

**Card and an Account****1. Terms used in the Terms and Condition of the Agreement and their Definitions**

The terms used in these Terms and Conditions of the Agreement refer both to the singular and plural forms. Chapter headings are provided solely for ensuring comprehensiveness of the Terms and Conditions of the Agreement and they shall not be used for interpreting the content of the Agreement and the Terms and Conditions.

**Bank** - AS Expobank, Registration Number 40003043232, Registered Address at Krišjāņa Valdemāra iela 19, Riga, LV-1010, Latvia, electronic mail address info@expobank.eu, website on the Internet www.expobank.eu. The Bank's operation is supervised by the Financial and Capital Market Commission in compliance with the procedure stipulated by regulatory enactments.

**ATM** – an electronic device that accepts Cards for cash withdrawal as well as providing certain other Services.

**CVC** – *card validation code*, the Card security (authentication) code consisting of three digits and stated on the Card in the Cardholder's signature area. The Cardholder uses the CVC code for authentication of online Transactions.

**Transaction** – cash withdrawal, payment for goods or services at Merchants using the Card or its data, as well as executing wire transfers, establishing other liabilities resulting in debiting or crediting the Account.

**Financial collateral** – all of the Customer's financial funds and financial instruments that are or will be held on the Customer's accounts with the Bank, including the Security deposit pledged in favour of the Bank to guarantee all of the Bank's claims arising from the Agreement.

**Internet banking system** – a remote Account and Service management tool provided by the Bank and used by the Customer for online exchange of information between the Parties, including application for modifications in the Service, the Agreement and its Terms and Conditions.

**Statement** – an electronic Account Statement prepared by the Bank providing information on the Transactions executed by the Cardholder, withheld fees according to the Rates, as well as reflecting other movement of funds on the Account.

**Card** – an international payment card (Mastercard Standard or Mastercard Gold) issued by the Bank and owned by the Bank provided for use by the Cardholder in compliance with the Agreement and its Terms and Conditions, all jointly and each separately.

**Cardholder** – the Customer or a natural person specified by the Customer in the Application, to whom the Bank issues a Card/ Additional Card and whose name and surname is specified on the Card/ Additional Card.

**Customer** – a natural person, Account holder, who filled in and signed the Application and concluded (signed) the Agreement with the Bank.

**Account** - the Customer's current account with the Bank to which the Card is linked and the funds in which are used for executing Transactions, and from which the Bank debits payments due under the Agreement.

**Credit repayment term** – the date, by which the Customer should repay all the actually used Credit to the Bank, including the Credit Limit overdraft and all the payments related thereto and payable to the Bank under the Agreement.

**Credit interest** - the interest specified in the Tariffs for the Credit actually used by the Customer and the Credit Limit overdraft payable by the Customer to the Bank under the Agreement.

**Credit Limit overuse** – the debit (negative) Account balance exceeding the Credit Limit granted to the Customer, or the entire debit balance of the Account, if no Credit Limit has been granted to the Customer. The Credit Limit overuse may also occur if the Bank deducts payments due to it in compliance with the Agreement from the Account if the funds necessary for executing these payments are not available on the Account.

**Credit Limit** – the amount applied for by the Customer and approved by the Bank (permitted credit limit) which may be used by the Customer/ Cardholder for executing Transactions in addition to the Customer's funds on the Account. If the Credit has not been granted it is deemed to be equal to 0 (zero) for the purpose of the present Agreement.

**Credit** – a renewable loan granted by the Bank to the Customer available on the Account, thus allowing using the Bank's funds for Card Transactions within the framework of the Credit Limit granted by the Bank in addition to the Customer's funds on the Account.

**Agreement** – the written agreement between the Bank and the Customer on opening of the Card Account, issuing of the Card, using and servicing of the Card and the Account. The Agreement consists of the Application, the Terms and Conditions, the Tariffs and the Bank's General Regulations for Provision of Banking Services.

**Penalty** – the Customer's additional payment to the Bank for exceeding the Credit Limit as provided by the Tariffs. Payment of the Penalty does not release the Customer from performance of the liabilities provided by the Agreement.

**Mastercard Worldwide** – an international payment card organisation that authorises the Bank to issue Cards and ensures issuance and acceptance of Cards according to unified standards worldwide. See more information: <http://www.mastercard.com>.

**Minimum balance** - the balance of funds on the Account up to which the Customer authorises the Bank to supplement the Account once a month during the first three days of a calendar month by transferring funds from the Customer's other account with the Bank to the Account in compliance with the order filled in with the Application. The minimum balance may be equal to zero.

**Security deposit** – the Customer's deposit of funds on the Security deposit account with the Bank pledged in the Bank's favour and serving as the Financial collateral for securing all the Bank's claims arising from the Agreement.

**Security deposit account** - an account opened by the Bank on the Customer's name and to which the Bank transfers the Security deposit amount from the Customer's current account in compliance with the Agreement.

**Settlement day** - the last business day of a calendar month when the assessed Credit Interest for the Credit used during the Settlement period and the fees related to the issue and service of the Card according to the Tariffs are debited from the Account.

**Settlement period** - a time period starting on the next day following the Settlement day and ends on the next Settlement day.

**Terms and Conditions** – the present Terms and Conditions of the Agreement on Use and Service of a Payment Card and an Account (Part II of the Agreement), including further amendments and supplements thereof and being an indispensable part of the Agreement.

**Service** - opening and servicing of the Account, issue and servicing of the Card, provision of execution of Transactions and their processing, as well as other Bank services related to the Card and the Account.

**Debt amount** - the debit (negative) balance of funds on the Account at the end of the last business day of the Settlement period plus assessed Credit interest for the Credit used during the Settlement period, the Penalty (if applicable), and including other payments due to the Bank in compliance with the Agreement.

**Additional card** – each next Card linked to the Account which is issued by the Bank to the natural entity specified in the Customer's Application. The provisions of the Agreement applicable to the Card are applied to the Additional Card.

**Application** - the Bank's standard document "Application for Opening of the Payment Card Account and Receipt of the Card" signed and submitted by the Customer attesting his/ her will to sign the Agreement for receipt of the Service and detailing the special provisions of the Agreement. The Application is an indispensable part of the Agreement.

**PIN code** – a personal identification number used by the Cardholder as a signature (means of identification) for confirming Transactions at ATMs and other devices accepting the Card as a means of payment.

**Parties** – the Bank and the Customer jointly, each separately referred to as the Party.

**Tariffs** – the Bank's effective tariffs for the Bank's transactions and other services at the moment of receipt of a Transaction or another Service, inter alia providing fees for the issue and service of the Card, Transactions, use of the Credit and other fees paid by the Customer to the Bank in compliance with the procedure defined by the Agreement. The Tariffs are an indispensable part of the Agreement.

**Spending limit** – the restrictions set by the Bank for Card transactions according to the transaction type, amounts and periods and other characteristics. Standard spending limits are defined by the Tariffs.

**Merchant** – a person or an association of persons who accept the Card as a means of payment for goods or services.

**One Time Password** – an additional password for secure purchases on the Internet which may be required at the moment of the Transaction for verification of the Cardholder's identity. The password is unique and is sent as an SMS to the Cardholder's mobile phone number provided to the Bank at the moment of executing the Transaction.

## **2. General Provisions**

2.1. The service and use of the Account and the Card and execution of Transactions is governed by the Agreement, the Bank's General Regulations for Provision of Banking Services, the Bank's Privacy and Personal Data Protection Policy, the effective legislation of the Republic of Latvia, including the Credit Institution Law, the Law on Payment Services and Electronic Money, Consumer Rights Protection Law, the

regulations and instructions of the Bank of Latvia and the Financial and Capital Market Commission, the regulatory documents approved by Mastercard Worldwide.

2.2. The Parties are liable for non-performance or undue performance of the Agreement in compliance with the procedure defined by the Agreement, the Terms and Conditions and the legislation of the Republic of Latvia. The Customer is liable for all the Agreement liabilities of the Cardholder.

2.3. Hereby the Customer agrees that the Bank is entitled to process personal data of the Customer/Cardholder, including to request, to provide and to receive the Customer's personal data from any third parties, including the database of the Credit Register of the Bank of Latvia and other databases established in accordance with the procedure defined by the effective legislation of the Republic of Latvia if the Bank believes that it is necessary for establishing and amending the legal relationship between the Customer and the Bank or for ensuring fulfilment of the Bank's liabilities in compliance with the Agreement. The Customer agrees that his/ her personal data are transferred to third parties if the Bank believes it is necessary for provision of the Service or recovery and collection of the debt.

2.4. Hereby the Customer has been made aware of and agrees that the Bank requests and provides information about the Customer, the Customer's liabilities and fulfilment thereof regarding the Agreement from/ to the Bank of Latvia and other institutions in compliance with the legislation of the Republic of Latvia, including the Law on Credit Institutions, the Law on the Credit Register and the Regulations on the Credit Register approved by the Bank of Latvia in compliance with the procedure and scope defined by the above referred legal enactments. The Customer may receive information about himself/herself, his/her liabilities and fulfilment thereof included in the Credit Register as prescribed by the Regulations on the Credit Register of the Bank of Latvia. Regulations of the Credit Register are available to the Customer on the website of the Bank of Latvia [www.bank.lv](http://www.bank.lv) / [www.likumi.lv](http://www.likumi.lv).

2.5. The Customer understands and agrees that in order to provide Card Transactions the Bank also uses services of third parties acting upon the Customer's order and ensuring servicing of the Card/Account. The Bank is not liable for the Customer's losses and incurred damage, as well as any inconvenience caused by third parties via whom Transactions are provided.

2.6. Hereby the Customer agrees that the Bank's notifications and other information in relation to the Agreement will be sent to the Customer by using the Internet Banking or to the Customer's address specified in the Application or provided later in writing/ on the Internet Banking, unless stated otherwise in the present Agreement. The Parties agree that the Bank shall notify the Customer of amendments to the Agreement (Terms and Conditions, Tariffs) and Service via the Internet Banking system. All notifications sent by the Parties via the Internet Banking system are binding upon the Parties and become an indispensable part of the Agreement.

2.7. For the purpose of phone communication with the Customer/ Cardholder, for example, in order to receive information about the Card or Transactions, to suspend (block) and/ or restore (unblock) the Card, as well as for performance

of other actions accepted by the Bank, the Bank identifies the Cardholder by using the password for remote identification of the Cardholder stated in the Application. Still, the Bank is also authorised to use the data stated for identification of the Customer/ Cardholder in other service agreements signed between the Bank and the Customer/ Cardholder or applicable in compliance with the Bank's General Regulations for Provision of Banking Services for the purpose of identification of the Customer/ Cardholder over the phone.

### **3. Application, Signing of the Agreement**

3.1. By submitting the Application, the Customer/ Cardholder attests as follows:

- it has provided accurate, complete, true information corresponding to the actual circumstances to the Bank;
- the Customer and the Cardholder will not use the Bank's Services for attaining unlawful objectives, including money laundering/ terrorism financing;

3.2. The Customer attests as follows:

- the source of origin of funds on the Account is/ will be legal/ lawful;
- the opening of the Account, the issue and use of the Card and the use of Services will be in the Customer's interest and not in the interests/ according to an assignment of another person for the purpose of not disclosing such a person's identity.

3.3. The Customer submits a filled in and signed Application in 2 (two) original counterparts and other documents required for the issue of the Card and prepared in compliance with the Bank's requirements to the Bank. If the Customer wishes to use the Credit, he/ she should submit documents attesting his/ her solvency upon the Bank's request.

3.4. The Agreement is deemed to have been concluded and entered into force as of the moment when the Bank has approved the Application, opened the Account for the Customer and produced the Card for the Customer/Cardholder. The Bank provides the European consumer credit information to the Customer who is a consumer under the Consumer Rights Protection Law (hereinafter referred to as the Consumer) and who wished to use the Credit prior to signing the Agreement, if this is necessary, in compliance with the legal requirements.

3.5. The Bank is authorised to refuse signing of the Agreement to the Customer and issue of the Card to the Customer/ Cardholder without explaining the reason behind the refusal.

### **4. Issue and Use of the Card**

4.1. The Card is the Bank's property passed for use to the Cardholder by the Bank for the purpose of executing Transactions within the limits of the funds on the Account in compliance with the Agreement. Transactions can only be executed by means of an active Card/ Additional Card, except wire transfer of funds from the Account to another own account with the Bank. The Card is issued in the currency of the Account. In compliance with the Agreement the Card and several Additional Cards may be linked to the Customer's Account. The Additional Card possesses the same functions as the Card if the present Agreement does not provide to the contrary. The funds on the Account to which the Cards are linked are jointly available for all the Cards. The Customer is only authorised to transfer the funds from the Card Account to the Customer's another current account with the Bank.

4.2. The Bank issues to the Customer/ Cardholder the Card/renewed Card/replaced Card together with the unopened envelope containing the PIN code. The PIN code is confidential and is an indispensable part of the Card issued for use exclusively to the Cardholder. The Card is a plastic card with a magnetic strip and a chip and the following information is specified on it: the Card number, the validity term (month, year), the Cardholder's name, surname, and the CVC code. Upon receipt of the Card, the Cardholder signs on the Card's signature panel.

4.3. The Card is deemed to have been received when the Bank has received a signed confirmation of receipt of the Card and the PIN code from the Customer/ Cardholder or the Customer has notified the receipt of the Card and the PIN code to the Bank via the Internet Banking system.

4.4. The Card may only be used for Transactions by the person whose name, surname and signature are present on the Card. The Customer is aware of and understands that the Customer's/ Cardholder's signature on the Transaction document/ entry of the PIN code/ One Time Password/ entry of other Card data on websites if the Merchant does not require the One Time Password/ connection or bringing of the Card possessing the contactless functionality to a device allowing processing of the Card data within the set limit with or without entry of the PIN code, is an authorised transaction and confirmation of the Transaction amount and the Cardholder's consent to the Transaction, thus creating the payment obligation to the Customer.

4.5. By using the Card in an ATM or at the Merchant whose sales point is equipped with a device suitable for verification of the PIN code, the PIN code replaces the Cardholder's signature and is deemed sufficient identification of the Cardholder and serves as the means of approval of the Transaction.

4.6. When the Card is used for executing Transactions on the Merchant's websites, the One Time Password and/ or the CVC code (on the Merchants' websites where the One Time Password is not required) replaces the Cardholder's signature and should be deemed sufficient for the Cardholder's identification and serve as the means of confirming the Transaction. The Customer/ Cardholder is aware of and understands that the Cardholder sends the Card data to the Merchant in case the online Transaction is made without the One Time Password.

4.7. Upon receipt of information regarding a confirmed (authorised) Card Transaction performed by the Cardholder, the Bank blocks (reserves) funds equal to the Transaction amount and other amounts necessary for execution of the Transaction in compliance with the Tariffs on the Account until confirmation about the Transaction is received from the Merchant. Upon receipt of the confirmation of the relevant Transaction from the Merchant, the Bank debits the previously blocked (reserved) amount from the Card Account.

4.8. The Bank does not return funds to the Customer for disputed Transactions if the Cardholder has been identified and the Cardholder has confirmed the Transaction in accordance as prescribed in the Terms and Conditions or if the Customer/ Cardholder has acted negligently or unlawfully. The funds debited from the Account in the result of Transactions executed by using the Card unlawfully are returned to the

Customer- Consumer in compliance with the Law on Payment Services and Electronic Money.

4.9. The Card is valid until the validity term (mm/yy) stated on the Card, i.e. until the last day of the stated month, inclusive. The Bank is authorised to make a new Card upon expiring of the Card's validity term if the Customer has not refused the Card 1 (one) month prior to the expiring of the Card's validity term in writing or via the Internet Banking system. If the Customer/ Cardholder has failed to receive the Card within 2 (two) months following its production, the Bank is authorised to cancel the Card without repaying any withheld commission fees stated in the Tariffs in compliance with the Agreement.

4.10. The Bank is authorised not to renew the Card after expiring of the Card's validity term if there are not sufficient funds on the Account for deducting the regular annual fee of the Card, if the Customer has other outstanding payment obligations towards the Bank and also if the Customer has not executed any Card Transactions during the last 6 (six) months, or if the Bank finds that the Customer/ Cardholder has breached the Terms and Conditions of the Agreement.

#### **5. Restriction of Rendering of the Service**

5.1. The Bank is authorised to unilaterally set restrictions of the Spending Limit and also restrictions of the number of Transactions per day/ month in order to improve the security of the Customer's funds on the Account. The Customer may receive information about the amount of the Spending Limit by contacting the Bank, including via the Internet Banking System. Information about standard Spending Limits is available in the Tariffs. The Bank may amend the Spending Limit based on the Customer's application. The Bank is authorised not to approve and not to amend the Spending Limit applied for by the Customer.

5.2. The Bank is entitled to unilaterally set restrictions for Transactions on the Internet. The Bank is authorised to ban Transactions on the Internet if the Card is not registered/ the Card cannot be registered for receipt of the One Time Password.

5.3. The Bank is authorised to reduce or cancel the permitted Credit Limit and to request the Customer to repay the used Credit and to pay the payments due to the Bank in compliance with the Agreement, to terminate rendering of the Service (including suspending the Card, not renew the Card after the expiring of the Card's validity term) at its own discretion, unilaterally, without notifying the Customer in advance in the following cases:

5.3.1. if the Customer delays any payment obligation according to the Agreement or does not perform any other obligation towards the Bank for more than 10 (ten) business days if the relevant agreement with the Bank does not define another term;

5.3.2. if the Bank has information about major deterioration of the Customer's financial condition or if there are other circumstances affecting the Customer's solvency;

5.3.3. in other cases stipulated by other mutual agreements of the Parties and the Bank's General Regulations for Provision of Banking Services.

5.4. The Bank is authorised to suspend the Card unilaterally if the Bank has information on any possible or existing threats or other circumstances outside the scope of any impact or control by the Bank and which could affect the security, safety, confidentiality of the deposits of the Customer/ Cardholder and/or other customers of the Bank or Services or

cause damage. In this case the Bank notifies the Consumer - Customer and/ or Cardholder of suspension of the Card and the causes behind it, if possible, prior to the envisaged suspension of the Card, however, immediately following the suspension, except cases when provision of information would endanger justified security considerations or is prohibited in compliance with the requirements of the regulatory enactments of Latvia.

5.5. The Bank does not repay the received payments provided by the Agreement to the Customer upon suspending provision of the Service. Suspension of the Service due to any reasons does not release the Customer from the obligation to pay all the amounts due to the Bank in compliance with the Agreement to it, to perform all the obligations under the Agreement incurred until the moment of suspension of the Service and to cover the incurred loss and caused damage to the Bank.

5.6. The Service (provision) is restored at the moment when the Customer/ Cardholder has eliminated breaches of the Terms and Conditions of the Agreement, except the case when the Bank has notified the Customer of termination of the Agreement or the Customer has refused the Card.

#### **6. Obligations and Liability of the Customer and the Cardholder**

6.1. The Customer is obliged:

6.1.1. to comply with and to perform the Agreement and to ensure that the Cardholder is familiarised with the Agreement, including its Terms and Conditions and the Tariffs, and complies with and performs them;

6.1.2. to hand over the Card and the unopened envelope containing the PIN code for use to the Cardholder if the Customer is not the Cardholder;

6.1.3. upon the Bank's request, to present and submit all the documents and information requested by the Bank and to notify the Bank immediately of any changes in the submitted information. The Customer is responsible for the correctness and completeness of the documents and information submitted to the Bank and its correspondence to the actual circumstances.

In case of provision of delayed, false or incomplete data the Bank does not assume liability for loss and damage caused to the Customer and the Customer reimburses all the loss and damage to the Bank in this case.

6.1.4. to control the use of the Account and the Credit (if granted);

6.1.5. to ensure that on the Settlement day there are sufficient funds on the Account for executing the payments due to the Bank in compliance with the Agreement;

6.1.6. to check the Account Statement available on the Internet Banking System or received electronically in compliance with the Agreement minimum once a month;

6.1.7. to notify the Bank of any found differences between the actually executed Transactions and the Transactions/ their amounts presented in the Statement in writing or via the Internet Banking System immediately, however, latest within 15 (fifteen) days after the Settlement day. The Bank may reject and not review the Customer's objections, claims and complaints related to the disputed Transaction after the term defined by the present Clause of the Agreement;

6.1.8. to execute the payments due to the Bank for provision of the Service to it in compliance with the Agreement. Failure

to receive or to examine the Account Statement does not release the Customer from the obligation to pay the amounts due to the Bank in compliance with the Agreement to it and does not release the Customer of any other obligations and liabilities assumed by the Customer in compliance with the Agreement;

6.1.9. to cover any expenses and loss, as well as to reimburse cause damage incurred by the Bank in the result of the Cardholder's careless, negligent or unlawful handling of the Card;

6.1.10. to follow up on amendments of the Agreement (including the Terms and Conditions, Tariffs, the Bank's General Regulations for Provision of Banking Services) by checking the Bank's website [www.expobank.eu](http://www.expobank.eu) or visiting the Bank, or contacting the Bank in any other way minimum once a month. The procedure of notification of amendments to the Agreement and the procedure of termination of the Agreement if the Customer does not agree to the amendments to the Agreement is defined by the Bank's General Regulations for Provision of Banking Services. If the Agreement is terminated in compliance with the procedure defined by the present Clause, Clause 11.2 of the Agreement is followed. If the Customer has not requested termination of the Agreement in writing within 2 (two) months following publication of amendments it is deemed that the Customer has accepted modifications and recognises them as binding for himself/ herself.

6.2. The Customer is fully liable for the following:

6.2.1. compliance with the Agreement and performance of the obligations provided by the Agreement, as well as for compliance with the Agreement by the Cardholder;

6.2.2. all the Transactions with the Card issued to the Cardholder executed in compliance with the Agreement, as well as if the Customer or the Cardholder has acted unlawfully or negligently, including if:

6.2.2.1. the Card has been lost, stolen or is not in possession in any other manner or the Card's PIN or other data have become known to the third party and the Cardholder or the Customer has not notified the Bank or the Service Provider thereof in compliance with the procedure defined by Clause 9 of the present Terms and Conditions;

6.2.2.2. the Customer or the Cardholder has transferred the Card or its data to a third party.

6.3. The Cardholder is obliged:

6.3.1. to sign the Card in the Card's signature sample area on the backside of the Card immediately upon receiving the Card;

6.3.2. not to disclose the PIN code to any other persons, not to write it on the Card and not to store it with the Card;

6.3.3. to store the Card and Card data similar to cash/ securities and other valuables, not to permit possession of the Card by third parties; not to transfer the Card and Card data into the possession of third parties if this is not directly necessary for execution of a Transaction;

6.3.4. to protect the Card against high or low air temperatures, impact of the electrical magnetic field and mechanical damage;

6.3.5. not to use the Card for attaining unlawful goals;

6.3.6. upon executing a Transaction, to assure whether the stated amount of the Transaction corresponds to the Transaction to be actually performed;

6.3.7. in compliance with the procedure defined by Clause 9 of the Terms and Conditions, to report the loss, theft or another loss of possession of the Card and also suspicion that the PIN code and/ or other Card data have become known to a third party immediately;

6.3.8. not to exceed the Spending Limit;

6.3.9. not to use the Card after the end of its expiry term;

6.3.10. not to use the Card when a relevant instruction thereof has been received from the Bank;

6.3.11. to deliver the Card to the Bank upon the Bank's request;

6.3.12. to transfer a Card not useful for Transactions or to destroy it in a manner preventing reconstruction.

## **7. Rights and Obligations of the Bank**

7.1. The Bank adopts a decision on signing the Agreement within 5 (five) business days following receipt of a signed Application, i.e. opening of the Account and issue of the Card.

7.2. The Bank is entitled to issue the Card and the PIN code to the Customer's authorise person who has been authorised in a form acceptable to the Bank.

7.3. The Bank is authorised to send an inactive Card and the PIN code to the Customer's stated postal address.

7.4. In order to enable the Cardholder to execute on-line payments with the Card on the Internet, the Bank is authorised to register the Card in the additional security system for receipt of the One Time Password. The One Time Password is sent to the Cardholder to the mobile phone number specified in the Application. The Bank is authorised to reject any Transaction on the Internet if the Cardholder's mobile phone number is not specified in the Application and the Customer has not notified the Bank regarding the necessity to register the Card for secure purchases by sending an application containing the data necessary for registration via Internet Banking system.

7.5. The Bank is not responsible for the Customer's loss and inconvenience and any damage caused by a Merchant or other third parties via whom a Transaction is provided. The Bank is not liable for the Merchant's refusal to accept the Card. The Bank is not responsible if faults or problems of ATM/ communication/ Internet/ technical connections or restrictions or limits of Transactions set by any third party cause non-execution or partial execution of Transactions, thus affecting the interests of the Customer or the Cardholder or causing any loss to them.

7.6. The Bank is not liable for the Customer's loss and the damage caused to the Customer if these have resulted from the Cardholder's careless, negligent or unlawful handling of the Card.

7.7. The Bank is authorised to modify the Agreement (including Terms and Conditions and Tariffs) and the procedure of provision of the Service unilaterally. The above amendments are implemented in compliance with the Bank's General Regulations for Provision of Banking Services.

7.8. The Bank is entitled to suspend the Card immediately if:

7.8.1. the Card is reported as lost or stolen;

7.8.2. the validity term of the Customer's documents at the Bank's disposal has expired and the Customer has not submitted valid documents for replacement thereof;

7.8.3. an insolvency or a legal protection process is initiated against the Customer;

7.8.4. the Bank has received information that the Card or the Card data have got into the possession of third parties;

7.8.5. the Bank suspects unauthorised use of the Card or its data;

7.8.6. the Bank has suspicions about the Card counterfeiting;

7.8.7. the Bank suspects the use of the Account or the Card for money laundering/ terrorism financing.

In this case the Bank notifies the Consumer - Customer and/ or Cardholder of suspension of the Card and the causes behind it, if possible, prior to the envisaged suspension of the Card, however, immediately following the suspension, except cases when provision of information would endanger justified security considerations or is prohibited in compliance with the requirements of the regulatory enactments of Latvia.

7.9. The Bank is authorised to cancel and/ or destroy the Card if:

7.9.1. the Customer has not confirmed receipt of the Card and/ or activated the Card within 2 (two) calendar months following its production;

7.9.2. this is the Card which has been replaced by a new Card and a confirmation of receipt of the new Card has been received;

7.9.3. the Card has been withheld in ATM;

7.9.4. the Card was delivered to the Bank by a third party.

## **8. Settlements**

8.1. The Customer hereby undertakes to pay the Card Annual Fee defined by the Tariffs to the Account latest within 5 (five) business days after conclusion (signing) of the Agreement. The Bank is authorised to debit funds from the Account without the Customer's particular order for all the payments due from the Customer as provided for by the Terms and Conditions of the Agreement and the Tariffs, including by increasing the negative balance of the Account.

8.2. Hereby the Customer irrevocably authorises and grants the right to the Bank to debit funds from the Account, and if these are not sufficient, also from the Security Deposit account or any Customer's account with the Bank, without the Customer's particular order, regarding all the amounts consisting of Transactions, interest, the fees specified in the Tariffs, as well as other fees due to the Bank in compliance with the Agreement, other relevant and fair remuneration set by the Bank for the services provided to the Customer and not specified in the Tariffs, which have been necessary for executing the Customer's order to the Bank and also for covering the loss incurred by the Bank in the result of the use of the Card as well as non-compliance with the Terms and Conditions of the Agreement.

8.3. The Annual Fee of the Card in compliance with the Tariffs is paid by the Customer to be Bank in advance for every next year. The Bank reserves it on the Account in each calendar year month when the Card was issued and debits from the Account on the Settlement day of this month.

8.4. The Bank reserves the amount of a Card purchase or cash transaction and the fee for the relevant service defined by the Tariffs at the moment of execution (authorisation) of this Transaction and debit it from the Account after the Transaction confirmation from the Merchant has been received. If the Bank does not receive the Transaction certification from the Merchant within 14 days as from the moment of execution of the Transaction, the reserved funds become available to the Customer again. Automated

cancellation of the reserved amount does not affect the approval of the Transaction and the Customer should provide funds on the Account for executing the Transaction and the fee for this transaction as provided for by the Tariffs, except if the Merchant has cancelled the Transaction.

8.5. If the transaction currency differs from the Account currency, the Transaction amount is exchanged to the Account currency without notifying the Customer in advance in compliance with the exchange rate set by Mastercard Worldwide at the moment of the Transaction (<https://www.mastercard.com/global/currencyconversion/index.html>) and in compliance with the foreign currency exchange rate set by the Bank on the day when the Transaction amount is debited from the Account, additionally applying the currency conversion mark-up defined by the Tariffs. The Transaction amount reserved on the Account may differ from the Transaction amount debited from the Account in the result of the currency rate fluctuations. Information on the currency exchange rate applied to the debited Transaction is provided to the Customer in the Account Statement available in the Internet Banking system.

8.6. The Bank calculates the Credit interest for every calendar day for the amount consisting of the actually used Credit amount or balance on the Account at the end of the day by assuming that there are 360 (three hundred and sixty) days per year.

8.7. If the Credit limit has been exceeded on the Customer's account, the Bank calculates the Penalty interest starting from the day when the Credit limit was exceeded until the day (inclusive) when the Debt amount is paid by transferring it to the Account complying with the restrictions defined by the Civil Law.

8.8. By the Settlement day the Customer pays the Credit interest and the Penalty interest (if applicable) to the Bank until the transfer/ payment of the Debt amount to the Account and this interest is included in the estimation of the next Debt amount.

8.9. The repayment term of the spent Credit is the last day of the Card's validity term (i.e. the last day of the validity term (mm/yy) specified on the Card, inclusive). If the Customer has not breached the Agreement and its Terms and Conditions, the Bank may extend the Credit repayment term for 1 (one) more validity term of the Card and afterwards continue extending the Credit repayment in compliance with the present Clause of the Terms and Conditions of the Agreement.

8.10. On the Settlement day the Bank assesses and debits the Credit interest (if applicable), the Penalty interest (if applicable) and other payments provided for by the Tariffs from the Account.

8.11. All the information about Transactions and withheld fees according to the Tariffs is available to the Customer in the Internet Banking system (24/7). If the Customer has specified in the Application that he/ she would like to receive the Statement also electronically, the Bank sends the statement on the Settlement period latest by the 10th date of the next calendar month. Failure to receive the Statement does not release the Customer from performance of the liabilities provided by the Agreement.

8.12. If the Customer finds differences between the executed Transactions and the Transactions presented in the Statement or their amounts (except the differences between the



Transaction amounts resulting from currency exchange) or inaccuracies in calculated fees, he/ she should notify the Bank in compliance with Clause 6.1.7 of the Terms and Conditions.

8.13. Claims related to execution of the Transaction are examined in compliance with the procedure and terms provided for by the standards and regulations of Mastercard Worldwide. Transaction amounts, if such may be repaid in the result of examining the claim, shall be repaid after completion of the examination of the claim. The Bank notifies the Customer regarding the progress of examination of a claim on its own initiative and also upon the Customer's request.

8.14. Upon receiving a claim from the Customer disputing/ rejecting approval (authorisation) of a Transaction, the Bank repays the amount of the unauthorised Transaction latest during the next business day if the claim initially seems to be justified. Still, the Bank may continue to examine both claims of the above type and claims submitted due to other reasons at its own discretion and repayment of the Transaction amount to the Customer may not be deemed as admittance of the Bank's responsibility for the unauthorised Transaction or other circumstances referred to in the claim.

8.15. If in the result of initial examination of a claim the Bank has grounded suspicion that the Customer/ Cardholder has acted unlawfully, inter alia, has not ensured security of the authentication elements (for example, the PIN code or the One Time Password) and/ or the Transaction has been authorised in compliance with Clauses 4.4 - 4.6 of the Provisions, the Bank is entitled not to repay the amount of the disputed Transaction to the Customer and to notify its suspicion to law enforcement authorities.

8.16. If in the course of continuing to examine of the claim following repayment of the Transaction amount to the Customer and upon finding that the claim was not justified, the Bank is authorised to debit the repaid Transaction amount from any Customer's account with the Bank without prior notification to an agreement with the Customer, including reservation of funds equal to the amount to be withheld on the Customer's account if the relevant amount is not available on the Customer's account at the moment of debiting it.

#### **9. Action in case of Loss, Theft of the Card or Unauthorised Use of the Card Data**

9.1. If the Card has been lost or stolen or if the PIN code or other Card data have become known to a third party and also if the Cardholder or the Customer suspects unauthorised use of the Card or the Card data, the Customer/ Cardholder should notify the Bank thereof immediately, phone (+371) 67043510 (business hours from 9:00 to 18:00) or notify the Transaction Processing Centre Worldline Latvia, SIA (Unified Registration Number 40003072814, address: Dzirnava iela 37, Riga, LV-1010), phone (+371) 67092555 (24h/7).

9.2. By a written notification or a notification in the Internet Banking system, the loss/ theft/ unauthorised use of the Card or the Card data should be notified to the Bank within 7 (seven) days after submission of the verbal application referred to in Clause 9.1 of the Terms and Conditions of the Agreement by notifying the time and the place of losing the Card to the Bank.

9.3. The Customer is responsible for each Card Transaction approved by the PIN Code, CVC code, the Cardholder's signature, the One Time Password and having taken place until

the moment of notification defined by Clause 9.1 of the Agreement.

9.4. If the Customer finds debiting of unauthorised Transaction amounts from the Account, the Customer should submit a written or electronic application within the term defined by Clause 6.1.7.

9.5. The Customer hereby undertakes to provide all the information and documents to the Bank as necessary for investigation of the case of loss/ theft/ unauthorised use of the Card and Card Data. The Bank issues a new Card based upon the Customer's application. If the Card that is deemed stolen or lost is found, the Customer or the Cardholder should notify the Bank thereof immediately, destroy the Card by cutting its magnetic strip and the chip or return the found Card to the Bank.

#### **10. Security Deposit (Financial Collateral)**

10.1. For the purpose of strengthening the performance of the Customer's payment obligations, the Customer deposits a Security deposit with the Bank in compliance with the Terms and Conditions of the Agreement. The Customer hereby authorises and grants the right to the Bank to debit the Customer's account with the Bank without a particular order and to transfer the funds equal to the amount of the Security Deposit to the Security Deposit account opened on the Customer's name. The amount of the Security Deposit is stated in the Tariffs, however, the Bank maintains the right to define another amount based on the circumstances affecting the Customer's solvency. The Security Deposit is in force while the Agreement is in force and is partially or fully repaid in compliance with the procedure defined by Clause 10.3 or 11.6 of the Agreement after satisfaction of all the Bank's claims.

10.2. The Customer irrevocably authorises and grants the right to the Bank to use the funds on the Security Deposit Account for satisfying all the Bank's claims against the Customer arising from the Agreement.

10.3. If the Customer wishes to reduce the amount on the Security Deposit account to the minimum Security Deposit amount defined by the Tariffs, the Bank transfers the amount on the Security Deposit account above the minimum amount defined by the Tariffs to the Customer's current account earliest in 40 (forty) days as from the moment of receipt of the Customer's application at the Bank.

10.4. The Customer may receive the funds on the Security Deposit account only upon the condition that all the payments payable to the Bank have been paid. The Bank repays the funds on the Security Deposit account to the Customer following satisfaction of the Bank's claims (if applicable) and transfers them to the Account in compliance with Clause 10.3 of 11.6 of the Agreement.

10.5. The Customer agrees that the Bank is entitled to use the funds on the Security Deposit account at any moment without agreeing with the Customer thereof for payment of the Transactions and covering expenses and loss resulting from the use/ service of any Card linked to the Account or the Account or non-compliance with the Terms and Conditions of the Agreement. The Customer is obliged to restore the amount of the Security Deposit to its full amount within 5 (five) business days by providing sufficient funds on the current account specified in the Agreement Application, in the contrary case the Bank is authorised to unilaterally reduce and/ or cancel the allowed Credit limit and to suspend the

Card. Hereby the Customer grants the right to the Bank to supplement the Security Deposit without prior agreement thereof with the Customer by transferring funds from the Customer's current account with the Bank to the Security Deposit account.

#### **11. Operation, Validity and Termination of the Agreement Right of withdrawal**

11.1. The Agreement has been concluded for an unlimited period of time and is in force until full completion of the Parties' obligations arising from the Agreement.

11.2. The Parties are entitled to terminate the Agreement upon mutual arrangement. The Customer is entitled to unilaterally request termination of the Agreement at any time. The Bank is entitled to unilaterally terminate the Agreement if the Bank notifies the Customer thereof 2 (two) months in advance.

11.3. The Bank is entitled to terminate the Agreement at any time without complying with the notification term defined by Clause 11.2 of the Agreement in compliance with the procedure defined by Clause 15.3 of the Bank's General Regulations for Provision of Banking Services, as well as in the case when the Customer/ Cardholder does not comply with the Terms and Conditions of the Agreement and in the case if the Customer has not activated the Card during 2 (two) calendar months as from the day of signing the Agreement.

11.4. Irrespective of the basis of termination of the Agreement, including if the Agreement is terminated in compliance with the provisions of Clause 11.2 or 11.3 of the Agreement, the Agreement is terminated earliest in 40 (forty) days as from the day of notification of termination of the Agreement.

11.5. In case of termination of the Agreement, the Customer maintains the obligations provided by the Agreement to perform the obligations arising from the Agreement, including to repay the funds used in the result of use of the Card, to pay accrued interest and other payments payable to the Bank in compliance with the Agreement, the Tariffs and the Terms and Conditions, including, but not limited to payment of the amounts of Transactions executed by the Customer with the Card, commission fees, interest for the use of the Credit and the Penalty (if applicable).

11.6. The Bank transfers the funds on the Security Deposit account to the Customer's current account within 2 (two) business days after the term of 40 (forty) days defined by Clause 11.4 of the Agreement and after the Bank has satisfied its claims.

11.7. Each new version of the Terms and Conditions to which the Customer has agreed after conclusion of the Agreement replaces the Terms and Conditions (Part 2 of the Agreement) if the Parties have not agreed otherwise.

11.8. The Customer who is a Consumer is entitled use the right of withdrawal and to resign from the Agreement without submitting the justification behind resignation within 14 (fourteen) days as from the date of signing the Agreement. The Customer submits a written notice of use of the right of resignation to the Bank or sends the notice thereof in the Internet Banking system. In case of use of the right of resignation the Customer is obliged to repay the received and used Credit and to pay the Interest for the whole period of use of the Credit to the Bank immediately, however, latest within 30 (thirty) days as from the date of notification to the Bank. If

the right of resignation is used the Card's Annual Fee is not returned to the Customer.

#### **12. Final Provisions**

12.1. The Customer submits their applications and claims arising from the present Agreement and the Bank reviews them in compliance with the Bank's General Regulations for Provision of Banking Services.

12.2. Any disagreements, claims or disputes between the Customer and the Bank arising from the Agreement, related to the Agreement, Terms and Conditions or their breach, termination or validity of the Agreement, will be solved by negotiation, however, if an agreement or a resolution of a dispute has not been achieved, will be finally resolved according to the claimant's choice either by the court of the Republic of Latvia according to the competence, or by the Arbitration of the Association of Commercial Banks of Latvia (registered with the Register of Arbitrations under No. 40003746396) in Riga in compliance with the valid legislation of the Republic of Latvia, the Articles, Rules of Procedure and Regulations of the Arbitration. If the Customer is a natural entity who cannot be a party to the arbitration agreement in compliance with the valid legislation any dispute between the Customer and the Bank should be resolved by the competent court of the Republic of Latvia.