

Information about TRASTA KOMERCBANKA JSC and its investment services and auxiliary investment services

To accommodate its existing and potential customers, and to comply with the requirements of the Financial Instruments Market Law and requirements of regulatory instruments issued by the Financial and Capital Market Commission, TRASTA KOMERCBANKA JCS (hereinafter - the Bank) provides information about the Bank and its investment services and auxiliary investment services.

1. About the Bank

<i>Name</i>	TRASTA KOMERCBANKA, JSC
<i>Information about the credit institution operating license</i>	Credit Institution Operating License No. 8 issued on 12 December 1991 by the Bank of Latvia (address: 2A Krisjana Valdemara Street, Riga, Latvia, LV-1050 [in Latvian: Krišjāņa Valdemāra iela 2A, Rīga, Latvija, LV-1050])
<i>Registration with the Register of Enterprises of the Republic of Latvia</i>	Registered in Register of Enterprises of the Republic of Latvia: 27 September 1991; Registered in Commercial Register of the Republic of Latvia: 28 April 2003
<i>Unified registration number/Taxpayer registration number</i>	40003029667
<i>Legal address</i>	9 Miesnieku Street, Riga, LV-1050, Latvia [in Latvian: Miesnieku iela 9, Rīga, LV-1050, Latvija]
<i>Bank code, BIC/SWIFT</i>	KBRBLV2X
<i>Internet homepage</i>	www.tkb.eu

Customer service places

<i>Address</i>	1 Palasta Street, Riga, LV-1050, Latvia [in Latvian: Palasta iela 1, Rīga LV-1050, Latvija]
<i>Telephone</i>	(+371) 67027777
<i>Fax</i>	(+371) 67027700
<i>Telex</i>	161340 RIAS LV
<i>E-mail</i>	info@tkb.lv

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<i>Telephone</i>	(+371) 67027777
<i>E-mail</i>	info@tkb.lv

<i>Bank's business hours</i>	Open on working days from 9:30 a.m. to 5:00 p.m.
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2. Communication with the customer

<i>Communication channels for information exchange with the customer</i>	<ul style="list-style-type: none"> ✓ personal visit ✓ fax ✓ telephone ✓ e-mail ✓ mail ✓ online banking system <i>Trast.Net</i> ✓ other options (e.g., SWIFT, Telex, Bloomberg, etc.) <p>The Bank and the customer agree on a certain manner of information exchange (including receiving and sending of orders) in a draft of the respective</p>
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	investment services agreement, which the Bank provides to the customer for review prior to signing the agreement.
<i>Information exchange language</i>	The Bank communicates with the customer in the Latvian language, unless the Bank and the customer have agreed to use another language. The Bank can use Latvian, Russian or English for information exchange with the customer. However, the Bank retains the right to use, at its own discretion, the national language for the aforementioned purposes.

3. Customer status

Prior to the performance of transactions with financial instruments, the Bank assigns to the customer status of individual customer, professional customer or eligible counterparty, and notifies the customer of the status assigned. To evaluate the relevance of the assigned status for the potential customer, the Bank asks the customer to complete the customer questionnaire, which the customer can find on the Bank's Internet homepage:

http://tkb.lv/assets/files/PDF/Documents_EN/06_Finansu_instrumenti/FI_klienta-statusa-politika_ENG.pdf

or in the premises of the Bank. Where criteria for determining customer's status change, the customer's status is adjusted accordingly.

4. Assessment of service suitability and relevance for the customer

To assess suitability of a certain investment service or auxiliary investment service for the customer (potential customer), the Bank prior to performing transactions with financial instruments asks the customer to provide information about his/her experience and knowledge about transactions performed within the provision of investment services, the goals which the customer wishes to attain through these transactions, and about customer's financial situation. For the purpose of assessment of suitability of the service, the Bank asks the customer to complete *customer questionnaire*, which the customer can find on the Bank's Internet homepage:

http://tkb.lv/assets/files/PDF/Documents_EN/06_Finansu_instrumenti/FI_klienta-statusa-politika_ENG.pdf

or in the premises of the Bank.

5. Execution of transactions with financial instruments and places where these transactions are performed

The Bank executes orders concerning transactions with financial instruments in various places: in an organized manner in several trading venues, such as regulated market (stock exchange), organized trading systems (multilateral trading systems, etc.), or outside the regulated market (*over the counter*). Prior to commencement of transactions with financial instruments, the customer shall read *Policy for Execution of Orders Concerning Transactions with Financial Instruments*, which provides essential information about trading with financial instruments and indicates the places where these transactions are performed. The Bank provides the customer with the opportunity to get familiarized with the Policy for Execution of Orders Concerning Transactions with Financial Instruments on the Bank's Internet homepage:

http://tkb.lv/assets/files/PDF/Documents_EN/06_Finansu_instrumenti/Rikojumu_par_darijumiem_ar_fin_instrum_izpildes_politika_v6_ENG.pdf

or in the premises of the Bank.

6. Investment services costs

For the investment services and auxiliary investment services rendered by the Bank, the customer pays the Bank remuneration (commission fee) in accordance with the Services Pricelist of the Bank which is in effect as of the time of payment, or in accordance with the written understanding of the parties.

The customer can find the Pricelist on the Bank's Internet homepage:

<http://www.tkb.eu/en/pricelist>

or in the premises of the Bank.

Information about the deadlines for payment of the remuneration (commission fee) for the investment services and auxiliary investment services provided by the Bank is specified in the draft of the investment services agreement, which the Bank provides to the customer for review prior to signing the agreement.

If the Bank incurs additional expenses related to activities that are necessary for the provision of investment services, the customer may have an obligation to reimburse the Bank for these expenses.

7. Investment services and auxiliary investment services

The Bank provides the following investment services and auxiliary investment services to its current customers :

- acceptance of investors' orders concerning transactions with financial instruments and forwarding them for execution;
- individual management of investors' financial instruments in accordance with the authorization provided by investors (portfolio management service);
- execution of transactions with financial instruments at the expense of the credit institution;
- holding of financial instruments;
- granting of credits or loans to an investor for performance of transactions with financial instruments, where the company providing a credit or a loan is involved in the operation with financial instruments;
- currency exchange services, if they are connected to the provision of investment services.

8. Reports about investment services and auxiliary investment services

Type, frequency and reporting periods

Within the framework of execution of customer's orders concerning transactions with financial instruments, the Bank provides the following reports:

- order execution notice - until the end of the next business day after the day of transaction execution;
- portfolio status report - financial instrument account status as of a certain date (upon request and at the end of the year);
- statement of the financial instrument account - movements in the investment account over a certain period (upon request);
- statement of the financial instrument account as of a certain date - investment account status as of a certain date (upon request and at the end of the year).

Within the customer portfolio management service, the Bank provides the following reports:

- portfolio status report - information about frequency and reporting periods is provided in the draft of the respective investment service agreement, and the customer or the potential customer has the right to require the Bank to produce this draft prior to signing of the agreement;
- additional information about financial instrument events - upon customer's request; report about transactions performed with customer's financial instruments transferred into management - upon customer's request.

The customer at any time may view reports concerning his financial instrument account and the history of performed transactions by using the communication channels provided by the remote banking services.

9. Investor protection and deposit guarantee system

Investor protection system

The Bank participates in the investor protection scheme in accordance with the Investor Protection Law.

In situations specified in the Investor Protection Law, the customer has the right to receive compensation as provided in the law.

How are Customer's investments protected

The investor protection system created in the Republic of Latvia is a combination of measures intended for protection of investors' interests, provision of financial resources to support this protection and to pay compensations according to the procedure specified in the *Investor Protection Law*.

Compensation payment occasions

The investor has the right to receive compensation if the participant of the system is unable to fully meet its obligations to the investor within the designated period.

Size of payable compensation

Regardless of the date when the participant of the system has accepted an order for the provision of the investment service, compensation to one investor is 90% of the value of irreversibly lost financial instruments or of the damage imposed by an unperformed order for investment service, but not more than EUR 20,000.

The steps to be taken by the investor to receive guaranteed compensation

Within one (1) year after the investor has found out that the participant of the system has not met its obligations, but not later than within five (5) its obligations, but not later than within five years, the investor submits an application to the Financial and Capital Market Commission (FCMC) in regard to payment of compensation. FCMC makes a decision about validity of the claim within thirty (30) days after the day of submission of the application. Compensation is payable within three (3) months after the date when the decision was made about the validity of the claim. As an exception, FCMC can extend the compensation payment period for three (3) more months.

Deposit guarantee system

The Bank participates in the deposit guarantee system created in the Republic of Latvia and regulated by the *Deposit Guarantee Law*.

How your deposits are protected

There is Deposit Guarantee Fund in Latvia and it is managed by FCMC. Resources of the Deposit Guarantee

Fund are accumulated from regular fees of deposit takers (banks, credit unions, Latvian branches of foreign banks) and revenues from the management of the resources of the Fund. If the Deposit Guarantee Fund does not have enough resources to pay guaranteed compensations, they are paid from the state budget.

The main purpose of the Deposit Guarantee Fund is to ensure payment of guaranteed compensations to depositors in the situations and according to the procedure provided by the Deposit Guarantee Law when their deposits are not available.

Guaranteed deposit

According to the law, a guaranteed deposit means funds in the account of a customer (both an individual and a legal entity) of a deposit taker (credit institution), in any currency, which the deposit taker (credit institution) must pay back to the customer as prescribed by the law or according to the provisions of the agreement signed by the depositor and the credit institution.

If the depositor has several guaranteed deposits with the credit institution, then the guaranteed deposit means the sum of all depositor's guaranteed deposits.

Guaranteed refund

A refund to a depositor is payable in the amount of the guaranteed deposit, but not more than EUR 100,000.00.

The steps to be taken by the depositor to receive guaranteed refund

Upon occurrence of the circumstance that requires payment of the guaranteed refund, the depositor shall follow instructions in regard to guaranteed refunding which are posted on the website of FCMC at www.fctk.lv and published in the official gazette *Latvijas Vēstnesis*. Individual applications in regard to guaranteed refunding are not accepted.

Prior to receiving the depositing service, the Bank provides the customer or potential customer with the opportunity to get acquainted with information about application of the customer investment protection system and the deposit guarantee system. The full text is available at the Bank's Internet homepage:

http://tkb.lv/assets/files/PDF/Documents_EN/06_Finansu_instrumenti/Klienta_apliecin_par_ais_sistemam_v1_ENG.pdf

and in the premises of the Bank.

10. Conflict of Interest Policy

Description of the Conflict of Interest Policy

The Bank has developed and implemented *Conflict of Interest Policy* in compliance with the requirements of the *Financial Instrument Market Law*. The Purpose of the Policy is to identify and prevent possible conflict of interest during provision of investment services and auxiliary investment services to customers.

The Bank takes all necessary steps to identify circumstances that cause or can cause conflict of interest, which, in its turn, poses a substantial threat or damage to interests of one or several customers and which has an impact on specific investment services and auxiliary investment services rendered by the Bank

	<p>or by a third party acting on behalf of the Bank. For the purpose of implementation of the Conflict of Interest Policy, the Bank ensures creation of the internal organizational structure that minimizes, to the extent possible, the possibility of occurrence of conflict of interest between the Bank, including its employees and officers who directly or indirectly control the Bank, and the customer, as well as among Bank customers. The Bank ensures the management, internal control and auditing of this structure.</p>
<p><i>Situations that can cause conflict of interest</i></p>	<p>Conflict of interest can occur, for example, in the following situations:</p> <ul style="list-style-type: none"> - when executing customer's orders and simultaneously performing transactions from its own account; - when performing simultaneously orders of two customers in regard to transactions with financial instruments; - when providing asset management services; - when providing consultations about investment services and auxiliary investment services; - when offering the customer financial instruments in regard to the distribution of which the Bank has concluded the distribution agreement and receives a commission fee.
<p><i>Measures to prevent conflict of interest</i></p>	<p>The Bank carries out the following measures intended for the prevention of conflict of interest:</p> <ul style="list-style-type: none"> - controls on an ongoing basis and eliminates information exchange between the Bank and associated parties, whose actions contain the risk of conflict of interest, if such information exchange can harm one or several customers; - monitors parties associated with the Bank whose major duties are performance of activities on behalf of the customers or provision of services to the customers or who represent other interests, including interests of the Bank, which can create a conflict of interest with customer's interests; - does not allow a direct correlation between remuneration or income received by persons associated with the Bank and providing different investment services, where conflict of interest can occur in the actions undertaken during the process of provision of investment services; - in accordance with internal regulatory documents of the Bank, implements necessary measures intended to eliminate or minimize inappropriate influence of third parties on the course of provision of investment services or auxiliary investment services; - controls on an ongoing basis and/or eliminates simultaneous or consecutive involvement of parties associated with the Bank in provision of various investment services or auxiliary

investment services, if this involvement may compromise proper management of conflict of interest;

- creates such organizational structure of the Bank that minimizes the possibility of occurrence of conflict of interest situations.

In order to prevent occurrence of conflict of interest situations, the Bank:

- creates and maintains a register for information about transactions performed by parties associated with the Bank;
- prohibits to carry out personal transactions to the Bank employees who are involved in investment research or have information about the content of investment research that is not publicly available.

Prior to the performance of transactions with financial instruments, the customer should read information about the Bank's Conflict of Interest Policy, the full text of which is available in the Bank's website:

http://tkb.lv/assets/files/PDF/Documents_EN/06_Finansu_instrumenti/Interesu_konfliktu_darb_ar_fin_instrum_noversanas_politika_v5_ENG.pdf

and in the premises of the Bank.

11. Individual management of financial instruments based on authorization given by the customer

Information about the methodology used for valuation of customer's portfolio performance

The customer is explained the methodology used for valuation of his portfolio performance prior to receiving an offer regarding the service of individual management of financial instruments based on authorization.

Information about the valuation methodology and frequency of valuation of financial instruments included in customer's portfolio

When the customer receives an offer about the service of individual management of financial instruments based on authorization, he/she is explained the methodology used for valuation of financial instruments included in the financial instrument portfolio and how often the valuation is done.

Information about types of financial instruments that can be included in the customer's financial instrument portfolio and types of transactions that can be performed with these financial instruments, including information on any restrictions concerning collection of information

Information is provided in the respective investment service agreement and in the draft of appendices to the agreement, which the Bank provides to the customer for review prior to signing the agreement.

Information about goals of portfolio management, degree of risk related to implementation of manager's freedom of action, and limitations set for the above freedom of action

Information is provided in the respective investment service agreement and in the draft of appendices to the agreement, which the Bank provides to the customer for review prior to signing the agreement.

The Bank does not delegate to any third party management of financial instruments included in the customer's portfolio or a part of these financial instruments.

12. Financial instruments

What are financial instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or capital securities of another party and that are defined

	in the <i>Financial Instrument Market Law</i> .
<i>Types of financial instruments</i>	Simple financial instruments Derivative (complex) financial instruments
<i>Risks related to certain financial instruments</i>	<p><u>Simple financial instruments</u></p> <p><i>Ordinary and preferred shares</i> The customer may purchase shares with the purpose to sell them at a later time for a profit. However, there is no guarantee that income will be generated, since the price of shares depends on various factors: successful performance of the company and the industry, the situation in the country and in international markets, etc. As a result, it is possible to lose the invested money partially or fully, if the company becomes insolvent. Investing in shares is related to the dividend payment risk if the company decides not to pay dividends. The liquidity risk is quite substantial as well.</p> <p><i>Debt financial instruments</i> Buying debt financial instruments, the customer plans to earn from interest payments and/or from increase of the market price of the instrument. There is a probability that the issuer will not be able to repay the principal and/or coupon (credit risk), if the issuer goes bankrupt. If interest rates increase, the price of the debt financial instrument decreases. The price of debt financial instruments with fixed income, which have a lower coupon and a longer maturity, changes more than the price of debt financial instruments with a higher coupon and shorter maturity. An investor may lose part of his investment, if the debt financial instruments are sold before the maturity date. The liquidity risk is quite substantial as well. Debt financial instruments can be structured. The price of structured debt instruments in the secondary market also depends on fluctuations in the price of the underlying asset. There may be a risk of losing principal of the investment and not receiving income. Possible risks are described in the section "Structured Financial Products".</p> <p><i>Investment Funds</i> Investment funds may have different levels of risks, depending on into which segments of financial markets and into which financial instruments investments are made. Money and bond funds are safer (they have smaller fluctuations in the share value), while balanced and equity funds have a higher risk (greater fluctuations in the share value), which, in turn, allows you to earn more. The purpose, category, investment restrictions, the level of risk of the investment fund as well as costs are described in the prospectus of the respective Fund.</p> <p><u>Derivative (complex) financial instruments</u> Since there are a huge variety of these instruments depending on the underlying asset of the transaction, a risk profile of each financial instrument should be</p>

assessed separately. The mechanism of *leverage* is applicable to many derivatives. This means that the investor pays only a fraction of the investment with his own money (it can be paid premium or initially paid margin) and uses borrowed funds, which multiplies both his potential gains and losses.

Futures

Risks related to futures are the price volatility risk, the liquidity risk and interest rate risk. OTC futures are also exposed to the counterparty risk.

Options

Option buyer's risk is limited as the premium paid at the time of conclusion of the contract is the only unavoidable expense incurred by the option buyer. Meanwhile, option seller's risk is unlimited. Other financial risks associated with options include the price volatility risk, the liquidity risk and interest rate risk. An option loses its value if it is not sold before expiration. OTC options are also exposed to the counterparty risk.

Swaps

The main risk of currency swaps is the interest rate risk. Other risks include the currency risk, which is limited only to the difference between the interest payable, the liquidity risk and the counterparty risk. In case of unfavorable changes in prices of financial instruments, the counterparty can require additional collateral. The main risks of interest rate swaps are the interest rate risk and the counterparty risk.

Structured Financial Products

Each structured product has a different risk profile. Since there are a great variety of various combinations, it is impossible to describe a risk profile of each structured product. The customer will be informed about risks associated with structured products upon conclusion of each contract.

<i>Information about margin requirements</i>	<p>When a margin is required for trading with financial instruments, it should be taken into consideration that if the price of the underlying assets drops, the margin, from which losses are deducted, becomes smaller than the maintenance margin, in this case the investor receives a margin call, and he has to replenish his margin account the required level. Where the investor fails to replenish his margin account, the Bank has the right to close investor's position at the current market price and cover losses from the funds of the margin account.</p> <p>A margin is a part of the financial leverage mechanism. Every time the investor borrows money to make an investment into financial instruments, it multiplies both his potential gains and losses, which is why this concept is called "leverage".</p>
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Prior to the performance of transactions with financial instruments, the customer should read

information about the risks associated with financial instruments which is posted on the Bank's Internet homepage:

http://tkb.lv/assets/files/PDF/Documents_EN/06_Finansu_instrumenti/Interesu_konfliktu_darb_ar_fin_instrum_noversanas_politika_v5_ENG.pdf

and is available in the premises of the Bank.

13. Safe keeping of customer's financial instruments and money

Providing the service of safe keeping of customer's financial instruments and money, the Bank keeps customer's financial instruments in the book-entry form in the electronic accounting system that meets requirements of the statutory enactments of the Republic of Latvia. The Bank keeps financial instruments and money that are the property of customers separately from financial instruments and money owned by the Bank.

Information about safe keeping of customer's financial instruments and money with a third party and information about application of laws and regulations of another country to safe keeping of customer's financial instruments and money

Providing the service of safe keeping of customer's financial instruments and money, the Bank is entitled to engage third parties (incl. from EU or other countries) by entering into agreements with them in regard to safe keeping of financial instruments and money. When the Bank makes a decision about the third party to be selected for keeping customer's financial instruments and money, it assesses with due skill and care that party's expertise and reputation in the financial market as well as requirements and market practices of the respective country as applicable to safe keeping of customer's financial instruments and money which can adversely affect interests of the customer. Once a year, the Bank reassesses the expertise of the selected party and the terms of safe keeping of customer's financial instruments and money.

The customer must realize that if a third party is involved in the provision of the service of safe keeping of financial instruments and money (incl. from EU or elsewhere), customer's financial instruments and money will be kept in accordance with the rules of the third party (Bank's business partner) and these rules are binding upon the customer. The Bank advises its customers that in this case customer's financial instruments and money can be exposed to additional risks associated with a failure to meet its obligations or insolvency of the third party holding customer's financial instruments and money. The application of laws and regulations and market practices of a foreign country, which may significantly differ from the regulatory enactments and market practices of the Republic of Latvia, can also expose the customer to some risks.

Information about safe keeping of customer's financial instruments in a nominal account of a third party

Providing the service of safe keeping of customer's financial instruments, the Bank is entitled to keep customer's financial instruments in a nominal account opened at the third party (Bank's business partner) in which financial instruments of several customers are held together. The Bank ensures that customer's financial instruments are identified separately from financial instruments owned by the third party or the Bank. Accounts with different names registered in the accounting documents of the third party or similar

	<p>measures providing the same level of protection are used for this purpose.</p> <p>The Bank advises its customers that in this case customer's financial instruments can be exposed to additional risks associated with a failure to meet its obligations or insolvency of the third party holding customer's financial instruments. The application of laws and regulations and market practices of a foreign country can also expose the customer to some risks.</p>
<p><i>Information about safe keeping of customer's financial instruments with a third party without ensuring that customer's financial instruments held at the third party are identified separately from financial instruments of the third party or the Bank</i></p>	<p>Providing safe keeping of customer's financial instruments, the Bank is entitled to keep customer's financial instruments in a nominal account opened at the third party (Bank's business partner), in which financial instruments of several customers are held together, without ensuring that customer's financial instruments are identified separately from financial instruments of the third party or the Bank.</p> <p>The Bank advises its customers that in this case customer's financial instruments can be exposed to additional risks associated with a failure to meet its obligations or insolvency of the third party holding customer's financial instruments. The application of laws and regulations and market practices of a foreign country can also expose the customer to some risks.</p>
<p><i>Information about the right of the Bank or the third party holding customer's financial instruments or money to encumber customer's financial instruments and money</i></p>	<p>The Bank and the third party (Bank's business partner), with which the Bank holds customer's financial instruments or money, have the right to encumber customer's financial instruments and money.</p>
<p><i>Information about the netting rights of the Bank or the third party, with which the Bank holds customer's financial instruments or money, with regard to customer's financial instruments and money</i></p>	<p>The Bank and the third party (Bank's business partner), with which the Bank holds customer's financial instruments or money, have the netting rights with regard to <i>customer's financial instruments and money</i>, if the right of claim arises out of the customer's operations (or operations of other customers - in the event that customer's financial instruments are held in the nominal account together with financial instruments of other customers).</p>