

Statement of Customer on Investor Protection Scheme and Deposit Guarantee Scheme Application

Compensation to one investor is calculated as follows:

- 1) for irreversible loss of financial instruments - a fact is established that the data which attests to the ownership right of an investor to financial instruments and which is stored in the computer system of a scheme participant or is included in any other type of accounting is irreversibly destroyed or damaged due to some act or omission, or criminal offence, and the scheme participant refuses to restore the data based on the documents presented by the investor. Such fact is to be established by FCMC;
- 2) for damage caused by undelivered investment service - an investment service which a scheme participant has accepted for execution, but has not delivered it fully or partially, and as a result the investor has incurred losses or financial instruments have been lost irreversibly.

Size of payable compensation

Irrespective of the date when a scheme participant has accepted an investment for execution of the investment service, compensation to one investor shall be 90% of the value of irreversibly lost financial instruments or losses caused by an undelivered investment service, but not more than EUR 20,000.

Investor's actions aimed at receipt of a guaranteed compensation

Within one year after an investor found out that the scheme participant has not met its obligations, but not later than within five years since the time of non-fulfillment of the said obligations, the investor shall apply to FCMC for compensation. FCMC makes a decision about the legitimacy of the application within 30 days after receipt of the investor's application. Compensation is paid out within three months from the date when the decision on the legitimacy of the application is made. As an exception, FCMC may extend the compensation payment period for another three months.

Compensation is not paid:

- 1) to a person for transactions in respect of which a judgment of conviction in a criminal matter for money laundering has been made;
- 2) to scheme participants, insurance companies, investment companies or other investors that have informed that they are professional investors;
- 3) to persons that are members of the same group of companies where the scheme participant is a member;
- 4) to pension funds;
- 5) to the state and local governments;
- 6) to members of the executive board or the supervisory board of a scheme participant, the head and members of an audit commission, the head and members of an internal audit service, other employees of a scheme participant who are authorized to plan, supervise and control activities of the scheme participant and who are responsible therefore, as well as to persons who have directly or indirectly acquired more than five per cent of the capital of the scheme participant;
- 7) to persons who are responsible for the audit of the accounting documents of scheme participants specified by law;
- 8) to persons who are relatives of the first degree of kinship or spouses of the persons referred to in paragraphs 6 and 7 of this Section;
- 9) to persons who act on behalf of the persons referred to in paragraph 7 of this Section; and
- 10) to persons regarding whom the Financial and Capital Market Commission has established that, under special provisions of a contract concluded individually, they have received high interest rates or financial concessions, or have caused or have taken advantage of circumstances which have brought financial difficulties or have led to deterioration of the financial condition of a scheme participant.

The full version of the *Investor Protection Law* in Latvian is available at <http://www.likumi.lv/doc.php?id=55829>

II. Deposit Guarantee Scheme

The deposit guarantee scheme implemented in the Republic of Latvia is a set of measures for the protection of deposits of depositors in credit institutions, and for provision of financial resources necessary for such protection and payment of compensation in accordance with *Deposit Guarantee Law*.

The Bank is a participant of the Deposit Guarantee Scheme of the Republic of Latvia whose activities are regulated by the *Deposit Guarantee Law*.

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The Deposit Guarantee Fund has been established and operates in the Republic of Latvia. Its management is provided by the FCMC. The main objective of the Fund according to the Deposit Guarantee Law is to secure the guaranteed payment of compensation to depositors in case of unavailability of their deposits. Capital of the Deposit Guarantee Fund is composed of regular payments of institutions accepting deposits (banks, credit unions, branches of foreign banks in Latvia) as well as of income derived from the management of funds placed in the Fund. If the Deposit Guarantee Fund has insufficient funds to pay out guaranteed compensations, they will be paid from the state budget.

Guaranteed deposits in credit institutions

According to the *Deposit Guarantee Law*, a deposit means funds in the account of a customer (individuals or companies) of an institution accepting deposits (credit institution) in any currency which the institution accepting deposits (credit institution) has to pay back pursuant to the law or to the terms and conditions of the agreement entered into by the depositor and the credit institution.

According to the *Deposit Guarantee Law* an eligible deposit is such deposit (or part of it) for which in accordance with the *Deposit Guarantee Law* the guaranteed compensation is paid.

Types of deposits for which a guaranteed compensation is not paid are listed in Section 23 of the *Deposit Guarantee Law*.

When guaranteed compensation is paid out

Guaranteed compensation shall be paid out upon the occurrence of any of the following circumstances:

- 1) The court has announced the credit institution insolvent;
- 2) FCMC has canceled the permit (license) of the credit institution;
- 3) Any other occasion when FCMC has established and made a decision that the credit institution is unable to pay out deposits and the event of unavailability of deposits has occurred.

Maximum amount of guaranteed compensation.

The maximum amount of guaranteed compensation is EUR 100,000 per each depositor per credit institution. The guaranteed compensation shall be paid in the euro. Payment of the guaranteed compensation shall be performed by the Deposit Guarantee Fund.

Maximum amount of additionally guaranteed compensation.

In addition to the maximum guaranteed compensation in the amount of EUR 100,000, a depositor is entitled to a guaranteed compensation in the amount of up to EUR 200,000 taking into account the types of deposits and provisions specified in Section 4 of the *Deposit Guarantee Law*.

Calculation of guaranteed compensation in case of multiple deposits at the same credit institution

All your deposits at the same credit institution or are aggregated and the maximum amount of guaranteed compensation (EUR 100,000) is applied to the total amount.

Calculation of guaranteed compensation in case of a joint deposit with other person(s)

If more than EUR 100,000 is held on the account, the guaranteed compensation in the amount of up to EUR 100,000 is applied to each depositor separately provided that this depositor has been identified prior to the date of occurrence of unavailability of deposits.

Beginning of guaranteed compensation payout in case of unavailability of deposits

Starting from the 21st working day after the date of occurrence of unavailability of deposits if unavailability of deposits has occurred before 31 December 2018.

Starting from the 16th working day after the date of occurrence of unavailability of deposits if unavailability of deposits has occurred in the period from 1 January 2019 to 31 December 2020.

Starting from the 10th working day after the date of occurrence of unavailability of deposits if unavailability of deposits has occurred in the period from 1 January 2021 to 31 December 2023.

Starting from the 8th working day after the date of occurrence of unavailability of deposits if unavailability of deposits has occurred after 1 January 2024.

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Information on the possibility of mutual offset of claims.

In the calculation of payable guaranteed compensation due to a depositor, the depositor's liabilities to the credit institution may be taken into account and mutually offset.

FCCM contact information: 1 Kungu Street, Riga, LV-1050, tel. 6777 4800, website address: www.fktk.lv

Depositor's actions aimed at receipt of guaranteed compensation

Upon occurrence of circumstances requiring a payout of a guaranteed compensation, a depositor must follow information about paying out of guaranteed compensations posted on the FCCM homepage at www.fktk.lv or in the official gazette *Latvijas Vestnesis*.

The full version of the *Deposit Guarantee Law* in Latvian is available at <http://www.likumi.lv/doc.php?id=55829>

Hereby the Customer certifies that:

- 1) s/he has read the above information about the Investor Protection and Deposit Guarantee Schemes existing in the Republic of Latvia;
- 2) has been instructed that by concluding with the Bank an agreement on investment services and/or by receiving Bank's investment services:
 - financial instruments, owned by the Customer, which are held with the Bank (in the Financial Instrument Account) are subject of "Investor Protection Scheme" if provisions of the legislation are fulfilled and if the cases stated in the legislation take place,
 - funds, owned by the Customer, which are held with the Bank (including in the Trust Management Account), are subject of „Deposit Guarantee Scheme" if provisions of the legislation are fulfilled and if the cases stated in the legislation take place.

Customer:

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(Customer's signature, typed name, surname)