3.2. The *Bank* shall be also entitled to accept the *Customer's* forex orders given over the telephone, to negotiate conditions of the respective forex *Transaction* with the *Customer*, and to conclude the same, having recognized the *Customer* only based on the *Customer's* name, surname, or company name and the assigned *Customer* number. After such forex *Transaction* is concluded over the telephone, the *Customer* shall submit a written *Notice* to the *Bank*, containing information on the executed forex order, on the same *Bank* day.

### B12.4. Forex orders using SKYPE communication

- B12.4.1. The *Customer* shall apply for using SKYPE communication for giving forex orders to the *Bank* by submitting an application to the *Bank* complying with the procedure and form set by the *Bank*. The *Customer* shall submit forex orders to the *Bank* only from the *Customer's* SKYPE user account (hereinafter referred to as the SKYPE account).
- B12.4.2. The *Customer* shall ensure that SKYPE account cannot be accessed by third parties. Where the SKYPE account was accessed or could be possibly accessed by third parties, or where there was unauthorized use of the SKYPE account, the *Customer* shall immediately, as soon as possible, inform the *Bank* of the same. The *Customer* may notify the *Bank* of new SKYPE account any time.
- B12.4.3. The *Parties* hereby agree that the *Customer's* name, surname, or company name, assigned *Customer* number and SKYPE account shall be deemed the means of *Customer* recognition under SKYPE communication. If the *Customer* is identified using the said means of *Customer* recognition, the *Bank* may treat all *Notices* of the *Customer* or the *Customer's* representative in SKYPE communication as the *Customer's* duly signed orders, and to negotiate conditions of the respective forex *Transaction* with the *Customer*, and to conclude the same.

B12.4.4. After forex *Transaction* is concluded using SKYPE communication, the *Customer* shall submit a written *Notice* to the *Bank*, containing information on the executed forex order, on the same *Bank* day.

#### **B12.5. Remote Account management over the telephone**

B12.5.1. In accordance with the form and procedures set by *Bank*, *Customer* shall be entitled to submit an application for remote *Account* management over the telephone to the *Bank*.

B12.5.2. In cases where *Bank* makes positive decision on providing the service of remote *Account* management over the telephone to the *Customer*, the relevant agreement on such service shall be considered to be entered into from the moment when *Bank* begins to effect *Customer's* orders given over the telephone. The agreement on the remote *Account* management over the telephone shall incorporate *Customer's* application and these *Terms*.

B12.5.3. Remote *Account* management over the telephone enables the *Customer* to perform the following:

- a. payments from the *Customer's* *Current Account* to another *Current*, *Card*, *Cash*, or *Savings Account* held by the *Customer* with the *Bank*;
- b. payments from the *Customer's* *Current Account* to a *Current* or *Card Account* held by a third party with the *Bank*;
- c. payments from the *Customer's* *Current Account* to any other account with another bank;
- d. payments from the *Customer's* *Card*, *Cash*, or *Savings Account* (paragraph B13.5.4 of the *Terms* below) to a *Current Account* held by the *Customer* with the *Bank*;
- e. placing a *Deposit*.

B12.5.4. The *Customer's* payment orders for making payments from the *Customer's* *Accounts* to accounts held by third parties with the *Bank* or to any other accounts with other banks which are submitted to the *Bank* over the telephone shall be executed by the *Bank* only using the beneficiary details stated in the *Customer's* application for remote *Account* management over the telephone.

B12.5.5. To improve security of the funds in the *Customer's* *Accounts*, the *Customer* shall be entitled to apply to the *Bank* for setting payment limits.

B12.5.6. *Customer* receiving *Bank's* services of remote *Account* management over the telephone shall be bound by the conditions of the respective sections of the *Terms* for the respective financial service for which *Customer* applied over the telephone (B1 „*Terms of the Current Account*“; B2 – „*Deposit Terms and Conditions*“, B6 – „*Terms of Payments*“; B7 – „*Overdraft Terms*“), unless stated otherwise in this section.

**B12.6.** *Customer* shall pay *Charges* for use of services of remote *Account* management over the telephone or using SKYPE voice telephony to *Bank* according to the *Fees and Charges*.

**B12.7.** *Bank* shall be entitled to refuse execution of the *Customer's* orders for *Account* operations submitted over the telephone or using SKYPE voice telephony on the following instances:

- a. in cases where *Bank* suspects that any third or unauthorised person acts on behalf of *Customer*;
- b. at any moment at *Bank's* discretion.

The *Bank* shall bear no responsibility for the *Customer's* losses and other additional expenses arising out of exercising of the *Bank's* rights pursuant to this clause.

## **B13. Savings Account Terms and Conditions**

### **B13.1. Application**

These *Savings Account* terms and conditions shall be applicable in cases where *Customer* has filed a *Savings Account* application with *Bank* or a *Savings Account* (hereinafter referred to as the *Savings Account*) is opened for *Customer* with *Bank*.

### **B13.2. Opening a Savings Account and execution of a Savings Account agreement**

*Bank* opens a *Savings Account* for *Customer*, provided a *Current Account* has already been opened for *Customer* with *Bank*, according to *Customer's Savings Account* application executed in keeping with *Bank's* requirements. A *Savings Account* agreement shall be considered concluded from the moment when *Bank* opens a *Savings Account* for *Customer*. The terms of *Savings Account* agreement shall consist of the *Terms* and a *Customer's Savings Account* application.

### **B13.3. Funds in the Savings Account**

- B13.3.1. Funds in *Customer's Savings Account* are *Customer's* demand deposits.
- B13.3.2. *Customer* may deposit funds in its *Savings Account* only by making payment from *Customer's* or other customers' *Current Account* with *Bank*.
- B13.3.3. *Customer* may only deposit funds in its *Savings Account* in one currency stated in the *Savings Account* agreement.

### **B13.4. Interest**

- B13.4.1. Interest shall be accrued on funds deposited in the *Savings Account* and paid out to the *Customer* pursuant to the *Fees and Charges*.
- B13.4.2. Interest on funds deposited in the *Savings Account* for one day shall be calculated based on the actual number of days in the year (365 days or 366 days in a leap year accordingly) and shall be paid for each day on the amount of funds available in the *Savings Account* at the end of the respective day, in accordance with the *Savings Account* interest rate effective as at the respective day (*Actual/Actual*).
- B13.4.3. The *Bank* shall pay out interest accrued on funds deposited in the *Savings Account* to the *Customer* by crediting its *Savings Account* with the same once a month or pursuant to the conditions of the *Savings Account* agreement. In case the *Customer* chooses 31<sup>st</sup> day of the month as a day of paying the interest, the interest shall be paid out on the 30<sup>th</sup> day of this month (should the *Customer* state 28<sup>th</sup> or 29<sup>th</sup> of February as a day of paying the interest, the interest shall be paid out on the 1<sup>st</sup> of March).
- B13.4.4. When the *Bank* pays out the interest, taxes and duties shall be withheld from funds payable to the *Customer* in accordance with procedures pursuant to legal enactments of the Republic of Latvia.

### **B13.5. Using funds deposited in the Savings Account**

- B13.5.1. *Customer* may only use funds deposited in its *Savings Account* by transfer of such funds to its *Current Account* with *Bank*.
- B13.5.2. Funds available in the *Savings Account* may be transferred pursuant to *Customer's* payment order executed in keeping with *Bank's* requirements (hereinafter in this section B13 referred to as the *Order*).
- B13.5.3. *Bank* shall transfer funds available in the *Savings Account* on the seventh day after the *Order* is received for the execution, excluding the day when the *Order* is received for the execution. In cases where *Customer* has filed an application for an *EXTRA Savings Account* with *Bank*, and *Bank* has opened it for *Customer* pursuant to the *Terms*, *Bank* shall transfer funds available in such *Savings Account* on the 33<sup>rd</sup> day after the *Order* is received for the execution, excluding the day when such *Order* is received for the execution. In cases where a payment is made from the *Savings Account* to *Customer's Current Account* pursuant to the *Savings Account* Agreement and the *Order*, and *Bank* is to credit *Customer's Current Account* with funds available in the *Savings Account* on a day that is not *Bank's* working day, *Bank* shall credit *Customer's Current Account* with funds available in the *Savings Account* on the following working day of *Bank*.
- B13.5.4. In cases where *Customer* wishes to transfer funds available in its *Savings Account* before expiry of the term pursuant to the previous paragraph or the *Savings Account* with funds deposited therein is closed, *Customer* shall pay to *Bank Charge* for funds withdrawal from the *Savings Account* without notice pursuant to the *Fees and Charges*. *Orders* for funds premature withdrawal from the *Savings Account* submitted over the telephone shall not be accepted by the *Bank*.

B13.5.5. The *Terms of Payments* of the *Terms* shall be applicable to payments of funds available in the *Savings Account*, unless stated otherwise in the *Savings Account* agreement. In cases where the payment terms and conditions pursuant to the *Savings Account* agreement are different from The *Terms of Payments* of the *Terms*, the terms and conditions pursuant to the *Savings Account* agreement shall be applicable accordingly.

**B13.6. Statement**

*Customer* shall be entitled to apply for receiving its *Savings Account* report at *Bank*.

**B13.7. Closing the savings account**

B13.7.1. *Customer* shall be entitled to file an application for termination of *Savings Account* agreement and closing its *Savings Account* at any time.

B13.7.2. *Bank* shall be entitled to terminate the *Savings Account* agreement and to close *Customer's Savings Account* in cases where *Customer's Current Account* is closed.

B13.7.3. *Customer* shall pay *Charge* to *Bank* for closing its *Savings Account* pursuant to the *Fees and Charges*.

B13.7.4. *Bank* shall transfer funds available in the *Savings Account* at the moment when the same is closed to *Customer's Current Account*.

## B14. Financing against Pledge of Investment Portfolio

### B14.1. Application

- B14.1.1. These *Terms* of financing against pledge of investment portfolio shall apply to relations between *Bank* and *Customer* who has filed an application for receipt of investment (brokerage) services, for whom a financial instruments account, *Cash Account* and/or *Precious Metals' Account* has been opened with *Bank* and who has received a *Loan* pursuant to these *Terms*.
- B14.1.2. These *Terms*, *Customer's* Application for Receipt of Investment (Brokerage) Services (and on particular instances – the application for receipt of *Special Financing*), conclusive actions of the *Bank* and *Customer* comprise the *Loan* Agreement. The *Loan* Agreement shall be deemed made as of the moment of disbursing the *Loan*.
- B14.1.3. The *Loan* Agreement shall be deemed terminated after the *Customer* completely repays the *Loan* granted and makes all payments due under the *Loan*.

### B14.2. Basic terms. Authorizations

- B14.2.1. Financing against pledge of investment portfolio (hereinafter in this section B14 – the *Loan*) is a loan issued by the *Bank* to the *Customer* against pledge of all assets (financial instruments, *Precious Metals*, and funds) available in the financial instruments account, *Cash Account*, *Precious Metals' Account*, and, in case of *Special Financing*, also in *Financial Instruments' Account for Special Financing* and *Cash Account for Special Financing*.
- B14.2.2. *Bank* shall make the *Loan* to *Customer* without *Customer's* special request in cases pursuant to these *Terms*. In case of *Special Financing*, the *Loan* shall be granted pursuant to provisions of section B14.6 below.
- B14.2.3. *Bank* and *Customer* authorize a *Broker Company* on the *Bank's* behalf to demand repayment of the *Loan* and monitor compliance with these *Terms*.
- B14.2.4. The *Customer* confirms that it is informed of the *Bank's* obligation to provide information on the *Customer* to the Bank of Latvia and right to receive information from the Bank of Latvia on instances stipulated by the Regulation for the Credit Register. The *Customer* is informed of individuals' and corporate entities' rights to receive information regarding themselves that is included in the Credit Register of the Bank of Latvia.

### B14.3. Issuing a Loan

- B14.3.1. The *Customer* agrees that the *Bank* may make to the *Customer* the *Loan* in the following cases:
- where the *Customer* submits an order to the *Brokerage Company* for the purchase of financial instruments or *Precious Metals*, and funds available in the *Customer's Cash Account* or *Cash Account for Special Financing* are insufficient for execution of such order. In this case the *Loan* shall be made for the purposes of purchase of financial instruments or *Precious Metals*;
  - where the *Customer* submits the order to the *Brokerage Company* for making a payment from the *Customer's Cash Account* to its *Current Account* or from *Cash Account for Special Financing* to *Cash Account* and funds available in the *Customer's Cash Account* or *Cash Account for Special Financing* are insufficient for execution of such order. In this case the *Loan* shall be made for the purposes of refinancing the *Customer's* funds invested in transactions with financial instruments;
  - in case where as a result of the *Customer's* transactions funds available in the *Customer's Cash Account* or *Cash Account for Special Financing* are insufficient to fulfil the *Customer's* liabilities under the relevant transaction, including fulfilment of liabilities against the *Bank* or *Brokerage Company*, except payment of the interest on the capital use for using the *Loan* for a period exceeding 6 months. In this case the *Loan* shall be issued for the purposes of fulfilment of the terms of or liabilities under the respective transactions.
- B14.3.2. The *Loan* shall be issued by executing the *Customer's* order or performing the *Customer's* transaction, for executing which the amount exceeding the *Customer's Cash Account* or *Cash Account for Special Financing* balance with the *Bank* is required. In the case mentioned in clause B14.3.1.a above, the *Loan* shall be deemed received on the day of performing settlement under the *Customer's* transaction, and the *Loan* amount shall be deemed equal to the amount deficient for executing the respective order. On instances mentioned in clauses B14.3.1.b and B14.3.1.c above, the *Loan* shall be deemed received at the moment of executing the *Customer's* order, and the *Loan* amount shall be deemed equal to the amount deficient for executing the respective order.
- B14.3.3. The *Customer's Cash Account* or *Cash Account for Special Financing* statement shall serve as evidence of the *Loan* made. The *Bank* shall notify the *Customer* of the interest rate of the issued *Loan* (interest rate on the capital use and overdue interest rate), disbursed amount and the *Loan* limit calculated in accordance with clause B14.5 below as of the moment of the *Loan* disbursement, stating the same in the *Cash Account* or *Cash Account for Special Financing* report in the *Internetbank* or in a special *Notice*.



- B14.3.4. The *Bank* shall be under no obligation to make the *Loan* and may reject to make the *Loan* to the *Customer* at any time, without explaining the reasons of such rejection.

**B14.4. Loan collateral**

- B14.4.1. All financial instruments in the financial instruments' account and the *Financial Instruments' Account for Special Financing* (if any), all *Precious Metals* in the *Customer's Precious Metals' Accounts* with the *Bank*, and all funds in the *Customer's* accounts with the *Bank* (Section A11 of the *Terms*) shall serve as collateral in the *Bank's* favour for the *Loan*.
- B14.4.2. *Customer* agrees that *Bank* and *Broker Company* shall be entitled to use financial instruments owned by *Customer*, including pledging them to any third party.

**B14.5. Loan limit**

- B14.5.1. The *Loan* limit is a proportional limitation on the available amount of the *Loan* that may be made by the *Bank* to the *Customer* in accordance with the type of assets available in the financial instruments account, *Precious Metals' Account*, *Cash Account* and, in case of *Special Financing*, *Financial Instruments Account for Special Financing* and *Cash Account for Special Financing* pursuant to the *Rates and Charges* or, in case of *Special Financing*, the provisions of the *Application* and the *Special Financing* rates and charges. The allowed limit for every type of assets shall be calculated in accordance with the following formula:

$$KL = \frac{\sum_{i=1}^M TC_i \times (100\% - INITL)}{100\%}$$

where:

*KL* – *Loan* limit;

*TC<sub>i</sub>* - market value of the *i<sup>th</sup>* asset type that relates to a specific type of financial instruments or the amount of the funds balance in the *Cash Account* or *Cash Account for Special Financing*;

*INITL* - initial margin amount in percentage terms, determined for a specific type of assets;

*M* – number of asset types that serve as the *Loan* collateral.

For the purposes of calculating the *Loan* limit, the *Parties* by market value of financial instruments and *Precious Metals* understand market value of financial instruments and *Precious Metals* as of the current *Bank* day. In case the *Customer* holds several asset types (financial instruments, *Precious Metals*, or funds), overall *Loan* limit shall be equal to the total of limits allowed for each asset type.

In case of *Special Financing*, for the *Loan* limit calculation only financial instruments held in the *Financial Instruments' Account for Special Financing* and funds held in the *Cash Account for Special Financing* shall be taken into account.

- B14.5.2. The *Customer* acknowledges and agrees that due to changes in the market value of financial instruments and/or *Precious Metals*, as well as due to currency rate fluctuations, the ratio of the *Loan* made and financial instruments, *Precious Metals*, or funds pledged for its collateral may vary. If due to changes in the market value of financial instruments and/or *Precious Metals*, as well as due to currency rate fluctuations, the *Loan* amount (incl. accrued interest on the capital use) exceeds the *Loan* limit determined by the *Bank*, the *Customer* is obliged to repay the *Loan* immediately (paragraph B14.8 of the *Terms*) or increase the *Loan* collateral upon approval of the type and amount of such collateral by the *Bank*.
- B14.5.3. The *Customer* is obliged to follow the market situation and monitor compliance of the *Loan* made thereto with the *Loan* limit determined by the *Bank*.
- B14.5.4. Should the *Customer's* collateral appear to be insufficient, i.e., the *Loan* limit be exceeded due to the *Customer's* transactions in financial instruments or *Precious Metals*, changes in the financial instruments' or *Precious Metals'* market value, as well as due to currency rate fluctuations, or default of the *Customer's* obligations, as long as the above situation is present (paragraph B14.5.2 of the *Terms* above) the *Bank* shall calculate the overdue interest on the *Loan* amount above the *Loan* limit, applying the overdue interest rate in accordance with the *Rates and Charges* and the *Special Financing* rates and charges, and the total interest rate under the *Loan* shall be calculated pursuant to paragraph B14.7.3 of the *Terms* below.
- B14.5.5. Without prejudice to provisions of paragraph B14.8 of the *Terms* below, where the *Customer's* collateral appears to be insufficient and reaches Stop Loss level in accordance with the *Fees and Charges* or, in case of *Special Financing*, in accordance with provisions of the same due to the *Customer's* transactions in financial instruments or *Precious Metals*, changes in the financial instruments' or *Precious Metals'* market value, as well as due to currency rate fluctuations, or default of the *Customer's* obligations, the *Bank* shall be entitled to unilaterally and without acceptance begin selling financial instruments or *Precious Metals* from any account of the *Customer* with the *Bank* so that the *Loan* amount is reduced to the *Loan* limit amount, observing the current market practice meanwhile (e.g. in terms of minimum number of financial instruments or *Precious*

*Metals* to be sold / purchased in the financial market). Until the *Loan* is reduced to the *Loan* limit, the *Customer* may not give orders to the *Bank*, and the *Bank* shall be entitled not to execute the *Customer's* orders for any operations with the *Customer's* financial instruments.

- B14.5.6. The *Bank* may, but shall not be obliged to, notify the *Customer* about non-compliance with the *Loan* limit. The *Bank* shall notify the *Customer* about the *Loan* limit and its changes by the *Notice* through *Internetbank*.
- B14.5.7. In calculation of the *Loan* limit, *Bank* shall not take into account financial instruments owned by *Customer* and transferred to asset management joint stock company ABLV Asset Management, IPAS, for management.

#### **B14.6. Special Financing**

- B14.6.1. The *Bank* may consider the *Customer's* request for obtaining the financing against pledge of financial instruments that are not mentioned in the *Rates and Charges* or under the conditions differing from those stated in the *Rates and Charges* (in this section B14 referred to as *Special Financing*). The *Bank* shall inform the *Customer* on the decision made. If the decision is positive, the *Customer* shall submit the application for receipt of the *Special Financing* (in section B14 referred to as the *Application*) to the *Bank* complying with the procedure and form set by the *Bank*. All material conditions of the *Special Financing*, including, without limitation, the conditions of calculating the *Loan* limit, the interest rate on the capital use for using the *Loan*, the amount of overdue interest rate to be applied in case of exceeding the *Loan* limit, the Stop Loss situation level, etc., shall be stated in the *Application* and the *Special Financing* rates and charges. The *Bank* shall be entitled to unilaterally amend the financing conditions set forth in the *Application* and the *Special Financing* rates and charges, stating those in specific notice to the *Customer*.
- B14.6.2. The *Customer* shall submit the order for transferring the respective financial instruments to the financial instruments' account for special financing (in these *Terms* referred to as the *Financial Instruments' Account for Special Financing*). Besides the *Financial Instruments' Account for Special Financing*, cash account (in these *Terms* referred to as the *Cash Account for Special Financing*) shall be opened for the *Customer*. The payments for the *Special Financing* financial instruments (dividends, interest and other payments calculated by the issuer) shall be credited to the *Cash Account for Special Financing*. The *Bank* shall be entitled to withhold all *Charges* related to financial instruments held in the *Financial Instruments' Account for Special Financing* from any account of the *Customer* without acceptance, but shall first withhold those from the *Cash Account for Special Financing*, increasing the *Loan* limit.
- B14.6.3. In case of any discrepancy between provisions of these *Terms* and provisions stated in the *Application*, the latter shall prevail.
- B14.6.4. The *Bank* shall be entitled to set charges for considering the *Application*.

#### **B14.7. Interest**

- B14.7.1. The *Customer* shall pay interest (on the capital use and overdue interest) for use of the *Loan* to the *Bank*.
- B14.7.2. The *Bank* shall state minimum interest rates on the capital use in its *Rates and Charges* and in the *Special Financing* rates and charges. The minimum interest rate on the capital use shall be valid on the date of the *Loan* disbursement and on the following *Bank* day, and the interest rate on the capital use for the subsequent period shall be set in accordance with the following conditions. In case the granted *Loan* is secured only with the *Customer's* future funds, the collateral amount being equal to or exceeding the *Loan* made, the minimum interest rate on the capital use shall be effective throughout the whole period of using the *Loan* before respective funds are credited to the cash account or *Cash Account for Special Financing*.
- B14.7.3. For the purposes of setting the *Loan* interest rate on the capital use, it is assumed that as the *Loan* collateral shall serve assets (financial instruments, *Precious Metals*, or funds) of such type whose interest rate is most beneficial for the *Customer*, i.e.:
- first of all, the *Customer* shall be issued the allowed *Loan* limit against the pledge of financial instruments of the type with the lowest interest rate on the capital use set;
  - secondly – against the pledge of *Precious Metals* (following the provision that the respective type of the *Precious Metals* is chosen based on the market value of the same, in descending order, from the highest to the lowest);
  - thirdly – against the pledge of funds available in the *Cash Account* and *Cash Account for Special Financing*.

Should the actual *Loan* amount exceed the *Loan* limit determined in accordance with paragraph B14.5 of the *Terms* above, the fixed overdue interest rate set in the *Rates and Charges* and the *Special Financing* rates and charges shall be applied to the amount above the total *Loan* limit, without evaluating the types of assets that are used as the *Loan* collateral. The total *Loan* interest rate, consisting of the interest rate on the capital use and the overdue interest rate, shall be calculated as the average weighted rate of the abovementioned asset types according to the following formula:

$$L = \frac{\sum_{i=1}^N (Lm_i \times KL_i)}{KFK}$$

where:

*L* – total *Loan* interest rate (%);

*Lm<sub>i</sub>* – *Loan* interest rate on the capital use for *i*<sup>th</sup> type of assets or the fixed overdue interest rate in case actual *Loan* amount exceeds the *Loan* limit, which is stated in the *Rates and Charges* or, in case of *Special Financing*, in the *Application* and the *Special Financing* rates and charges;

*KL<sub>i</sub>* – *Loan* limit or the *Loan* amount exceeding the *Loan* limit (pursuant to paragraph B14.5 of the *Terms* above) for *i*<sup>th</sup> type of assets. In case where the actual *Loan* amount for the *i*<sup>th</sup> type of assets is less than the *Loan* limit, the actual *Loan* amount shall be applied instead of the *Loan* limit;

*KFK* – total actual *Loan* amount;

*N* – number of types of assets that serve as the *Loan* collateral (sentence 1 of paragraph B14.7.3 of the *Terms*).

For the purposes of calculating the total *Loan* interest rate, the *Parties* shall treat the market value of financial instruments as at the current *Bank* day as the market value of financial instruments and *Precious Metals*.

- B14.7.4. Due to the changes in the market value of financial instruments and/or value of *Precious Metals*, as well as due to currency rate fluctuations, the ratio of the *Loan* made and assets pledged for its collateral may vary, and at the same time in case of changes in the market value of financial instruments and/or value of *Precious Metals*, as well as due to currency rate fluctuations, the total *Loan* interest rate may change as well. The *Bank* shall notify the *Customer* about gross margin of the *Loan* interest rate on the capital use and its changes by *Notice* through the *Internetbank*. The *Customer* shall be obliged to follow changes in the variable rate of the *Loan* interest rate on the capital use independently and make the relevant individual enquiries with the *Bank* or *Brokerage Company*. The total *Loan* interest rate calculated on the relevant date shall apply in cases where it differs from the total *Loan* interest rate applied on the previous *Bank* day by at least 0.1 percentage point.
- B14.7.5. In calculation of the total *Loan* interest rate, the *Bank* shall not take into account financial instruments owned by the *Customer* and transferred to asset management joint stock company ABLV Asset Management, IPAS, for management.
- B14.7.6. Total *Loan* interest shall be accrued on the *Loan* amount actually used, and the term of paying the interest shall be the last day of each month.
- B14.7.7. Total *Loan* interest for using the *Loan* for one day shall be calculated assuming that a year is comprised of 360 days, and this interest shall be charged for each calendar day of using the *Loan* (*Actual/360*). The days when the *Loan* is granted (issued) and repaid shall be considered as one day.
- B14.7.8. Amendments to the *Rates and Charges* or the *Special Financing* rates and charges regarding financing against pledge of investment portfolio shall take effect from the moment of notice, unless stated otherwise in the *Bank's Notice*.

#### B14.8. Loan period and repayment

B14.8.1. The *Customer* shall repay the *Loan* and make all payments due under it:

- a. upon the first demand of *Bank* or *Broker Company*, or
- b. when the *Loan* amount made to *Customer* exceeds the *Loan* limit set by *Bank*, unless *Customer* has increased the *Loan* collateral (paragraph B14.5.5 of the *Terms*).

Additionally, in case of *Special Financing*, the *Customer* shall repay the *Loan* in accordance with the payment terms stated in the *Application*.

The *Parties* agree that, regardless of the *Loan* repayment period, funds in the *Loan* currency credited to the *Cash Account* and *Cash Account for Special Financing* shall be applied towards repayment of the *Loan* on the day of crediting the funds, without special order from the *Customer* and request from the *Bank*. The *Bank* shall be entitled, without obligation, to exchange required amount of funds available in the *Cash Account Cash Account for Special Financing* into the *Loan* currency at the exchange rate set by the *Bank* and to apply such exchanged funds towards repayment of the *Loan*, also before the day of the *Loan* repayment.

In case amount of funds credited to the cash account exceeds the issued *Loan* amount, the *Bank* shall apply funds towards repayment of the accrued *Loan* interest also before the date on which interest is due.

B14.8.2. Upon expiration of the *Loan* period or occurrence of any event mentioned in paragraph B14.8.1 of the *Terms*, *Customer* shall repay the amount of the received *Loan* and all related payments (interest, *Charges*) until the close of the current *Bank* day (before 18:00 Latvian time).

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B14.8.3. The *Customer* shall be entitled to completely repay the *Loan* and all payments due under it at any time before expiration of the *Loan* period or occurrence of any event mentioned in clause B14.8.1 above.

## B15. AMEX Payment Card Terms

### B15.1. Application

These AMEX Payment Card Terms shall apply to relations between the Parties, where Customer has filed an application with Bank to receive a payment card (hereinafter in this section B15 – AMEX Card) issued by the company AMERICAN EXPRESS SERVICES EUROPE LIMITED (Great Britain) (hereinafter referred to as AMERICAN EXPRESS LTD) or an AMEX Card account is opened for Customer with the company AMERICAN EXPRESS SERVICES EUROPE LIMITED (Great Britain) with Bank's agency, or an AMEX Card is issued to an individual entitled to use a payment card (hereinafter – AMEX Cardholder) with Bank's agency.

### B15.2. Card Terms and Conditions

Card terms and conditions are set by AMERICAN EXPRESS LTD. Customer and AMEX Cardholder are required to review and comply with AMEX Card terms and conditions.

### B15.3. Guarantee

- B15.3.1. Bank undertakes to issue a guarantee (hereinafter in this section B15 –Guarantee), in favour of AMERICAN EXPRESS LTD. The guarantee shall be issued to secure fulfilment of the liabilities of Customer and/or AMEX Cardholder that ensue from use of AMEX Card. The guarantee shall be an integral part of these Terms.
- B15.3.2. The text of the guarantee and other conditions (including its amount) shall be determined by AMERICAN EXPRESS LTD and Bank.
- B15.3.3. Customer shall pay to Bank interest payments and Charges for issue of the Guarantee in accordance with the Rates and Charges.

### B15.4. Settlement Procedures

- B15.4.1. Customer undertakes to pay interest for issue of the guarantee in accordance with the Rates and Charges from the day when the guarantee is issued to the moment when the term of the guarantee expires.
- B15.4.2. Interest for one day shall be calculated assuming that a year is comprised of 360 days, and the interest shall be charged for each day till the Guarantee expiry (Actual/360). Interest shall be paid on a monthly basis, on the first day of every month.
- B15.4.3. Bank shall forward to Customer a statement of transactions with AMEX Card, as well as other information and documentation that is received from AMERICAN EXPRESS LTD and refers to Customer, on a monthly basis.
- B15.4.4. Customer undertakes to pay all amounts stated in statement of transactions with AMEX Card, including payment for receipt of AMEX Card and its use, as well as amounts related to AMEX Cardholder's transactions. To fulfil such liabilities, Customer shall replenish his/its Current Account and ensure that the required amount of funds should be available for Bank to be able to debit funds in full in accordance with the statement of transactions, the claims of AMERICAN EXPRESS LTD and the Rates and Charges. Customer shall replenish his/ its Current Account to the amount set by Bank until the deadline specified by Bank.
- B15.4.5. Bank shall make Customer's settlements with AMERICAN EXPRESS LTD from Customer's Current Account to the amount and until the deadline specified in the statement of transactions.
- B15.4.6. In cases where the balance in the currency of settlements with AMERICAN EXPRESS LTD (USD or EUR) that is available in the Current Account is insufficient, on the day of settlement with AMERICAN EXPRESS LTD, Bank shall convert the required amount from the currency that is available in Customer's Current Account at the moment into the required currency in accordance with the general currency exchange rate set by Bank.
- B15.4.7. In cases where the balance in the Current Account in other currencies is insufficient and Customer fails to replenish his/its Current Account to the required amount by the deadline set by Bank, Bank shall repay Customer's debt within the amount of funds available in his/its Current Account and accrue a fee for processing of the delayed monthly payment in accordance with the Rates and Charges. In such cases, Customer shall within fifteen calendar days from the day when the fee is accrued ensure that funds that are sufficient to repay Customer's liabilities in full should be available in his/its Current Account.
- B15.4.8. Customer shall pay all Charges in accordance with Bank's Fees and Charges, as well as Bank's postage costs related to fulfilment of these Terms.
- B15.4.9. Bank shall be entitled to debit Customer's accounts with all amounts in accordance with these Terms and the Rates and Charges without specific authorization.



- B15.4.10. At *Customer's* special request, *Bank* shall be entitled to make an extraordinary payment from his/its *Current Account* for fulfilment of *Customer's* liabilities against *AMERICAN EXPRESS LTD* and/or for replenishment of the *Card* account. For such payment, *Customer* shall pay to *Bank* a *Charge* in accordance with the *Fees and Charges*.
- B15.4.11. *Bank* shall be entitled to amend the *Rates and Charges* unilaterally. Amendments to the *Rates and Charges* shall take effect in 31 days after *Bank* takes the decision on amendments to the *Rates and Charges*.
- B15.4.12. *Bank* shall be entitled to publish *AMERICAN EXPRESS LTD* charges for the services rendered by *AMERICAN EXPRESS LTD* in connection with servicing of AMEX Cards, in the *Rates and Charges*. Such charges shall be published for information purposes and shall not be binding upon *Bank* or *Customer* in cases where *AMERICAN EXPRESS LTD* has revised such charges. Amendments to *AMERICAN EXPRESS LTD* charges shall take effect in accordance with procedures stated by *AMERICAN EXPRESS LTD*, regardless of amendments to the *Rates and Charges*.

### B15.5. Security

- B15.5.1. At the *Bank's* request, the *Customer* shall make a security deposit (hereinafter referred to as the *AMEX Guarantee Security Deposit*) in the amount determined by the *Bank* before the *Bank* issues the guarantee. The *AMEX Guarantee Security Deposit* shall secure all liabilities of the *Customer* (in accordance with these *Terms*) against the *Bank* and against *AMERICAN EXPRESS LTD*.
- B15.5.2. The *Customer* shall be entitled to request that the guarantee amount should be increased after the *AMEX Guarantee Security Deposit* is increased, in accordance with the *Rates and Charges*.
- B15.5.3. In cases where the guarantee is revoked, the *Bank* shall credit the *Current Account* with the *AMEX Guarantee Security Deposit* only after the term of the guarantee expires and all *Customer's* liabilities against the *Bank* and *AMERICAN EXPRESS LTD* are fulfilled.
- B15.5.4. In cases where *AMERICAN EXPRESS LTD* requests that the *Customer's* debt should be repaid in accordance with the guarantee issued by the *Bank*, the *Bank* shall be entitled to use all funds available in all *Customer's* accounts opened with the *Bank*, however up to the issued guarantee amount, for repayment of the *Customer's* debt immediately, in accordance with procedures stated in these *Terms*.
- B15.5.5. In matters that are not set forth in this section B15, conditions of paragraph B3.6 of the *Terms* above shall apply.

### B15.6. Other Provisions

- B15.6.1. *Bank* shall not be responsible for transactions with AMEX Card.
- B15.6.2. *Bank* shall not be responsible for fulfilment of *AMERICAN EXPRESS LTD* liabilities against *Customer*.
- B15.6.3. *Bank* shall not be responsible for untimely delivery of statements of transactions by ordinary or express mail.
- B15.6.4. In cases where *AMERICAN EXPRESS LTD* suspends payments with AMEX Card at *Bank's* request, *Bank* shall not be responsible for any related costs.
- B15.6.5. In cases where *Customer* fails to fulfil his/its liabilities against *Bank* or *AMERICAN EXPRESS LTD*, *Customer* shall reimburse *Bank* for losses and other additional expenses incurred in full. In cases where *Customer* fails to fulfil paragraph B15.4.7 of the *Terms*, *Bank* shall be entitled to withdraw from fulfilment of these *Terms* unilaterally and to recover from *Customer* all losses, including outstanding interest, penalties, *Charges* and other payments in accordance with the *Rates and Charges*, as well as other additional expenses.
- B15.6.6. *Bank* shall be entitled to revoke the guarantee unilaterally upon a respective notice of ten days to *Customer*, and in cases mentioned in paragraph B15.4.7 of the *Terms*, or else where *AMERICAN EXPRESS LTD* rejects the guarantee without notice to *Customer*.
- B15.6.7. *Customer* shall be entitled to request that the account of AMEX Card issued by *AMERICAN EXPRESS LTD* be closed and the guarantee be revoked. Such request must be submitted to *Bank* in writing.

## B16. Terms of the Short Messaging

### B16.1. Application

These terms of the *Short Messaging* shall apply to relations between the *Parties*, where the *Customer* has filed its application for *the Bank's* service according to which *the Bank* sends the following notices to the *Customer*:

- a. by means of short messages (SMS) to the mobile phone number provided by the *Customer*, or
- b. by means of electronic messages to the mobile phone e-mail address provided by the *Customer*, or
- c. by means of electronic messages to the e-mail address provided by the *Customer*

(hereinafter all foregoing messages either jointly or individually referred to as the Short Message).

To apply for the *Short Message* service *the Customer* shall submit an application in a form provided by *the Bank*.

### B16.2. Charges

*The Customer* shall pay the *Bank* a *Charge* for the *Short Message* service according to the *Fees and Charges*.

### B16.3. Procedure of sending the Short Message

B16.3.1. *The Bank* sends off the *Short Messages* from the phone number or e-mail address, which are indicated on *the Bank's* internet home page [www.ablv.com](http://www.ablv.com) under Payment Cards section. *The Customer* may change its mobile phone number or its mobile phone e-mail address designated for sending the *Short Message* or refuse the respective service by notifying the *Bank* in accordance with the form and procedure set by the *Bank*.

B16.3.2. By sending *Short Messages* *the Bank* informs *the Customer* about the following events:

- a. the funds crediting to or debiting from the *Card* account, as well as authorizations of *Transactions*, which were made by the *Customer's / Cardholder's Card* (paragraph B3 of the *Terms* above);
- b. the funds crediting to or debiting from the *Current Account*.

### B16.4. Responsibility

B16.4.1. *The Short Message* shall be deemed as received by *the Customer* when *the Bank* sends it off to *the Customer*, regardless of its actual receipt on *the Customer's* mobile phone or e-mail address. *The Bank* shall not be responsible for the actions of any third party, which may be involved in the process of sending or transferring of *Short Messages*, including for the errors and delays caused by any third party, nor for illegal abuse of *Short Messages*.

B16.4.2. *The Customer* shall be obliged to read and review the *Short Message* sent by *the Bank* immediately upon its receipt. If within 24 hours after *the Customer* has received the *Short Message* *the Bank* does not receive a notice from *the Customer* regarding any errors in the *Short Message*, the correctness and completeness of the received *Short Message* shall be deemed as approved by *the Customer*.

B16.4.3. By sending *Short Messages* to *the Customer* *the Bank* shall not be liable for any loss or any additional expenses suffered by *the Customer* due to transferring errors, delays or illegal abuse of the information sent by *the Bank*, if:

- a. they are caused as a result of the activity of *the Customer* or third parties or as a result of *the Customer's* or third parties' negligence;
- b. *the Customer* has submitted an incorrect or deficient mobile phone number or e-mail address, or has not reported about their changes;
- c. *the Customer* has not adjusted its mobile phone settings as may be required by its mobile service provider;
- d. *the Customer's* mobile phone is either switched off or out of coverage;
- e. *the Customer's* mobile service provider does not provide short messaging service (SMS).

## **B17. Terms of Deposit and Withdrawal**

### **B17.1. Application**

These deposit and withdrawal terms shall apply to relations between the *Parties*, when *Customer* makes the Transaction of deposit or withdrawal in *Bank*.

### **B17.2. Subjects, Accounts and Substantiation.**

- B17.2.1. *Bank* shall execute cash *Transactions* according to *Customer's* order. The receiver and payer of cash shall be considered *Customers* under these terms of deposit and withdrawal.
- B17.2.2. On withdrawal of cash to *Customer*, *Bank* shall identify *Customer*. For such purpose *Customer* shall present his passport to *Bank*, and in case *Customer* is a resident of the Republic of Latvia, the same may present his driver's licence to *Bank*.
- B17.2.3. Any person shall be entitled to pay in cash to *Customer's Current Account* and card account with *Bank*, as well as to other accounts with *Bank*, by agreement with *Bank*.  
Cash shall be withdrawn from the *Current Account*, as well as from other accounts with *Bank* by agreement with *Bank*.
- B17.2.4. A cheque or a cash payment order to *Bank* shall serve as substantiation of cash payment.
- B17.2.5. The *Customer* shall confirm cash deposit or withdrawal *Transaction* by signing the deposit or withdrawal order.

### **B17.3. Currency, Banknotes, Coins**

- B17.3.1. *Bank* shall execute *Customer* cash *Transactions* in currencies stated in the *Fees and Charges*.  
*Bank* shall only execute *Transactions* in coins in EUR.
- B17.3.2. In its *Fees and Charges*, *Bank* shall set limits of cash *Transactions* that may be executed without prior approval by *Bank*.
- B17.3.3. *Customer* shall be entitled to apply for cash withdrawal in banknotes of USD, EUR currencies with *Bank*. In *Bank's* central *Customer* servicing office banknote denominations maybe applied for without limitation, and in other structural units of *Bank* by agreement with *Bank*.
- B17.3.4. *Transactions* with damaged banknotes, banknotes with notes or stamps shall be possible by agreement between *Customer* and *Bank*. A *Charge* shall be applied to such *Transactions* according to the *Fees and Charges*.
- B17.3.5. *Bank* shall be entitled to refuse *Transactions* with specific banknotes or coins whose processing by *Bank* is limited, or apply a special *Charge* thereto.
- B17.3.6. In case *Customer* has applied for cash withdrawal at *Bank* and then cancelled the same, *Bank* shall be entitled to request that *Customer* should pay a penalty amounting to *Bank's Charge* that has not been received.

### **B17.4. Evidence of Deposit or Withdrawal, Checking the Amount Paid Out**

- B17.4.1. *Bank's* credit or debit order with the signature and the seal of *Bank's* employee – teller issued by *Bank* and certifying execution of such Transaction shall serve as evidence of paying the cash amount in or out.
- B17.4.2. *Customer* shall be obliged to check the cash amount received before *Bank's* teller at the cashier's desk, and in case *Customer* has not lodged any claims or *Customer* refused to check the cash, no subsequent objections shall be accepted.

### **B17.5. Forgery**

- B17.5.1. In case of stating signs of cash forgery *Bank* shall seize such cash of *Customer* to in due course submit same to the police authorities.

## **B18. Terms of Rental of Individual Safe Deposit Boxes**

### **B18.1. Application**

- B18.1.1. These terms of rental of individual safe deposit boxes shall apply to relations between the *Parties* where the *Customer* has entered into an individual safe deposit box rental agreement with *Bank*.
- B18.1.2. The *Customer's* individual safe deposit box rental application (hereinafter in this section B18 referred to as the *Application*) and the *Terms* shall constitute an individual safe deposit box rental agreement (hereinafter in this section B18 referred to as the *Agreement*).
- B18.1.3. The *Agreement* shall take effect from the moment when, in accordance with the *Customer's Application*, the *Bank* gives an individual safe deposit box to the *Customer* for use.
- B18.1.4. The *Bank* may only enter into the *Agreement* with the *Customer* with a *Current Account* opened with the *Bank*.

### **B18.2. Subject of the Agreement, entering into the Agreement and its validity**

- B18.2.1. Pursuant to the *Agreement*, *Bank* rents an individual safe deposit box to *Customer* in *Bank's* premises, and *Customer* shall use the individual safe deposit box in accordance with the *Agreement* and pay charges to *Bank* specified in the *Agreement*.
- B18.2.2. The *Agreement* shall be entered into for an indefinite period of time.
- B18.2.3. *Customer's* rights to use the individual safe deposit box shall terminate:
  - B18.2.3.1. on the date specified in *Customer's* application (if no date is specified – the date when the application is received);
  - B18.2.3.2. on the third *Bank* day after the *Bank's Notice* is sent, if the *Customer* fails to fulfil the liabilities under the *Agreement* (incl. delaying payment of the *Charges* for the safe deposit box rental for more than three months) or fails to comply with other undertaken obligations to the *Bank*;
  - B18.2.3.3. in one month from the date when the *Bank's Notice* on termination of usage rights is sent;
  - B18.2.3.4. on the date specified in a special arrangement between the *Bank* and the *Customer*;
  - B18.2.3.5. on the day of closing the *Customer's Current Account*.
- B18.2.4. Regardless of the *Customer's* rights to use the individual safe deposit box, the norms under the *Agreement* regarding the following shall continue:
  - a. *Bank's* rights to dispose of the content of the individual safe deposit box in cases pursuant to the *Agreement*;
  - b. *Bank's* responsibility ensuing from renting the individual safe deposit box and withdrawal of the content of the individual safe deposit box;
  - c. *Bank's* rights to receive charges;
  - d. procedures of notification and dispute resolution.

### **B18.3. Procedures of using individual safe deposit boxes**

- B18.3.1. The safe deposit box keys shall be issued to *Customer* at his first request after the *Agreement* takes effect.
- B18.3.2. *Customer* may specify a user of the individual safe deposit box in his *Application* who has access to the individual safe deposit box and is entitled to use it, incl. receiving the safe deposit box keys.
- B18.3.3. *Bank* shall ensure:
  - a. compliance of the technical condition of the individual safe deposit box with the provisions of the *Agreement*;
  - b. free access of *Customer* and users of the individual safe deposit box specified in the *Application* to *Customer's* individual safe deposit box during *Bank's* working hours.
- B18.3.4. Before visiting the individual safe deposit vault, *Customer* shall present his identity document, as well as allow *Bank's* officers to check *Customer* and his belongings by means of technical appliances, in order to prevent bringing or use of any objects (substances) that undermine *Bank's* or third persons' security.
- B18.3.5. *Customer* shall be entitled to keep objects (substances) that do not require special temperature or humidity, in his individual safe deposit box. *Customer* undertakes not to keep any objects (substances) that require a special permission or that may not be circulated under legal enactments of the Republic of Latvia or are hazardous to people or may damage *Bank's* property or its reputation, in his individual safe deposit box.

- B18.3.6. *Customer* shall be entitled to apply for change of the type of the rented individual safe deposit box, provided individual safe deposit box of another type is available.
- B18.3.7. The *Customer* undertakes:
- a. upon discovering any damages to the individual safe deposit box, to report to the *Bank* immediately;
  - b. to ensure preservation of the keys and to keep from duplicating the keys, and to report to the *Bank* immediately if the keys are lost;
  - c. to come to the *Bank* on the date specified thereby.
- B18.3.8. If *Customer* wishes to cease using his individual safe deposit box or *Bank* terminates *Customer's* rights to use the individual safe deposit box, *Customer* shall pick up his belongings kept in the individual safe deposit box and return the keys to the safe deposit box to *Bank* on the last day of use of his individual safe deposit box at the latest (paragraph B18.2.3 of the *Terms* above). Otherwise *Bank* shall collect a penalty in accordance with the *Fees and Charges*.

#### **B18.4. Disposal of the content of the individual safe deposit box by Bank**

- B18.4.1. The *Bank* shall be entitled:
- B18.4.1.1. to deny the *Customer* rights of access to the individual safe deposit box and its usage, in cases where the *Customer* fails to fulfil his liabilities under the *Agreement* or fails to comply with other undertaken obligations to the *Bank*;
  - B18.4.1.2. not to issue the content of his individual safe deposit box to the *Customer* until the *Customer* fulfils his liabilities under the *Agreement* or discharges other undertaken obligations to the *Bank*;
  - B18.4.1.3. invite persons at its own discretion to open the individual safe deposit box and to withdraw its content in cases under the *Agreement*.
- B18.4.2. The *Bank* shall be entitled to open the individual safe deposit box in the absence of the *Customer* and to withdraw its content in accordance with procedures set by the *Bank*, involving specialists and witnesses at its own discretion, in the following exceptional cases only:
- B18.4.2.1. in cases pursuant to legal enactments at the request of institutions and persons pursuant to legal enactments;
  - B18.4.2.2. in cases it is suspected that the content of the individual safe deposit box may threaten security of *Bank* or third persons, with subsequent transfer of the content of the individual safe deposit box to the competent authorities;
  - B18.4.2.3. upon expiry of the rights to use the individual safe deposit box, unless *Customer* has picked up the content of his individual safe deposit box on the last day of use of his individual safe deposit box (paragraph B18.2.3 of the *Terms* above).
- B18.4.3. In the case pursuant to paragraph B18.4.2.3 of the *Terms* above, the *Bank* shall keep the content of the individual safe deposit box in the *Bank's* common vault for not more than one year. The *Bank* shall not be responsible for keeping of the *Customer's* belongings in the *Bank's* vault. The *Customer* represents that the content of his individual safe deposit box is owned thereby.
- B18.4.4. Unless the *Customer* picks up the belongings that have been kept in the individual safe deposit box by the *Customer* or the user specified in the *Application* from the *Bank's* common vault within one year upon termination of the rights to use the individual safe deposit box (paragraph B18.2.3 of the *Terms* above), the *Parties* shall consider that the *Customer* has abandoned his belongings and terminated his title in accordance with Section 1032 of the Civil Law of the Republic of Latvia, and the *Bank* shall be entitled:
- a. to sell the belongings in order to cover the *Customer's* liabilities against the *Bank* or
  - b. to destroy the belongings as they have been abandoned by the *Customer*.
- B18.4.5. The *Bank* shall open the individual safe deposit box at the *Customer's* request, if the keys to the individual safe deposit box have been lost or the individual safe deposit box is damaged.

#### **B18.5. Bank's charges**

- B18.5.1. *Customer* shall pay a charge for rental of the safe deposit box and related services to *Bank* in accordance with the *Fees and Charges*. *Customer* authorises *Bank* to debit *Customer's* accounts with *Bank* with the charge for the safe deposit box rental and related services under the *Agreement*.
- B18.5.2. *Bank* shall be entitled to revise the amount of its charges unilaterally in accordance with procedures pursuant to the *Terms*.



**B18.6. Responsibility**

- B18.6.1. *Bank* shall not be responsible for the content of the individual safe deposit box as a bailee as defined in the Civil Law of the Republic of Latvia, but shall only be responsible for rental of the individual safe deposit box as a lessor as defined in the Civil Law of the Republic of Latvia.
- B18.6.2. *Bank* undertakes no liability for any damage to the content of the individual safe deposit box, unless such damage is due to gross negligence of *Bank* as a lessor of the individual safe deposit box.
- B18.6.3. *Customer* undertakes liability consequences of keeping any objects or substances that are forbidden under legal enactments of Latvia (objects / substances of limited circulation) in his individual safe deposit box unlawfully.
- B18.6.4. *Customer* shall be responsible for actions of the user of the individual safe deposit box specified thereby, incl. those regarding the individual safe deposit box and its keys.
- B18.6.5. *Bank* undertakes no liability for the origin or lawfulness of keeping any content of the individual safe deposit box. *Bank* shall not be entitled to check the content of the individual safe deposit box, except in cases explicitly specified in the *Agreement*.
- B18.6.6. *Customer* shall pay to *Bank* a *Charge* for opening his individual safe deposit box in accordance with procedures pursuant to the *Fees and Charges* in cases pursuant to paragraphs B18.4.2.2–B18.4.2.3, B18.4.5 of the *Terms* above.

## B19. Terms of Escrow Account

### B19.1. Application

These terms of escrow account shall apply to relations between the *Parties*, where the *Customers* have applied to the *Bank* for opening an escrow account (hereinafter referred to as the *Escrow Account*) in order to guarantee execution of payments under the transaction between the *Customers*.

### B19.2. Charges

The *Customers* shall pay the *Bank* the *Charge* for opening and maintaining the *Escrow Account* in accordance with the *Fees and Charges*.

### B19.3. Procedure of entering into Escrow Account agreement

- B19.3.1. In order to enter into the *Escrow Account* agreement, the *Customers* shall submit an *Escrow Account* application completed in compliance with the *Bank* requirements to the *Bank*, stating the *Transaction* amount and currency, the time limit of executing the *Transaction*, the remitter of the *Transaction* amount, the beneficiary of the *Transaction* amount, and other information necessary for entering into the *Escrow Account* agreement in the application. The *Bank* shall consider the *Escrow Account* application submitted by the *Customers* and decide on entering into the *Escrow Account* agreement.
- B19.3.2. The *Escrow Account* agreement shall be entered into by the *Bank* and the *Customers* that have signed the *Escrow Account* application.
- B19.3.3. The *Escrow Account* agreement shall be deemed entered into upon the *Bank* has opened the *Escrow Account* and the *Transaction* amount has been credited to the *Escrow Account*. The *Terms* and the *Escrow Account* application shall constitute the provisions of the *Escrow Account* agreement.

### B19.4. Procedure of depositing (crediting) the transaction amount

- B19.4.1. In case having received the *Customers' Escrow Account* application the *Bank* agrees to enter into the *Escrow Account* agreement, the *Bank* shall open the *Escrow Account* for the *Customer* appearing as the remitter of the *Transaction* amount in the *Escrow Account* application and shall transfer the amount of funds equal to the *Transaction* amount from the *Current Account* held by the *Customer* appearing as the remitter of the *Transaction* amount in the *Escrow Account* application. Opening the *Escrow Account*, the *Bank* shall withhold the *Charge* from the *Customer's Current Account* in accordance with the *Escrow Account* application.
- B19.4.2. Immediately after the *Transaction* amount has been credited to the *Escrow Account*, the *Bank* shall block the credited funds until the provisions stipulated in paragraph B19.6.1 herein are fulfilled or until conditions specified in paragraph B19.6.2 herein occur.
- B19.4.3. After entering into the *Escrow Account* agreement, the *Bank* shall send the confirmation of the *Transaction* execution (hereinafter referred to as the *Confirmation*) to the remitter of the *Transaction* amount, with corresponding sections completed by the *Bank*, where the *Bank* shall provide the information on the *Escrow Account* agreement, and this *Confirmation* shall be signed by the remitter of the *Transaction* amount and the beneficiary of the *Transaction* amount and shall be submitted to the *Bank* in accordance with paragraph B19.5 of the *Terms*. The *Confirmation* filled in by the *Bank* shall be deemed the confirmation of entering into the *Escrow Account* agreement.
- B19.4.4. The *Escrow Account* agreement can be entered into by the *Bank* provided that the *Customers* hold *Current Accounts* with the *Bank*. The funds equal to the *Transaction* amount can be transferred to the *Escrow Account* only from the *Current Account* held by the *Customer* appearing as the remitter of the *Transaction* amount in the *Escrow Account* application.
- B19.4.5. The *Bank* shall not transfer funds from the *Current Account* held by the *Customer* appearing as the remitter of the *Transaction* amount in the *Escrow Account* application to the *Escrow Account* in case having received the *Customers' Escrow Account* application the *Bank* agrees to enter into the *Escrow Account* agreement, but the funds available in the *Current Account* held by the *Customer* appearing as the remitter of the *Transaction* amount in the *Escrow Account* application are less than the *Transaction* amount.
- B19.4.6. On the instance specified in paragraph B19.4.5 herein, the *Escrow Account* agreement shall be entered into and the *Bank* shall transfer funds equal to the *Transaction* amount from the *Current Account* held by the *Customer* appearing as the remitter of the *Transaction* amount in the *Escrow Account* application to the *Escrow Account* provided that:
  - a. within six *Bank* days after the day of submitting the *Customers' Escrow Account* application to the *Bank*, the *Customer* appearing as the remitter of the *Transaction* amount in the *Escrow Account* application has credited the required amount to its *Current Account*, and consequently the funds available in the

*Customer's Current Account* are equal to or exceed the *Transaction* amount specified in the *Escrow Account* application;

- b. the *Bank* agrees to enter into the *Escrow Account* agreement based on the corresponding *Escrow Account* application.

- B19.4.7. Following the *Customers'* request, the *Bank* shall issue the *Escrow Account* statement to the *Customers*.
- B19.4.8. Having entered into the *Escrow Account* agreement, the *Bank* shall extend the time limit of executing the *Transaction*, following the corresponding application by both the remitter of the *Transaction* amount and the beneficiary of the *Transaction* amount.
- B19.4.9. In case having entered into the *Escrow Account* agreement the *Bank* receives an application from the *Customer* (the remitter of the *Transaction* amount or the beneficiary of the *Transaction* amount) requesting the *Transaction* to be suspended, the *Bank* shall be entitled to suspend withdrawal of funds from the *Escrow Account* for the period not longer than forty five days or until the day when conditions specified in paragraph B19.6.1 or in the first sub-paragraph of the paragraph B19.6.2 herein occur.

#### **B19.5. Submission of confirmation to the Bank**

After the *Transaction* is executed, the *Customers* shall submit the *Confirmation* signed by them to the *Bank* before the time limit of the *Transaction* execution expires.

#### **B19.6. Withdrawal of funds from the escrow account and closing the escrow account**

- B19.6.1. Within three *Bank* days after the *Confirmation* has been submitted, the *Bank* shall transfer the *Transaction* amount to the *Current Account* held by the *Customer* appearing as the beneficiary of the *Transaction* amount in the *Escrow Account* application and shall close the *Escrow Account*.
- B19.6.2. The *Bank* shall transfer the funds available in the *Escrow Account* to the *Current Account* held by the *Customer* appearing as the remitter of the *Transaction* amount in the *Escrow Account* application and shall close the *Escrow Account* within three *Bank* days after any of the following conditions occurs:
- a. the *Customers* submit an application for terminating the *Escrow Account* agreement to the *Bank*;
  - b. the *Customers* fail to submit the *Confirmation* to the *Bank* before the time limit of the *Transaction* execution expires.

**B19.7.** The *Bank* shall not pay interest on the funds held in the *Escrow Account*.

**B19.8.** The *Bank* shall not repay to the *Customers* the *Charge* withheld under the *Escrow Account* agreement.

## B20. Terms of Transactions in Precious Metals

### B20.1. Application

B20.1.1. These terms shall be applied to relations between the *Customer* and the *Bank*, provided the *Customer* has applied for receiving investment (brokerage) services from the *Bank* and, following the provisions of these *Terms*, applied for account used for performing transactions in unallocated precious metals and accounting of those to be opened with the *Bank*, in these *Terms* referred to as the *Precious Metals' Account*, and after the *Precious Metals' Account* with the *Bank* is opened for the *Customer*.

These terms establish the provisions of opening and closing the *Precious Metals' Accounts*, of performing transactions in unallocated precious metals held and accounted in the *Precious Metals' Accounts*, i.e. respective unallocated precious metals in respective weight in troy ounces, in these *Terms* referred to as the *Precious Metals* or the *Precious Metal* accordingly.

B20.1.2. These terms shall apply to the transactions the object of which is the *Precious Metals*, including their purchase, sale and transfer.

B20.1.3. These *Terms* and the *Customer's* application for opening a *Precious Metals' Account* or the *Customer's* orders for transactions in *Precious Metals* accepted by the *Bank* for execution and in such case deemed equal to the *Customer's* application for opening a *Precious Metals' Account* for the purposes of these *Terms*, as well as the *Bank*, the *Brokerage Company* and the *Customer* acting upon shall constitute an agreement on transactions in *Precious Metals*.

### B20.2. Basic Terms. Authorization of the Brokerage Company

B20.2.1. The types of *Precious Metals* for performing operations with which *Precious Metals' Accounts* may be opened with the *Bank*, as well as minimum amounts of *Precious Metals* in troy ounces required for performing transactions in the *Precious Metals' Accounts* are stated in the *Fees and Charges* and/or the *Brokerage Company's Fees and Charges*.

B20.2.2. The *Precious Metals* held in the *Precious Metals' Accounts* shall not be physically delivered to the *Customer*.

B20.2.3. The *Customer* instructs and authorizes the *Brokerage Company* to conclude all kinds of transactions in *Precious Metals* available in the *Precious Metals' Account*, following the procedures set forth herein and those stated in the orders, including purchase, sale and transfers of *Precious Metals* in accordance with terms of the *Bank*, *Brokerage Company* and *Agency Companies*.

B20.2.4. The *Customer* recognizes all transactions, orders and instructions given by the *Brokerage Company* to the *Bank* or executed with the *Bank* on the *Customer's* behalf as binding upon itself.

B20.2.5. The *Customer* agrees that the *Brokerage Company* receives information on the *Customer* and the *Customer's* transactions with the *Bank* from the *Bank*. The *Bank* ensures access of the *Brokerage Company* to information on condition of the *Precious Metals' Account* and transactions in the *Precious Metals' Account*, as well as the opportunity to receive *Precious Metals' Account* statements.

B20.2.6. Revocation of the authorization pursuant to this section B20 shall only be binding upon the *Bank* and the *Brokerage Company* in cases where such revocation is received by the *Bank* and the *Brokerage Company*.

B20.2.7. The *Customer* agrees to be bound by the *Brokerage Company* General Terms of Business.

### B20.3. Precious Metals' Accounts

B20.3.1. *Precious Metals' Account* is opened after the *Customer* submits an application for opening *Precious Metals' Account* to the *Bank* following the procedure set by the *Bank* or submits an order for transactions in *Precious Metals* to the *Bank* following the procedure set by the *Bank*, and the order is accepted for execution by the *Bank*. The *Bank* shall be entitled to refuse opening *Precious Metals' Account* for the *Customer* without explaining reasons of such refusal to the *Customer*.

B20.3.2. A *Precious Metals' Account* is opened for executing transactions in one type of *Precious Metals* only.

B20.3.3. The following operations are performed in *Precious Metals' Account*.

B20.3.3.1. crediting of *Precious Metals* to the *Customer's Precious Metals' Account*;

B20.3.3.2. transferring of *Precious Metals* from the *Customer's Precious Metals' Account* with the *Bank* to other *Customer's* or third party's *Precious Metals' Account* with the *Bank*, or to other *Customer's* or third party's precious metals' account with another bank included in the *List of Main Correspondent Accounts*;

B20.3.3.3. selling of *Precious Metals*;

B20.3.3.4. purchasing of *Precious Metals*.

- B20.3.4. The *Bank* shall be entitled to refuse accepting documents submitted by the *Customer* and/or refuse executing orders for transactions in *Precious Metals* at the *Bank's* discretion in case contents or form of those documents fail to comply with normative acts and/or internal rules of the *Bank* or the *Brokerage Company*.
- B20.3.5. The *Brokerage Company* shall transfer the *Customer's* order to the *Bank* for execution. Upon executing the *Customer's* order, transactions in *Precious Metals* shall be posted to the *Customer's Precious Metals' Account* and the *Cash Account*, as well as collectively to the *Customer's Investment Portfolio*.
- B20.3.6. The *Bank* shall be entitled to refuse performing actions in *Precious Metals' Accounts* without explaining reasons on the following instances:
- B20.3.6.1. balance of *Precious Metals* in the *Precious Metals' Account* is less than the amount of *Precious Metals* stated by the *Customer* in the order for transactions in *Precious Metals* (regarding sale and transfer transactions in *Precious Metals*);
- B20.3.6.2. in case of purchase of *Precious Metals* the *Customer* has failed to ensure funds required for executing orders for transactions in *Precious Metals* to be available in the *Cash Account* in due time;
- B20.3.6.3. performance of the operation or execution of the order of the *Customer* contradicts applicable legal normative acts, the agreement on transactions in *Precious Metals* entered into or internal rules of the *Bank* and/or the *Brokerage Company*.
- B20.3.7. The *Bank* shall be entitled to credit the *Customer's Precious Metals' Account* with *Precious Metals* without the *Customer's* consent, where a corresponding transfer order is received from a third party.
- B20.3.8. For processing an order or performing an operation in the *Precious Metals' Account*, the *Bank* shall be entitled to request additional information or confirmation to be provided by the *Customer* and to process the order or perform the operation only after such information or confirmation is received. Should the *Customer* fail to provide the information or where such information is impossible to be submitted and/or received, the *Bank* shall retain the right to deny execution of the *Customer's* order or performance of operation in the *Precious Metals' Account*, informing the *Customer* of the same in oral and/or written form.
- B20.3.9. The *Customer* shall be entitled to receive statement on the *Precious Metals' Account* upon separate request or in the *Internetbank*.
- B20.3.10. The *Customer* shall be entitled to request closing of the *Precious Metals' Account* at any time. *Precious Metals' Account* shall be closed within five *Bank* days after receiving the *Customer's* request. *Precious Metals' Account* shall not be closed where it is required for executing the *Customer's Transactions* or applicable charges of the *Bank* or the *Brokerage Company* are not paid.
- B20.3.11. The *Customer* shall pay the *Bank* and/or the *Brokerage Company* the charge for closing the *Accounts* in accordance with the *Fees and Charges* and/or the *Brokerage Company's Fees and Charges*.
- B20.3.12. The *Bank* shall be entitled to close the *Customer's Precious Metals' Account* unilaterally and without notifying the *Customer* in advance in case the *Customer* revokes authorization given to the *Brokerage Company*, the *Brokerage Company* terminates business relations with the *Customer*, and in other cases stipulated in these *Terms*.
- B20.3.13. If *Precious Metals' Account* is closed, the amount of *Precious Metals* held in the *Precious Metals' Account* shall be paid out to the *Customer's Cash Account* applying the respective *Precious Metal's* purchase rate set by the *Bank* as at the transaction date or, pursuant to the corresponding *Customer's* order, shall be transferred to a third party's *Precious Metals' Account* with the *Bank*, or the *Customer's* or a third party's precious metals' account with other banks.

#### **B20.4. Settlement Procedure**

- B20.4.1. The *Customer* shall perform purchase transactions in *Precious Metals* using the funds available in the *Customer's Cash Account* opened with the *Bank*. Performing the *Customer's* sale transactions in *Precious Metals*, the sale transaction amount is credited to the *Customer's Cash Account* with the *Bank*.
- B20.4.2. The *Customer* shall pay the *Bank* and/or the *Brokerage Company* the *Charge* for opening and maintenance of the *Precious Metals' Account* and for executing transactions in *Precious Metals* and related transactions in accordance with the *Fees and Charges* and/or the *Brokerage Company's Fees and Charges*.
- B20.4.3. Provisions applicable to the *Bank's Charges* shall apply to the *Brokerage Company's Charges* by analogy. The *Bank* informs the *Customer* on behalf of the *Brokerage Company* that the *Brokerage Company* joins these *Terms* and is entitled to demand remuneration.
- B20.4.4. The *Bank* and the *Brokerage Company* shall pay all taxes, duties and other compulsory payments that are payable by the *Bank* or the *Brokerage Company* pursuant to the legal acts of the Republic of Latvia or other countries, instead of the *Customer*, without the *Customer's* special consent and at the *Customer's* expense. The *Bank* and the *Brokerage Company* shall not be responsible for payment of taxes and duties payable by the *Customer*.



- B20.4.5. The *Bank* shall be entitled to debit any *Customer's* account with the *Bank* with amounts of any payments or claims due to the *Bank* and/or the *Brokerage Company* pursuant to these *Terms* or agreements made between the *Brokerage Company* and the *Customer*, or payable by the *Customer* under made transactions in *Precious Metals*, including the *Charges*, taxes and duties, other compulsory payments, and amounts of ensuing claims, without acceptance and without notifying the *Customer* for the sake of execution of such transactions, with payments being made from the *Cash Account* first. Should the *Precious Metals' Account* be debited with the above amounts, the amount of *Precious Metals* available in the *Precious Metals' Account* shall be decreased by the amount of *Precious Metals* equal to the amount of the payment due, applying the *Bank's* rate of purchasing *Precious Metals* as at the day of making the payment.
- B20.4.6. Should the *Customer* have any obligations to the *Brokerage Company*, the balance of *Precious Metals* available in the *Customer's Precious Metals' Account* shall be deemed to be considered transferred to the *Bank* as a pledge to serve as a *Financial Pledge* and security of the *Customer's* obligations to the *Brokerage Company*, in accordance with the *Brokerage Company's* General Terms of Business. Should the *Customer* have obligations to both the *Bank* and the *Brokerage Company* at the same time, the *Bank* shall be considered to have first priority pledge and the *Brokerage Company* to have second priority pledge.
- B20.4.7. The *Bank* and/or the *Brokerage Company* shall be entitled to unilaterally set the *Charges*, set additional *Charges* and/or change the *Charges* applicable to opening of *Precious Metals' Accounts* and performance of transactions in those.

## **B20.5. Liability**

- B20.5.1. The *Customer* recognizes that monetary value of *Precious Metals* may change as a result of fluctuations in market value of the respective *Precious Metal*. The *Bank* shall not be liable for the *Customer's* losses or any additional expenses incurred due to fluctuations in market value of the *Precious Metal*.
- B20.5.2. The *Bank* shall not be liable for the *Customer's* losses incurred due to the *Customer's* order for transfer of *Precious Metals* from the *Precious Metals' Account* with the *Bank* to the *Customer's* or a third party's account with another bank (beneficiary bank) being refused by the intermediary bank because of the beneficiary bank not performing transactions due to any reasons, as well as losses incurred through action or inaction of the *Agency Companies*. The *Bank* shall not be liable for any *Customer's* losses incurred due to denial or delayed processing of the *Customer's* order through the *Customer's* fault.
- B20.5.3. The *Bank* shall not be liable for the *Customer's* losses or any additional expenses incurred because of the *Bank* exercising its right to deny execution of the order or performance of an operation in the *Precious Metals' Account* due to any reasons.
- B20.5.4. The *Customer* shall cover all expenses, losses, penalties or any other payments incurred by the *Bank* while executing the *Customer's* orders for transactions in *Precious Metals*.

## B21. Terms of Investment Gold Transactions

### B21.1. Application

- B21.1.1. These terms of investment gold transactions shall be applicable to relations between the *Parties* where the *Customer* and the *Bank* have entered into the agreement on investment gold transfer to the *Bank's* custody.
- B21.1.2. The *Agreement* on investment gold transfer to the *Bank's* custody (hereinafter in this section B21 referred to as the *Agreement*) shall be constituted by the *Customer's* order for investment gold transfer to the *Bank's* custody (hereinafter in this section B21 referred to as the *Application*) and the *Terms*.
- B21.1.3. The *Agreement* shall become effective after the *Bank* accepts the *Customer's Application*, making a corresponding entry in the *Customer's Precious Metals' Account* and the *Customer's Investment Portfolio* section of investment gold under the *Bank's* custody.
- B21.1.4. The *Bank* may enter into the *Agreement* with the *Customer* only provided the latter has the *Current Account* and *Precious Metals' Account* opened with the *Bank*.

### B21.2. Basic Terms. Authorization of the Brokerage Company

- B21.2.1. By submitting the *Application* the *Customer* transfers the amount of investment gold stated in the *Application* in troy ounces to the *Bank's* custody.
- B21.2.2. The *Parties* agree that for the purposes of the *Agreement* investment gold shall be considered to be the gold in bars or plates, provided the gold fineness is 995 or higher and the gold manufacturer is certified by the London Bullion Market Association.
- B21.2.3. The *Customer* instructs and authorizes the *Brokerage Company* to conclude all kinds of investment gold transactions, including exchange and investment gold transfer to the *Bank's* custody, in accordance with the terms of the *Bank*, *Brokerage Company*, and *Agency Companies*.
- B21.2.4. The *Customer* recognizes all transactions, orders, and instructions regarding investment gold given by the *Brokerage Company* to the *Bank* or made with the *Bank* on the *Customer's* behalf as binding upon the *Customer*.
- B21.2.5. The *Customer* may not give the *Bank* orders for any actions involving investment gold without intermediation and consent of the *Brokerage Company*, unless the *Bank* has previously consented to executing other orders of the *Customer* as well.
- B21.2.6. The *Customer* agrees that the *Brokerage Company* receives information on the *Customer* and the *Customer's* investment gold transactions from the *Bank*. The *Bank* ensures access of the *Brokerage Company* to the information on the *Customer's* investment gold transactions. The *Customer* commits to obtain the said information from the *Brokerage Company*.
- B21.2.7. Revocation of the authorization mentioned in this section B21 shall be binding upon the *Bank* and the *Brokerage Company* only in cases where such revocation is received by the *Bank* and the *Brokerage Company*.
- B21.2.8. The *Customer* agrees to be bound by the *Brokerage Company's* General Terms of Business.

### B21.3. Settlement Procedure

- B21.3.1. For the sake of executing the *Customer's Application* for investment gold transfer to the *Bank's* custody, the *Customer*, through the intermediary of the *Brokerage Company*, shall exchange the required amount of unallocated *Precious Metals* held in the *Customer's Precious Metals' Account* with the *Bank*.
- B21.3.2. After investment gold is accepted into the *Bank's* custody, the *Bank* shall supply the *Customer* with unique numbers of the gold bars or plates, which are used for identification of the *Customer's* investment gold transferred to the *Bank's* custody.
- B21.3.3. The amount of investment gold transferred by the *Customer* to the *Bank's* custody shall be accounted in troy ounces (net weight) in the *Customer's Investment Portfolio* section of investment gold under the *Bank's* custody.
- B21.3.4. The *Bank* shall be entitled to engage the *Agency Company* chosen by the *Bank* in ensuring custody of the *Customer's* investment gold, as well as to change the initially chosen *Agency Company* to other one, subject to the condition that the *Agency Company* chosen by the *Bank* may engage third parties in ensuring custody of the *Customer's* investment gold.
- B21.3.5. An order for exchanging the *Customer's* investment gold held under the *Bank's* custody may be submitted to the *Bank* by the *Customer* through the intermediary of the *Brokerage Company*, and the *Customer* shall consequently obtain the same amount of unallocated *Precious Metals* in the *Customer's Precious Metals' Account* with the *Bank*.

- B21.3.6. An order for delivery of the *Customer's* investment gold held under the *Bank's* custody to the *Customer* may be submitted to the *Bank* by the *Customer* through the intermediary of the *Brokerage Company*, and the *Customer* shall separately agree with the *Bank* upon the procedure of the investment gold delivery.
- B21.3.7. The *Bank*, at its own discretion, may deny execution of the *Customer's* orders for investment gold transactions, in cases where contents or form of those orders fails to comply with the normative acts and/or internal rules of the *Bank* or *Brokerage Company*. The *Bank* shall be entitled, without obligation, to execute the *Customer's* order that cannot be executed immediately.
- B21.3.8. The *Customer* shall pay the *Bank* and/or the *Brokerage Company* the *Charge* for investment gold transactions, including investment gold custody, in accordance with the *Rates and Charges* and/or the *Brokerage Company's Rates and Charges*.
- B21.3.9. Provisions applicable to the *Bank's Charges* shall apply to the *Brokerage Company's Charges* by analogy. The *Bank* informs the *Customer* on behalf of the *Brokerage Company* that the *Brokerage Company* joins these *Terms* and is entitled to demand remuneration.
- B21.3.10. The *Bank* and the *Brokerage Company* shall pay all taxes, duties and other compulsory payments that are payable by the *Bank* or the *Brokerage Company* under the *Customer's* investment gold transactions instead of the *Customer* pursuant to the legal acts of the Republic of Latvia or other countries, at the *Customer's* expense and without requesting the *Customer's* special consent. The *Bank* and the *Brokerage Company* shall not be liable for payment of taxes and duties payable by the *Customer*.

#### **B21.4. Liability**

- B21.4.1. The *Customer* recognizes that monetary value of investment gold may change as a result of fluctuations in market value of the respective *Precious Metal*. The *Bank* shall not be liable for the *Customer's* losses or any additional expenses incurred due to fluctuations in market value of the *Precious Metal*.
- B21.4.2. The *Bank* shall not be liable for accidental damage or loss of the *Customer's* investment gold, unless such damage is caused by gross negligence of the *Bank* as the custodian.
- B21.4.3. Where the *Bank* engages the *Agency Company* in ensuring custody of the *Customer's* investment gold, the normative acts of the *Agency Company's* country of registration and customary practices established in that country might apply to investment gold custody.
- B21.4.4. The *Customer* recognizes and assumes the risks of default and insolvency of the *Agency Company* engaged by the *Bank* in ensuring custody of the *Customer's* investment gold and of the third parties engaged by the *Agency Company* in ensuring custody of the *Customer's* investment gold. The *Brokerage Company* and the *Bank* shall not be liable for losses incurred by the *Customer* through action (inaction) of the *Agency Company*.
- B21.4.5. In case of default or insolvency of the *Agency Company* (as well as third parties engaged by the *Agency Company* in ensuring custody of the *Customer's* investment gold), the only condition of assigning (ceding) the *Bank's* rights of claim on the *Agency Company* arising out of the investment gold custody agreement made between the *Bank* and the *Agency Company* to the *Customer* in full shall be sending of the *Bank's* respective notice to the *Customer*.
- B21.4.6. The *Bank* shall not be liable for the *Customer's* losses or any additional expenses incurred because of the *Bank* exercising its right to deny execution of the order for the *Customer's* investment gold transactions due to any reasons.
- B21.4.7. The *Customer* shall cover all expenses, losses, penalties, or any other payments incurred by the *Bank* under execution of the *Customer's* orders for investment gold transactions.