



APPROVED:
at the board meeting of
Akciju sabiedrība
“Latvijas tirdzniecības banka”
on January 31, 2008
(Protocol No.3)

REGULATIONS FOR CONDUCTING CREDIT TRANSFERS

1. GENERAL PROVISIONS

- 1.1. Regulations for conducting credit transfers of Akciju sabiedrība „Latvijas tirdzniecības banka” have been developed pursuant to the Law “On Credit Institutions”, approved regulations of Financial and Capital Market Commission, regulatory enactments of the European Union, “Regulation on Credit Transfers” approved by the Resolution No. 96/4 of the Council of the Bank of Latvia, as well as with other standing regulatory enactments of the Republic of Latvia and the internal regulations of the Bank.
- 1.2. These Regulations set out the order in which non-cash credit transfers in LVL and other currencies shall be conducted in akciju sabiedrība „Latvijas tirdzniecības banka”, in compliance with the anti-money laundering and counter-terrorism financing requirements.
- 1.3. **Terms and definitions:**

Customer – a natural or legal person or another legal entity using a financial service provided by the Bank;

Bank – akciju sabiedrība „Latvijas tirdzniecības banka”;

Account – a current account;

Credit institution – a business venture as defined in the Republic of Latvia Law "On Credit Institutions" whose business includes rendering funds transfer services;

Originator – a natural or legal person that initiates a credit transfer by issuing a payment order, which is the first one in the credit transfer, to the Credit institution;

Beneficiary – a natural or legal person designated in a payment order to receive the corresponding funds as a result of a credit transfer;

Payment order – an unconditional instruction to execute a credit transfer issued by the Originator to the Credit institution;

Credit transfer – a series of operations started on the initiative of the Originator at the Originator's bank with a view to place funds at the disposal of the Beneficiary;

Internal transfer – a Credit transfer that involves an Originator and a Beneficiary, both being Customers of the Bank;

Outgoing transfer – a Credit transfer that involves several Credit institutions, the Originator's Account having been opened in the Bank and the Beneficiary's account – in another bank;

Incoming transfer – a Credit transfer that involves several Credit institutions, the Beneficiary's account having been opened in the Bank, and the Originator's account – in another bank;

Originator's bank – an institution to which the Originator issues a Payment order;

Beneficiary's bank – a Credit institution designated in a Payment order that, once the Credit transfer is completed, is to credit the received funds to the Beneficiary's account or otherwise make the funds available to the Beneficiary;

Intermediary institution – a Credit institution involved in the execution of a Credit transfer that is neither the Originator's nor the Beneficiary's bank;

Community – the European Community (in the singular) is the European Economic Community that makes the common economic cooperation policy of the European Union, namely, the states that have legally joined the European Union and both European communities.

- 1.4. The Bank executes Customers' transfers in accordance with Payment orders.
- 1.5. The Bank only accepts from Customers Payment orders and orders for the correction or cancellation of Credit transfers that are authorized by:
 - the original signature and stamp (if necessary) if a Payment order is issued in person, a Customer coming to the Bank or sending a Payment order by post;
 - Digipass or Test key, if a Payment order is sent through the Internet bank;
 - Test key, if a Payment order is sent by fax.
- 1.6. A Payment order is to be composed in accordance with these Regulations.
- 1.7. The Bank business day is a day considered as a business day in the Bank.
- 1.8. These Regulations concern Credit transfers.
- 1.9. The participants of a Credit transfer are not responsible for any delay or failure to fulfill obligations, if such a delay or failure appeared as a result of *force majeure*, the consequences of which it was impossible to prevent even though the persons responsible were doing their best to prevent them.
- 1.10. The rights and responsibilities of the Bank in the AML sphere are determined by the Republic of Latvia Law „On the Prevention of the Laundering of Proceeds derived from Criminal Activity” and the internal regulations of the Bank.
- 1.11. A Customer is obliged to present, on the Bank's request, information and documents that characterize the Customer's economic activity (for instance, agreements, bills, invoices, annual reports, balance sheets, profit/loss calculations, etc.), as well as provide the Bank, upon the Bank's grounded request, with other additional information about the Customer's and the Customer's account.
- 1.12. Signing the Agreement about the opening and maintenance of a current account, the Customer certifies that he is acquainted with these Regulations and fully agrees with them.
- 1.13. The Bank is entitled to amend or supplement these Regulations unilaterally at its own discretion, without previously notifying the Customer. A Customer has a right to get acquainted with the Regulations at the premises of the Bank within the working hours of the Bank, as well as at any time on the Bank's Internet home page: www.ltblv.com.

2. BASIC PRINCIPLES OF CONDUCTING CUSTOMERS' CREDIT TRANSFERS

- 2.1. The Bank conducts a transfer from a Customer's Account if there are sufficient funds on it. In the cases prescribed by the regulatory enactments of the Republic of Latvia, the Bank performs an additional verification of transfer.

- 2.2. The Bank conducts a Credit transfer from a Customer's account in accordance with the instructions given by the Customer in the Payment order.
- 2.3. In a Payment order, a Customer has to specify the details necessary to conduct a transfer, in accordance with section 3 of these Regulations.
- 2.4. A Customer has a right to request the Bank's assistance in the completion of a Payment order and/or clear up the details necessary for the conduct of a Credit transfer. The Bank undertakes, within the limits of its possibilities, to provide the Customer with the necessary assistance and information.
- 2.5. If a Customer has not indicated all the necessary details, the bank is entitled, but not obliged, to request additional information from the Customer. In case the Bank is not able to clear up the details of a Payment order, it has a right to refrain from executing the Credit transfer. In the same way, the Bank does not execute a Credit transfer if the funds on the Customer's account are not sufficient for the execution of transfer and payment of the service fee according to the Tariffs.
- 2.6. In case a Customer has not indicated the correspondent bank of the Beneficiary's bank for the respective currency in the Payment order for an Outgoing transfer, the Bank has a right to choose a correspondent bank without coordinating it with the Customer. If the choice of a correspondent bank has been incorrect, and the Payment order has been returned to the Bank, the Bank conducts a repeated Credit transfer at its own expense. If the repeated Payment order is not executed, the amount of Credit transfer is credited back to the Customer's Account. In this case the Customer does not have to pay the transaction commission.
- 2.7. The amount specified in a Payment order is debited from the Customer's Account on the day when the Payment order is received/accepted, in accordance with the working hours of the Bank and the specified value date.
- 2.8. In case a Credit transfer must be conducted using one or several Intermediary banks abroad, the Bank does not guarantee the completion of transfer within a certain period. The Bank is not responsible for the crediting of the amount specified in the Payment order to the Beneficiary's account.
- 2.9. In case a Customer has indicated all the necessary details in the payment order, but the Credit transfer has not reached the Beneficiary's bank, the Bank is responsible only in the cases and within the limits prescribed by the "Regulation for Credit Transfers" of the Bank of Latvia.
- 2.10. In case a Credit transfer must be conducted using one or several Intermediary banks abroad, foreign settlement systems, etc., the Bank does not undertake to complete the Credit transfer within a certain period.
- 2.11. The Bank undertakes to take all the necessary measures to ensure the execution of a Customer's Payment order within the shortest possible time, however, the Bank is not responsible for any delay or failure to execute the Customer's payment that appears as a result of activity or omission of other banks involved in the performance of the payment.
- 2.12. In case a Customer's Credit transfer is not executed due to the fault of another bank involved in the Credit transfer, the Bank undertakes to take measures in order to ensure the funds recovery and to return the funds to the Customer immediately upon the respective recovery.

- 2.13. A Customer's claims concerning the execution of a Credit transfer may be submitted to the Bank in writing within 30 days from the receipt of the Payment order by the Bank. The Bank will decline the claims submitted after the specified period. The Bank will consider a duly submitted claim within 15 days at most, and give a written reply (also using the Internet bank system).
- 2.14. The Bank's commissions and other fees applied by the Bank are regulated by the internal regulations of the Bank, agreements concluded between a Customer and the Bank, as well as by the Tariffs of the Bank operations and other financial services.
- 2.15. All commissions of Intermediary banks, correspondent banks and the Beneficiary's bank, related to the transmission of currency transfers are covered by the Beneficiary or by the Customer, depending on the indication on the Customer's payment order. The Customer may indicate the following modes of commission payment in the Payment order, and the Bank is not entitled to change the indicated modes when carrying out the Credit transfer and forwarding it to the correspondent bank or the Beneficiary's bank:
- **OUR** — the Customer pays a commission to the Bank in accordance with the Bank's tariffs. If the other banks involved in the Credit transfer apply commission payments, the Bank debits those commissions from the Customer's account without further authorisation, the banks having no right to withhold their commissions from the Credit transfer amount and being obliged to credit the amount of transfer to the Beneficiary's account in full;
 - **SHA** — the Customer pays a commission to the Bank in accordance with the Bank's tariffs. All commissions of the other banks involved in the Credit transfer are withheld from the Beneficiary's account; besides, the banks have a right to withhold their commissions from the amount of the Credit transfer;
 - **BEN** — all commissions are paid by the Beneficiary. The Bank's commission, in accordance with the Bank's tariffs, is withheld from the amount indicated on the Payment order.
- 2.16. In case a Customer has issued a payment order in a certain currency for an amount exceeding the Account balance in the respective currency, the Bank is entitled to use, at its own discretion, funds kept on the Customer's Account in other currencies, if this is stipulated by the agreement concluded with the Customer. In this case, standard foreign currency non-cash fund buy/sell rate fixed by the Bank for the respective day is applied. If the above is not stipulated by the mentioned agreement, the purchase and sale of non-cash funds in foreign currency necessary for the execution of the Payment order is conducted on grounds of a conversion application received from the Customer.
- 2.17. If the funds on a Customer's account are not sufficient for withholding a Credit transfer commission in a corresponding currency, but there are funds on the Account kept in a different currency, the Bank has rights to withhold the respective commission from any other currency, performing the conversion according to the standard rate fixed by the Bank.

3. BASIC PRINCIPLES OF PAYMENT ORDER FORM COMPLETION

- 3.1. The Bank executes a Credit transfer from a Customer's Account in accordance with the instructions given in the Customer's Payment order, observing the procedure and conditions determined by these Regulations.
- 3.2. Mandatory fields in a Payment order:

- 3.2.1. number, date, type of transaction (standard, urgent, express – see the Tariffs of bank operations and other financial services in Appendix 1), amount in figures and words, currency;
- 3.2.2. information about the Originator:
 - for legal persons – Customer’s (Originator’s) name, account number in the IBAN format, address and/or registration number (for residents of Latvia), country code (if a resident and a non-resident of Latvia participate in the transaction);
 - for private persons – Customer’s (Originator’s) name, surname, account number in the IBAN format, address and/or personal ID number (for residents of Latvia);
 - country code (if a resident and a non-resident of Latvia participate in the transaction).
- 3.2.3. the full name of the Beneficiary’s bank and the correspondent bank (if a Customer does not indicate the correspondent bank, the Bank acts in accordance with section 2.6 of these Regulations), address and identification codes of banks – *BIC* (SWIFT, ABA ROUTING), external payment code (if a resident and a non-resident of Latvia participate in the transaction), as well as other transfer details necessary for the execution of a Credit transfer, if requested by the Beneficiary’s bank or the legal enactments of the state of the Beneficiary’s bank. This section does not apply to Internal transfers;
- 3.2.4. Information about the Beneficiary:
 - For legal persons – account number or IBAN and the name;
 - For private persons – account number or IBAN, name and surname.
- 3.2.5. In the field “Details of payment” (or “information for the beneficiary”), a Customer enters information (not more than 140 typed characters) for the Beneficiary in Latvian, Russian or English, or in the (official) language of the state of the Beneficiary’s bank, if there is a technical possibility to transmit information in this language. If, for the purposes of Credit transfer execution, a Customer needs a text to be translated from/into Latvian, Russian or English, the Customer instructs the Bank as to the respective translation and entrusts its performance to the Bank. In the field “Information for the bank”, a Customer may specify whether the Customer needs the confirmation of Credit transfer transmission, or to enter any other information for the Bank.
- 3.3. The Bank has a right to independently choose the routing of a Credit transfer to the Beneficiary’s bank.
- 3.4. If a Customer issues a Payment order with the indication that all commissions are to be covered by the Beneficiary (BEN), the Bank transmits the payment to the Intermediary bank of the Beneficiary’s bank with the respective indication. In this case, all commissions related to the transmission of the payment are covered by the Beneficiary.
- 3.5. If a Customer issues a Payment order with the indication that all commissions should be covered by the Originator (OUR), all commissions related to the transmission of the payment are covered by the Customer, and the Bank transmits the payment to the correspondent bank or the Beneficiary’s bank with the

respective indication, instructing the Beneficiary's bank to pay the full amount of the Credit transfer to the Beneficiary.

- 3.6. If a Customer indicates in a Payment order that the commission of the Originator's bank is covered by the Originator, and the commissions of the Intermediary banks and the Beneficiary's banks are covered by the Beneficiary (SHA), the Bank's commission related to the payment is covered by the Originator, and the commissions of the Intermediary banks and the Beneficiary's bank are covered by the Beneficiary, and the Bank transmits the Credit transfer to the Intermediary bank or the beneficiary's bank with the respective indication.
- 3.7. A Payment order is signed by the persons authorised to handle the Account according to the Signature sample card, and sealed, provided that the Bank has the sample of the seal on the Bank's signature sample card, or certified using other identification tools analogous to the Customer's signature (test key, authorisation password in the Internet bank system, etc.). The Customer must formulate his orders to the Bank clearly and unambiguously.
- 3.8. The Bank accepts Payment orders in accordance with the procedure determined by the "Regulation for Credit Transfers" of the Bank of Latvia, carrying out all the necessary procedures of order processing, provided that the following conditions have been observed:
 - the Payment order contains all the information necessary for its execution;
 - the Bank has received the necessary amount of money, except for the cases when the Originator and the Bank have agreed that it is not necessary at the moment of acceptance.
- 3.9. The Bank has a right to refrain from the execution of a Customer's order if suspicions arise that the respective transaction does not comply with the requirements of the legal enactments of the Republic of Latvia, intergovernmental agreements or the international AML convention, or that the transaction would be conducted in contravention of these Regulations.
- 3.10. If, in course of conducting a Customer's Credit transfer, the Bank starts suspecting that the Customer is not the beneficial owner, i.e. another person becomes the beneficiary of all yield and other good as a result of the transaction, and that the Customer is acting not in its own interests but in the interests of a third person, the Bank, in accordance with the legal enactments of the Republic of Latvia, has to perform the identification of the beneficial owner (the above-mentioned third person). If the information or proofs of economic activity submitted by the Customer do not give a clear idea of the beneficial owner's identity, the Bank has a right to request additional information for the identification of the beneficial owner.
- 3.11. The Bank transmits the funds indicated on a Payment order to the Beneficiary's bank not later than the Credit transfer execution date mentioned in the Tariffs of Bank operations and other financial services (Appendix 1). The Bank does not guarantee the completion of a Credit transfer within the defined period if the Credit transfer involves one or several Intermediary banks.
- 3.12. A Customer's Payment order remains in force for 10 (ten) calendar days from the date of its completion. A Customer's Payment order is not executed and is cancelled if there are no funds on the Customer's Account sufficient for the execution of the Payment order and/or the payment of the Bank's service fee, or if the Customer has not submitted additional information about the Credit transfer after the Customer was

requested to submit such information. In this case the Bank is not held responsible for the execution of the Payment order issued to the Bank.

- 3.13. Carrying out an Outgoing transfer, the Bank is considered to have fulfilled its obligations pertaining to the issued payment document or a received order from the moment when, according to these Regulations and the regulation of the Bank of Latvia, the amount of the respective transfer has been debited from the correspondent account of the Bank. The Bank is not held responsible for the payment of the respective amount to the Beneficiary indicated in the order.

4. EXECUTION OF PAYMENT ORDERS ISSUED BY A CUSTOMER

- 4.1. The Bank verifies the authenticity, completeness, trustworthiness, and legal validity of Payment orders issued by Customers. The Bank is only held responsible for the omission of evident (noticeable without the use of special tools) falsification traits, if such omission has been allowed when performing the mentioned acts.
- 4.2. If the amount in figures indicated in a Payment order does not correspond to the amount in words in the same order, the Bank does not execute the Credit transfer or executes it based on the amount specified in words. When electronic payment systems are used, transfers are executed based on the amounts specified in figures.
- 4.3. Payment orders that a Customer submits or sends to the Bank must be easily readable, filled in correctly, without corrections and crossings, signed using writing materials that produce a text that can be kept for an unlimited period and cannot be erased otherwise than by obviously damaging the document material. The Bank has a right, but is not obliged, to check whether the mentioned writing tools have been used. The document submitter is responsible for the losses resulting from the nonobservance of the requirements mentioned in this section.
- 4.4. The Bank has a right to disregard the execution time specified in a Payment order if the execution within the specified period is impossible according to the existing bank practice. In such cases, the Bank is not held responsible for the Customer's losses resulting from the prolonged execution of a Credit transfer. The Bank is not responsible for the losses that a Customer may suffer not having indicated the execution time in a Payment order.
- 4.5. If the Bank has doubts concerning the authenticity of an issued Payment order, it has a right to request a transaction proof from the Customer, and to refrain from the transaction until the receipt of such proof. In this case, the Bank is not held responsible for the losses the Customer may suffer as a result of the delayed execution of the instruction given in the document.
- 4.6. All Payment orders on the Bank's part are signed by the authorised persons of the Bank. The signatures of the Bank employees and the seal on the Bank operation documents mean that the Payment orders have been accepted for the execution.
- 4.7. A Customer is responsible for the losses that emerge in case if the Customer has mislead the Bank, or due to the Customer's inattention, or as a result of the actions of third persons, if the Bank has identified incorrectly the Customer's signature, seal or other identification tools on the Bank operation documents, and the nonconformity was not evident.
- 4.8. If the Bank has identified correctly a Customer's electronic signatures, passwords, identification codes, etc., in accordance with the concluded agreement, the Bank considers the Customer as identified. A Customer is responsible for the security of

identification tools assigned to him. A Customer is responsible for the losses that may emerge if the Customer's authorisation tools come into the possession of third persons.

- 4.9. If at the moment of signing the Bank operation document the signatory has no rights to represent the Customer whose authorised signatory or representative he claims to be, the mentioned signatory as a private person undertakes all the obligations pertaining to the signed document in full and is held responsible for their fulfilment.
- 4.10. A Customer must repair all the damages suffered by the Bank as a result of the fact that the Customer's authorised signatories and/or representatives have been legally incapable at the moment of conducting the Bank operations, or the capability of such persons has been limited.

5. CANCELLATION AND CORRECTION OF PAYMENT ORDERS

- 5.1. A Customer has a right to request the Bank to cancel a Credit transfer. To cancel a transfer, a Customer has to prepare an authorised order in accordance with section 1.5.
- 5.2. Accepting a Customer's order for the cancellation of a Credit transfer, the Bank does not guarantee the return of the amount.
- 5.3. If a Credit transfer has not yet been started, but its processing has already begun, the Bank takes all the necessary measures for the Credit transfer not to be executed.
- 5.4. The Bank withholds a commission for the withdrawal of funds in accordance with the valid Tariffs of bank operations and other financial services.
- 5.5. If a Credit transfer has been started, the Bank takes the necessary measures to return the transferred funds, and, within the scope of its possibilities, contacts the Beneficiary's bank or the Intermediary banks in order to return the transferred funds.
- 5.6. The Bank credits the amount of funds specified in a Payment order back to the Customer's account only when the Bank has received the mentioned amount from the Beneficiary's or Intermediary bank.
- 5.7. The sender can correct a Payment order by submitting corrections or additions to be done in the Payment order, in the form of an authorised application, to the Bank. The Bank withholds a commission for informing the Beneficiary's bank about a correction or addition, in accordance with the valid Tariffs of bank operations and other financial services.

6. INFORMING OF CUSTOMERS ABOUT THE EXECUTED CREDIT TRANSFERS

- 6.1. A Customer has a right to get acquainted with the Regulations at the premises of the Bank within the working hours of the Bank, as well as at any time on the Bank's Internet home page: www.ltblv.com.
- 6.2. The Bank is obliged to secure that the mentioned information is freely available in written form in the Bank to anyone interested.
- 6.3. The Bank informs a Customer about the executed Credit transfers using account statements (e.g., electronically (via the Internet bank system) or printed out) that are prepared in accordance with the "Regulation for the preparation of bank account statements" approved by the Resolution Nr. 45/3 of the Council of the Bank of Latvia.
- 6.4. The Bank may not inform a Customer about the executed Credit transfers if the Customer has resigned the right to receive such information in writing.
- 6.5. A statement from the Bank Account Register (account statement) issued by the Bank is considered to be a sufficient proof of a Customer's Credit transfer.

7. CONDUCTING OF INCOMING TRANSFERS

- 7.1. The Bank carries out the crediting of funds to a Customer's account in accordance with the indications provided in an Incoming transfer.
- 7.2. An Incoming transfer must contain:
- 7.2.1. The Beneficiary's details:
- a full account number of the Beneficiary or a full IBAN (*International Bank Account Number*);
 - the correct name of the Beneficiary;
- 7.2.2. Payment details:
- the Bank, when accepting a funds transfer from outside the Community, ascertains that it contains complete information about the customer, namely: the originator's name, address and account number (the address can be replaced by the originator's birth date and place, customer's id number or a personal id number assigned by the state, in case the originator has no account number, the bank replaces it with a unique identification code that allows tracking the payment up to the originator);
 - if the originator's bank is located within the Community, funds transfers only require the originator's account number or a unique identification code that allows tracking the transaction up to the originator;
- 7.2.3. the purpose of payment that has to correspond to the Customer's registered economic activity.
- 7.3. If an Incoming payment does not contain the details in accordance with section 7.2.1. or contains insufficient details, the Bank has a right to refrain from crediting the funds to the Customer's account and request additional details by sending an inquiry to the correspondent bank or the Originator's bank. If a reply is not received within 30 (thirty) calendar days, the Bank returns the funds to the Originator.
- 7.4. If an Incoming payment does not contain the details according to section 7.2.2 or contains insufficient details, the Bank credits the funds to the Customer's account and requests additional information from the Originator's bank. If the Originator's bank does not give a reply within 3 (three) days, the Bank requests such information from the Customer – Beneficiary.
- 7.5. If an Incoming transfer does not contain or contains an incomplete purpose of payment, the Bank credits the funds to the Customer's account and has a right to request additional information from the Customer or the Originator by contacting the Customer or forwarding an inquiry to the correspondent bank or the Originator's bank.
- 7.6. Funds are credited to the Customer's account after the receipt of account statement from a correspondent bank and such statements are received on the following day after the receipt of the Credit transfer. Thus, an Incoming payment is credited to the Customer's account as follows – the value date indicated in the Payment order + 1 (one) business day.
- 7.7. Funds can be credited to the Account on the same value date after the receipt of the Credit transfer if the Customer sends in an authorised application and pays a commission in accordance with the Tariffs of bank operations and other financial services.