

General Terms of Business



Recitals.

1. The General Terms of Business (hereinafter referred to as the Terms) lay down procedures of maintenance of the Customer's current account, as well as the account the payment card is attached to, and the savings account (hereinafter referred to as the account), including execution of transactions. The Terms regulate legal relations between the Bank and the Customer that are not laid down in the agreement/service terms on opening and maintenance of the respective account. In cases where legal relations between the Bank and the Customer regulated in these Terms are regulated differently in the agreement on rendering any specific bank service, the norms of such specific agreement/service terms shall prevail.

2. These Terms shall be binding upon the Customer and the Bank. The Customer's signature in the agreement/application for receiving the respective service certifies that the same has examined these Terms, agrees to and acknowledges the same as binding upon him.

3. After the account is opened, the Customer shall give orders for execution of bank transactions/receiving financial services to the Bank. The Customer's responsibility shall be that information stated in his orders should be correct and complete, as well as that transactions executed should be lawful. For giving his orders to the Bank the Customer may use services of remote account management (Parex Internetbank, DIGI:FIRMA system, a fax settlement system, etc.). In this case the Customer (the Customer's representative, user) shall use DigiPass facility, the Code Card or a different means of authorisation pursuant to the terms of the respective service for his authorisation. The Customer (the Customer's representative, user) shall comply with procedures stated for use of the respective means (system) of authorisation.

4. Pursuant to the agreement concluded/service terms on maintenance of the respective account, the Customer's account shall be debited with the charge for the services rendered by the Bank pursuant to the Bank's current Price List.

5. The Customer may obtain updated information on the Bank's services and Price List from its operators at the Bank, in Parex Internetbank, or else in the Bank's internet home page.

Powers to use the account and to sign documents.

6. The following persons shall be entitled to use the funds available in the Customer's account:

6.1. where the Customer is an individual – the Customer proper or such Customer's authorised person by virtue of a power of attorney (notarised or executed in the presence of the Bank's officer);

6.2. where the Customer is a corporate person – its representative by virtue of a document certifying representation.

7. Before such representatives or authorised persons commence using the account, the same shall submit/present documents certifying their identity and rights to use the account to the Bank. The account owner shall state his wish clearly to authorise any third person to use his/its account and to sign documents on behalf thereof, to give orders and/or to conclude transactions with the Bank, in writing. The account owner shall be entitled to revoke his/its power of attorney issued to a third person by a written notice to the Bank. The Bank shall have no obligation to verify validity of the power of attorney (including the fact of revocation), except the case when the Customer's (individual) power of attorney issued to a third person has been executed in the presence of the Bank's officer. The Bank shall not be responsible for transactions with the Customer's account unless the Customer has notified the Bank of revocation of his/its power of attorney in writing. In cases where the Customer uses DIGI:FIRMA system, it shall be stated when authorising a new person or revoking the authorisation whether such authorisation/revocation thereof applies to orders to be given in paper form (bearing a manual signature) and in DIGI:FIRMA system, or else to one of such means only.

Account types and account kinds.

8. Account types: a multicurrency account and a monocurrency account which are different as follows:

8.1. a monocurrency account shall be opened in one specific currency for which the Bank has set the exchange rate, and all incoming payments shall only be credited in the account currency. In cases where the currency of an incoming payment differs from such account currency, the currency shall be exchanged into the account currency at the cash or non-cash exchange rate set by the Bank as of the moment of crediting the payment (according to the payment type).

8.2. a multicurrency account shall be credited with all incoming payments that differ from the account currency in the currency of the incoming amount (without currency exchange), provided the Bank has set the exchange rate for such currency. In cases where there is more than one currency in a multicurrency account, account statements shall be prepared for each currency separately.

9. Pursuant to the agreement concluded/the application and the respective service terms on opening and maintenance of the account, the respective kind of account shall be opened for the Customer:

9.1. A current account. The Customer may choose its type – a multicurrency or a monocurrency account, as well as the change the account type from one to the other during the validity of the agreement, by submitting a respective application, unless these Terms or a specific service agreement set respective limitations. One or more payment cards may be attached to a monocurrency current account, provided the account currency conforms to the currency in which the respective cards, may be issued.

9.2. A savings account – a separate monocurrency accounts. A savings account may only be opened in one of the currencies pursuant to the Bank's Price List.

10. In order to credit its account with the fixed capital amount required for registration of a corporate Customer, the Bank may open a temporary account for such person for the period of up to 2 months, which may only be used for the above purpose. Provided the Customer submits the documents required for the current account opening within the term specified, such temporary account shall be converted into a current account, otherwise the Bank shall be entitled to close such temporary account. In case of closing the amount available in the temporary account shall be paid out to the Customer at its request. The amount shall be paid out to the Customer's authorised person pursuant to the Customer's incorporation documents or a separate power of attorney. In cases of disputes the account shall be blocked until a settlement is achieved or until the moment when the court ruling that has taken effect is to be executed.

Payment of interest on the Customer's funds balance in the Customer's accounts, debiting payments pursuant to loan agreements.

11. The Bank shall calculate interest on the Customer's funds available in the Customer's accounts pursuant to the account kinds and in the currencies stated in the Bank's Price List.

12. Interest on the positive balance (the Customer's funds) in the Customer's account a payment card is attached to shall be credited to the same account. Interest calculated on the positive balance (the Customer's funds) in the current account and the savings account may be credited to such current account or the savings account, or any other account with the Bank stated by the Customer, at the Customer's discretion.

13. In cases where pursuant to a mutual agreement concluded between the Customer and the Bank providing for granting a credit (a loan) to the Customer in any way, the Bank is entitled or authorised to debit the Customer's account (accounts) with repayment of the credit (the loan), interest for use of the credit (the loan), and other payments under such loan agreement, the Bank shall debit such payments pursuant to conditions of the specific loan agreement.

Crediting the Customer's account with funds.

14. The Bank shall credit the Customer's account with funds due to the same as the beneficiary of the funds pursuant to the incoming payment document (cash payment, transfers) according to procedures pursuant to these Terms.

15. A form shall be executed for cash credit payment to the account according to the established proforma. The account shall be credited with funds at the moment of cash credit payment.

16. The Customer's account shall be credited with funds transferred in lots on the day when the Bank receives a notice from the Bank of Latvia of the Bank's correspondent account with the Bank of Latvia being credited with such funds.

17. The Customer's account shall be credited with funds transferred in currency on the day when respective notices are received on execution of the transfer from the correspondent bank or the ordering customer's bank, and a correspondent account statement is received from the correspondent bank stating that the correspondent account has been credited with the respective amount.

18. The following details of the beneficiary (the Customer) shall be stated in the cash credit or any incoming payment document, and verified by the Bank before crediting the Customer's account with such payment:

18.1. The beneficiary's (the Customer's) account number (IBAN - 21 characters, starting with "LV...").

18.2. Information on the beneficiary (the Customer):

18.2.1. the individual's first name, surname or

18.2.2. the corporate person's name or

18.2.3. the first name and surname of the holder of the payment card attached to the account.

19. The Bank shall only be entitled to credit the account with the transferred funds on the basis of the account number stated in the payment document. The Bank reserves the right not to credit the Customer's account with the payment, if the other data of the beneficiary stated in the payment document fail to coincide with the data of the beneficiary – the Customer available to the Bank. In cases where the Bank exercises its rights pursuant to this paragraph, the lat payments received from other banks shall be returned to the ordering customer's bank immediately, and in cases of a currency payment a request for clarification of the beneficiary's details shall be sent to the ordering customer's bank.

20. In cases where the identity number (for individuals) or registration number (for corporate persons) of the beneficiary (the Customer) is stated in the incoming payment document (transfer) as well, apart from the details pursuant to paragraph 18 above, the account of the beneficiary (the Customer) shall be credited with the payment amount immediately upon receipt thereof, only in case if this is an ordinary LVL payment from another commercial bank of the Republic of Latvia, the same is received in the electronic clearing system and the beneficiary's data stated therein coincide with the data of the beneficiary – the Customer available to the Bank. The condition pursuant to this paragraph shall also apply to all payments received in Parex Internetbank or DIGI system (including on days off (holidays as well)).

21. In cases where the value date (execution date) of the payment credited to the account is later than the day of crediting such payment, such payment amount shall only be actually available to the Customer on the value date (execution date) stated in the account statement, in the transaction notes.

Transfers from the Customer's account.

22. The Customer's payment orders shall contain the following information:

22.1. the date;

22.2. the ordering customer's (the Customer's): the name (for corporate persons) / the first name, surname (for individuals);

22.3. the ordering customer's (the Customer's): registration number (for corporate persons) / identity number (for individuals). Stating such information is mandatory in LVL payment orders;

22.4. the ordering customer's (the Customer's) account number (IBAN);

22.5. the currency and amount in figures and words;

22.6. the name of the beneficiary's bank, the name of the branch (if required), the code of the beneficiary's bank. The Customer shall also state the correspondent bank of the beneficiary's bank, and, unless the Customer has stated the same, the Bank shall be entitled to choose the correspondent bank of the beneficiary's bank at its own discretion, without getting it finalised by the Customer;

22.7. the beneficiary, i.e.:

22.7.1. the name (for corporate persons) / the first name, surname (for individuals);

22.7.2. registration number (for corporate persons, mandatory for LVL payments) / identity number (for individuals) – residents of the Republic of Latvia or the passport number- for non-residents/ other data pursuant to the requirements of the beneficiary's bank – for non-residents of the Republic of Latvia;

22.8. beneficiary's account number for non-residents, taking into account that the payment beneficiary's bank may only credit the beneficiary's account with the payment amount according to the account number stated in the payment document, without verifying the other details;

22.9. the payment type (for currency payments: a standard or urgent payment);

22.10. the external payment code, if the Customer – resident of the Republic of Latvia transfers funds to non-residents of the Republic of Latvia;

22.11. purpose of the payment - substantiation of the payment;

22.12. in execution of international transfers, urgent LVL transfers, as well as transfers over 50,000 LVL the Customer shall state one of the following three ways of covering the bank charges:

22.12.1. bank charges are covered by shares (SHA) – this means that the charge set by the Bank shall be paid by the ordering customer – the Customer (separately from the transfer amount), and the beneficiary's account shall be credited with the transfer amount less charges of the Bank's correspondent bank and other intermediary banks;

22.12.2. bank charges are covered by the beneficiary (BEN) – this means that charges of the Bank, the Bank's correspondent bank and other intermediary banks shall be debited to the beneficiary (the transfer amount);

22.12.3. bank charges are covered by the ordering customer – the Customer (OUR) – this means that charges of the Bank, the Bank's correspondent bank shall be debited to the ordering customer's account (separately from the transfer amount) at the moment of the payment execution, and, should the beneficiary's bank or intermediary bank request that the Bank should pay its charge, the Bank shall debit the same to the Customer's account without acceptance.

23. Before starting to execute the Customer's payment order, the Bank shall proceed as follows:

23.1. verify whether such payment order is filled in correctly, or contains all mandatory details pursuant to paragraph 22 above, and/or whether all information is clear and unambiguous;

23.2. identify the Customer, to wit, verify whether the Customer (or his/its authorised person) has signed a respective payment order. In cases where a payment order bearing a manual signature (original signature) is submitted, the Bank shall verify whether the signature and seal imprint contained in the payment order are the same visually as those stated in the signature card, according to procedures pursuant to "Identification Regulations". In cases where a payment order is submitted with services of remote account management (Parex Internetbank, DIGI:FIRMA, etc.) being used, the Customer shall be identified pursuant to conditions of the service of remote account management used. In cases where a payment order on paper signed by test keys generated with the help of DigiPass authorisation facility, is submitted to the Bank, the Customer shall be identified by means of verification of the test key stated;

23.3. verify whether a sufficient amount is available in the Customer's account for execution of the payment order, taking into account the overdraft/credit limit assigned;

23.4. if the payment is to be executed in currency that is different from the Customer's account (if it is monocurrency account) currency, exchange the necessary amount according to the exchange rate stated by the Bank as of the day of transaction. If the payment is to be executed from the multicurrency account where there is no sufficient means in the payment

currency then the Bank shall perform converting of the necessary funds from any funds in any currency available in the multicurrency account.

24. The Customer shall ensure a sufficient funds balance in his account for execution of his payment order. The Bank shall be entitled not to accept the Customer's payment orders or cash withdrawal orders for execution, in case no funds required for execution thereof are available in the account. In cases where the Customer submits more than one payment order with the total amount of funds to be transferred stated therein exceeding the funds available in the account, including the overdraft/ credit limit assigned, and the Customer has not stated the sequence of execution of his payment orders, the Bank shall be entitled to execute the same in the sequence at its own discretion. In cases where funds available in the Customer's account from where the transfer is made are insufficient for debiting of the charge and the Customer has not stated which account should be debited with the charge, in his payment order, the Bank shall be entitled to debit any other account of the Customer with the Bank with the charge.

25. In cases where funds available in the Customer's account is insufficient to execute the payment order, the Bank shall be entitled to accept and execute such payment order within 10 (ten) calendar days from the day of receiving the payment order at the Bank, provided the account is credited with the funds required for execution of the payment order in full within the term specified.

26. The Bank shall be entitled not to accept a payment order for execution, in cases where identification of the Customer (his authorised persons or representative, user) carried on by the Bank was not positive and/or the payment order is made pursuant to the Bank's requirements. In cases where identification of the Customer carried on by the Bank was not positive, the Bank shall not return the payment order to the Customer (in cases where such payment order submitted bears a manual signature).

27. Period of execution of all outgoing payments (transfers) at the Bank, i.e. maximum term when the Bank sends the Customer's payment (transfer) to its correspondent bank with the value date (execution date) conforming to the payment currency:

27.1. a standard payment order – 2 (two) working days of the Bank (including the day of receiving the payment order);

27.2. an urgent payment order – 1 (one) working day of the Bank, i.e. sent to the correspondent bank on the day of receiving the payment order. The Customer shall submit an urgent LVL payment order to the Bank until 15.00.

28. In acceptance and execution of Customer payment orders the Bank shall comply with international legal acts and legal acts of the Republic of Latvia, as well as international banking practice.

29. In cases where the Customer makes a payment instead of a different (third) person, the Customer shall state such third person in his payment order in the section "Purpose of the payment". In cases where such third person is a resident of the Republic of Latvia, the following data shall be stated: for individuals – the first name, surname, identity number, and for corporate persons - the name, registration No; and in cases where such third person is a non-resident of the Republic of Latvia, for individuals – the first name, surname, passport data (date of birth, passport No, date of issue and the issuing institution), and for corporate persons – the name, registration No, date and place. In cases of tax LVL payments the Customer shall not state himself as the actual person making the payment instead of a different (third) person.

30. The Customer's payment order shall be accepted, provided such payment order contains the information required for execution thereof as stated by the Bank, and the amount required for execution of the transfer is available in the Customer's account, execution thereof starting with debiting the Customer's account with the Bank with the amount pursuant to the payment order.

Cancellation of cash credit payments and funds transfers.

31. The Customer may cancel his payment order for execution of a transfer by submitting a respective application. In cases where the Customer's account has already been debited, the Bank does not guarantee refund of the payment amount. The Bank shall contact its correspondent bank and/or the beneficiary for refund of the transferred funds as far as possible. The Bank shall only refund the funds to the Customer, provided the same have been recovered from its correspondent bank. In cases where the Customer's account has not been debited, the Bank shall refund the payment amount to the Customer.

32. The Customer may only cancel a cash credit payment executed, the Customer's payment order executed, under which cash funds have been credited to an account opened in the name of another person, funds have been transferred from the Customer's account to any account opened for another person with the Bank, as well as a funds transfer in lats from the Customer's account with the Bank to an account opened for another person with another bank, with the beneficiary's consent.

33. The Bank shall be entitled to cancel any credit payment made to the account unilaterally and without the Customer's order, if made through the Bank's error or lack of different legal grounds. Cancelled payments shall be stated in the account statement for the respective period.

Notification of the Customer of condition of his account, sending and receiving documents.

34. In order to facilitate receiving information on condition of his account by the Customer, when opening the account the Bank shall issue to the Customer a number Customer card, or else the Customer shall name his own password to be stated in the Customer's signature card and in the agreement/application on receiving the respective service. The Customer may only state a separate password for his account to which his payment card is attached, for finding out the balance of such account.

35. The Customer may receive information on condition of his account over the telephone by calling the Bank's operator and stating his account number and card number or password.

36. Printed out account statements (on paper) shall be issued to the Customer at the Bank in compliance with the following conditions:

36.1. the Bank shall issue the account statement to the person presenting the Customer card or stating the password;

36.2. the Bank shall prepare and issue the account statement to non-resident individual and corporate Customers at their request;

36.3. the Bank shall prepare the account statement for resident corporate Customers for each day when any account turnover took place (transactions were executed in the account);

36.4. at the Customer's written request the Bank may revise frequency of preparing the account statement (from options offered by the Bank, for example, once a week).

37. The account statement and other documents of the Bank shall be sent to the Customer according to the following procedures:

37.1. the Bank shall send account statements by post or by fax pursuant to the Customer's order (written instruction). The same shall be considered received from the moment of being sent. The Customer may receive his account statement in Parex Internetbank or DIGI::FIRMA system as well;

37.2. the Bank shall also post or email information letters on other services of the Bank and/or third persons, as well as on fulfillment of the Customer's liabilities against the Bank to the Customer, unless stated otherwise in the agreement on receiving the respective service. The Customer shall be entitled to refuse to receive information on the services of the bank and third persons in writing.

38. A posted document (a letter, a registered letter, etc.) shall be considered sent to the Customer, if sent to the Customer's address stated in the respective agreement/application on receiving the service (or in a subsequent separate application) according to procedures pursuant to the agreement/service terms.

39. A document prepared electronically and sent shall be considered sent to the Customer, if sent to the Customer's electronic address stated in the respective agreement/application on receiving the service (or in a separate application) according to procedures pursuant to the agreement/service terms.

40. Faxing documents to the Bank, the Customer shall make sure that the Bank has received such document faxed.

Blocking the account.

41. The Bank may block his account at the Customer's request. In this case incoming payments shall be credited to the account, and the Customer's orders for funds transfer or withdrawal of cash shall not be executed.

42. In order to block his account the Customer shall proceed as follows:

42.1. submit the respective application signed by the Customer (his authorised person or representative) to the Bank, or

42.2. call the Bank (the account manager), name his account number, password or card number and request that his account should be blocked. The Customer shall submit the application pursuant to paragraph 41.1 below on the same day; otherwise the account shall be released.

43. The Bank shall release his account by virtue of the respective application of the Customer.

44. The Bank shall also be entitled to block the Customer's account in cases pursuant to legal acts of the Republic of Latvia or agreements with the Customer. In cases of disputes on blocking the account of the corporate Customer, the Bank shall be entitled to refrain from blocking or releasing his account at the Customer's request, until the resolution of the authorised body of the corporate Customer on actions related to blocking/releasing the account is submitted to the Bank.

Closing the account.

45. Unless stated otherwise in the agreement concluded with the Customer/terms on opening and maintenance of the respective account or the agreement on rendering the respective service, the Bank shall be entitled to close the Customer's account unilaterally, without a notice to the Customer in the following cases:

45.1. if the Customer fails to supply the Bank with the information and/or documents requested thereby or supplies incomplete, incorrect information and/or documents;

45.2. if the Customer has not executed bank operations with his account and its balance equals 0 (zero) or is negative for more than 12 (twelve) months;

45.3. if the Bank suspects that the Customer or funds available in the Account are related to laundering of proceeds derived from criminal activity or funding of terrorism.

46. The agreement on opening and maintenance of the respective account shall be terminated after all liabilities under the respective agreement have been fulfilled, as well as the Customer has made all payments ensuing from such liabilities to the Bank.

Consideration of claims/disputes, other conditions.

47. The Customer shall lodge claims concerning non-cash funds transfers and transactions by electronic means of payment, as well as claims and actions of financial nature related to other operations/transactions of the Bank in writing. The Customer may submit claims that are not related to transactions pursuant to this paragraph and are not of financial nature, as well as his propositions to the Bank both orally, or else over the telephone or e-mail.

48. The Customer may lodge his written claim with the Bank's Secretariat or any Customer service centre, branch or agency of the Bank. Copies of the documents certifying the transaction/operation shall be enclosed to such claim.

49. The Customer's claims concerning cash withdrawal from his account with the Bank, including the amount of cash issued, authenticity or quality of the banknotes and similar transactions shall only be considered, if made during execution of the respective transaction and in the presence of the Bank's employee executing such transaction. The Bank shall not accept subsequent claims of the Customer concerning such transactions.

50. The Bank shall accept claims concerning transactions executed in the Customer's account within 15 (fifteen) calendar days from the day of making the account statement, except the account a payment card is attached to.

51. In cases where the Customer has a claim concerning his payment card transaction via the ATM of a different bank or POS terminal, such claim shall be lodged immediately upon receipt of the account statement, however within 45 (forty-five) calendar days from the day of execution of the transaction at the latest. The Customer may use special forms of the Bank to lodge his claims concerning payment card transactions. Procedures of lodging claims concerning other payment card transactions are laid down in the agreement/conditions of the respective service.

52. The Customer shall be entitled to lodge his written claim with the Ombudsman of the Association of Latvian Commercial Banks at 9/11 Persees Street, Riga LV-1011. The Ombudsman's jurisdiction covers consideration of claims, provided:

52.1. a claim concerns non-cash funds transfers or transactions by electronic means of payment;

52.2. transactions do not exceed 50,000 EUR;

52.3. a claim does not concern issues of document forgery, justification of price lists of credit institutions, assignment, cancellation or revision of a credit limit, conditions of a credit limit and similar issues;

52.4. the Customer has lodged his claim of similar nature with the Bank and failed to receive a reply that satisfied his claim within a month;

52.5. the Customer has not lodged his claim with the court, court of arbitration or submitted the same with the Consumer Rights Protection Centre.

53. Unless stated otherwise in the agreement concluded with the Customer/terms on opening and maintenance of the respective account or the agreement on rendering the respective service, any claim, disagreement or claim ensuing from these Terms, concerning the same or default, termination or invalidity thereof shall be resolved at Riga International Court of Arbitration, Riga, pursuant to the current laws of the Republic of Latvia and regulations of such Court of Arbitration consisting of one arbitrator, in the Latvian language n the basis of the documents submitted. In cases where the Customer is an individual, all disagreements between the Parties may also be tried by a court of the Republic of Latvia at the plaintiff's discretion according to its jurisdiction. In cases where the Customer is a corporate person that cannot act as a party to the agreement on the court of arbitration, disagreements between the parties shall be tried by a court of the Republic of Latvia according to its jurisdiction.

54. The Bank shall be entitled to use funds available in the Customer's account for set-off of the Bank's claims against the Customer unilaterally and without a notice to the Customer.

55. By signing any application/agreement on receiving the Bank's service the Customer (an individual) certifies and agrees that the Bank shall be entitled to process his personal data, including requesting and receiving the Customer's personal data from any third persons and databases established according to procedures pursuant to the law, where the Bank deems it necessary for establishment of legal relations between the Customer and the Bank or ensuring fulfillment of their liabilities. The Customer agrees to transfer of his personal data to third persons, where the Bank deems it necessary to recover debts from the Customer.

56. The Bank shall be entitled to supply the Bank of Latvia with information and to request information on the Customer from the same in compliance with the regulations of the Debtors' Register approved by the Bank of Latvia. The Customer shall be entitled to request and to receive information on himself from the Debtors' Register in compliance with the regulations of the Debtors' Register approved by the Bank of Latvia, their text being available to the Customer at the Bank or the home page of the Bank of Latvia www.bank.lv.

57. By signing any application/agreement on receiving the Bank's service the Customer certifies and agrees that the Bank is entitled to provide companies of the Bank's group with information on the Customer, as well as to obtain information on the Customer from the mentioned companies.

58. Pursuant to the requirements of the law and business partners, information on the Customer may be transferred to the competent state institutions of the EU and other states for the fulfillment of functions of the same.