

PROVISIONS FOR CONSUMER LOAN

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1. Terms and Abbreviations Used

- 1.1. **Lender** – AS "PNB Banka", unified registration No. 40003072918, registered address: 15-2 Elizabetes Street, Riga, LV-1010; email address: info@pnbbanka.eu; website: www.pnbbanka.eu, the supervision of the Bank is carried out by the Financial and Capital Market Commission (1 Kungu Street, Riga, LV-1050; email address: fktk@fktk.lv).
- 1.2. **Borrower** – one or two (if the Agreement is entered into by and between two joint borrowers) natural persons who have entered into the Agreement with the Lender.
- 1.3. **Right of Withdrawal** – the Borrower's right to withdraw from the Agreement in accordance with the Consumer Rights Protection Law of LR.
- 1.4. **Business Day** – a day within the framework of the Lender's working hours, other than Saturday, Sunday or an official public holiday determined by the laws and regulations of the Republic of Latvia, on which the Lender is open for general operations in LR.
- 1.5. **PNB Internetbanka** – the Lender's automated system for remote access to the Account.
- 1.6. **Annual Interest Rate (AIR)** – the total costs of the Consumer Loan calculated in accordance with Cabinet Regulations upon entering into the Agreement, which are expressed in percentage form of the Consumer Loan amount, assuming that the Agreement will be valid during the entire period thereof and that the Parties will fulfil their obligations in accordance with the provisions of the Agreement.
- 1.7. **Account** – the Borrower's Current Account or Card Account with the Lender as specified in the Agreement.
- 1.8. **Total amount to be repaid by the Borrower to the Lender** – the amount calculated in accordance with Cabinet Regulations upon entering in the Agreement, which the Borrower must repay in accordance with the Agreement: Consumer Loan amount, Interest, charge for opening and servicing the Account (if applicable), etc.
- 1.9. **Interest Rate Applied to the Loan** – the Standard Interest Rate or the Reduced Interest Rate applied to the Consumer Loan, if the Borrower complies with the criteria set by the Lender on the date of signing the Agreement.
- 1.10. **Agreement** – the Consumer Loan Agreement entered into by and between the Borrower and the Lender.
- 1.11. **LR** – the Republic of Latvia.
- 1.12. **Payment Schedule** – the Consumer Loan repayment and Interest payment schedule which is an integral part of the Agreement.
- 1.13. **Cabinet Regulations** – the applicable Cabinet Regulation "Regulations Regarding Consumer Credit".
- 1.14. **Late Payment Charge** – a charge for each day of delay in the repayment of the Consumer Loan amount in accordance with the Payment Schedule.
- 1.15. **Provisions** – these Lender's "Provisions for Consumer Loan", which are Annex 11 to the Lender's "General Provisions for Transactions" (GPT).
- 1.16. **Consumer Loan** – the funds disbursed to the Borrower in accordance with the Agreement and non-repaid to the Lender.
- 1.17. **Interest** – a charge determined in the Agreement for the use of the Consumer Loan.
- 1.18. **Parties** – the Lender and the Borrower.
- 1.19. **Standard Interest Rate** – an interest rate applied to the Consumer Loan if the Borrower does not comply with the criteria set by the Lender on the date of signing the Agreement, or an interest rate which the Lender may apply if the Borrower fails to fulfil obligations specified in the Agreement or no longer complies with the criteria set by the Lender after conclusion of the Agreement.
- 1.20. If any terms or abbreviations are used in these Provisions which are not defined in this section of the Provisions, such terms or abbreviations shall be interpreted in accordance with the terms and abbreviations defined in the GPT.

2. General Provisions

- 2.1. These Provisions shall be an integral part of the Agreement and govern the legal relations between the Lender and the Borrower, which refer to the disbursement and repayment of the Consumer Loan.
- 2.2. The legal relations between the Lender and the Borrower, which are not laid down in the Agreement and GPT, including these Provisions, shall be determined by the applicable LR laws and regulations.

3. Disbursement of the Consumer Loan

- 3.1. The Lender shall disburse the Consumer Loan amount to the Borrower by transferring it to the Account. Upon the referred to transfer, it shall be deemed that the Borrower has received the Consumer Loan.
- 3.2. The Borrower shall authorise and assign the Lender to deduct from the Account the Commission Fee specified in the Agreement for the registration and disbursement of the Consumer Loan on the day of disbursement of the Consumer Loan.

4. Repayment of the Consumer Loan

- 4.1. The Borrower shall repay the Consumer Loan to the Lender in accordance with the Agreement, these Provisions and the Payment Schedule.
- 4.2. The Borrower shall be entitled to carry out the partial repayment of the Consumer Loan early by submitting the relevant application to the Lender and signing a new Payment Schedule with the Lender.
- 4.3. The Borrower shall be entitled to carry out the full repayment of the Consumer Loan early by submitting an application on the early termination of the Agreement to the Lender. In this case, the Agreement shall be deemed as terminated on the day when the Borrower has fully repaid the Consumer Loan disbursed thereto, the Interest, as well as other payments arising from the Agreement, to the Lender.
- 4.4. The Borrower has the right to receive the Payment Schedule at any time during the period of validity of the Agreement upon request and for free.

5. Interest

- 5.1. The Borrower shall pay the Interest from the non-repaid Consumer Loan amount to the Lender for the entire actual period of use of the Consumer Loan in accordance with the Interest Rate applied to the Loan as specified in the Agreement.
- 5.2. The Lender shall be entitled to change unilaterally the Interest Rate applied to the Loan:
 - 5.2.1. 12 (*twelve*) months following entering into the Agreement and further on — once a year as long as the Agreement is valid, based on the general trends in the market of credit resources of Latvian commercial banks, as well as after the assessment of the Borrower's solvency (inter alia, taking into consideration the Borrower's income, the total amount of Borrower's credit obligations, payment discipline);
 - 5.2.2. in cases referred to in Clause 6.5 of these Provisions.
- 5.3. The Lender may exercise the rights determined in Clause 5.2.1 of these Provisions, informing the Borrower 2 (*two*) months in advance, sending a notification to the Borrower through PNB Internetbanka or, if PNB Internetbanka is not connected for the Borrower, to the postal address specified by the Borrower. If the Borrower has not requested the termination of the Agreement in writing within 2 (*two*) months following the sending of the notification, it shall be deemed that the Borrower has accepted the changes and recognises them as binding thereto.
- 5.4. The interest rate changed in accordance with Clause 5.2.1 of these Provisions shall enter into force in 2 (*two*) months after the sending of the notification to the Borrower.
- 5.5. The Borrower shall pay the Late Payment Charge to the Lender in the amount determined in the Agreement from the re-paid Consumer Loan amount for each day of delay.
- 5.6. The payment of the Late Payment Charge shall not release the Borrower from the duty to fulfil non-fulfilled obligations.
- 5.7. The Interest and the Late Payment Charge shall be calculated based on the actual number of days in a month and assuming that a year consists of 360 (*three hundred and sixty*) days.

6. Consumer Loan Payments

- 6.1. The Consumer Loan payments determined in the Agreement shall be made by the Lender directly debiting the relevant amount of funds from the Account on the dates determined in the Agreement. The Borrower shall ensure necessary funds in the Account.
- 6.2. In the event the date of the current Consumer Loan payment is a day-off or an official public holiday in the LR, the relevant payment shall be made no later than on the next Business Day after this date.
- 6.3. By signing the Agreement, the Borrower certifies that he or she fully understands that the non-making of any payments envisaged in the Agreement can cause serious consequences to the Borrower, such as the calculation of a penalty, as well as to hinder the further possibilities of receiving a loan.
- 6.4. In the event the Borrower has delayed the current payment provided for in the Agreement for the repayment of the Consumer Loan, the calculated Late Payment Charge deductions from all the payments made in the Borrower shall first cover the Late Payment Charge, then — the Interest and the principal amount of the Consumer Loan, and finally — the amount of the penalty calculated in accordance with the Agreement and these Provisions.

- 6.5. If the Interest Rate applied to the Loan, specified in the Agreement, is lower than the Standard Interest Rate specified in the Agreement and the Borrower stops fulfilling any special provisions stipulated by the Agreement during the period of validity of the Agreement, the Lender shall have the right to apply the Standard Interest Rate pursuant to the procedures laid down in the sub-clauses of this clause:
- 6.5.1. the Lender shall send a warning to the Borrower to the Borrower's residence address about the application of the Standard Interest Rate specified in the Agreement in 2 (*two*) months, counting from the day of sending of the warning in the event the Borrower does not eliminate the established violations within the term specified in this clause;
- 6.5.2. in the event violations are not eliminated, the Standard Interest Rate specified in the Agreement shall be applied to the Consumer Loan. In this case, the Lender shall unilaterally draw up a new Payment Schedule in accordance with the provisions of the Agreement and send it along with the relevant notification to the Borrower to the Borrower's residence address, to the Borrower's email address specified in the "Application for the Receipt of a Consumer Loan", as well as publish it in the Borrower's PNB Internetbanka, where the Borrower can become acquainted with the revised Payment Schedule;
- 6.5.3. in the event the Borrower has not received the Payment Schedule revised pursuant to the procedures laid down in Clause 6.5.2 of these Provisions, he or she shall undertake to apply to the Lender with a request to issue a new Payment Schedule within 1 (*one*) week following the date of setting of the Standard Interest Rate, whereas the Lender shall have the duty to ensure the issue of the revised Payment Schedule to the Borrower upon the request thereof and for free;
- 6.5.4. in the event the Borrower has not applied to the Lender with a written request to issue the Payment Schedule to the former or to revise the Payment Schedule within the period referred to in Clause 6.5.3 of these Provisions or has not notified the Lender of his or her withdrawal from the Agreement pursuant to the procedures laid down in Clause 9.2 of these Provisions, it shall be deemed that the Borrower has received the Payment Schedule and fully agrees thereto.
- 6.5.5. the new Payment Schedule shall enter into force following the expiry of the 2 (*two*)-month period referred to in Clause 6.5.1 of these Provisions.

7. Fulfilment of Obligations

- 7.1. The fulfilment of obligations under the Agreement shall be ensured in the currency and in a way, in which the Consumer Loan is disbursed.
- 7.2. The Agreement shall be valid until the fulfilment of obligations stated therein in full and shall be deemed as fulfilled once the Borrower has repaid the Consumer Loan, the Interest, as well as other payments arising from the Agreement.
- 7.3. Obligations stated in the Agreement shall be deemed as fulfilled in a timely manner, if their fulfilment has been ensured by the last day of the period of fulfilment of obligations. The payment obligation shall be deemed as fulfilled once the payment amount is written off from the Account.
- 7.4. The Lender shall, sending a written notification to the Borrower's residence address 15 (*fifteen*) calendar days in advance, have the right to unilaterally withdraw from the Agreement and request the Borrower to fulfil obligations under the Agreement early, if at least one of the following conditions has set in:
- 7.4.1. the Borrower has failed to observe any of the provisions of sub-clauses of Clause 10.1 of these Provisions;
- 7.4.2. the Borrower's confirmations, information, documents submitted to the Lender for the purposes of receiving the Consumer Loan do not comply with the actual circumstances; the Borrower's financial condition has worsened significantly, or other circumstances have set in, as a result of which the timely and/or complete fulfilment of the Borrower's obligations arising from the Agreement has become or can become impossible;
- 7.4.3. the claims of third parties, for which a court judgement has entered into force, are directed against the Borrower or the Borrower has been declared insolvent.

8. Penalty

- 8.1. In the event of failure to repay the Consumer Loan in a timely manner, the Borrower shall pay the Lender a penalty of 0.3% (*zero point three per cent*) a day, which shall be calculated from the outstanding amount.
- 8.2. The payment of the penalty shall not release the Borrower from the fulfilment of obligations under the Agreement.

9. Right of Withdrawal

- 9.1. The Borrower may exercise the Right of Withdrawal and withdraw from the Agreement within 14 (*fourteen*) calendar days following entering into the Agreement, without providing any substantiation.
- 9.2. The Borrower shall notify of exercising of the Right of Withdrawal in writing by submitting the relevant application to the Lender prior to the expiry of the term set in Clause 9.1 of these Provisions.
- 9.3. In exercising the Right of Withdrawal, the Borrower shall have the duty to repay to the Lender all the non-repaid Consumer Loan amount immediately, but no later than within 30 (*thirty*) calendar days following the submission of an application on exercising of the Right of Withdrawal to the Lender, and pay to the Lender the Interest for each day from the day of receipt of the Consumer Loan to the day, when the Consumer Loan is repaid to the Lender in full.

10. Borrower's Duties

- 10.1. The Borrower shall have the following duties:

- 10.1.1. to repay the received Consumer Loan, to pay the Interest and to fulfil other obligations referred to in the Agreement in a proper manner;
- 10.1.2. to ensure sufficient balance in the Account on the date specified in the Payment Schedule for repaying the Consumer Loan and making Interest payments;
- 10.1.3. to notify the Bank in writing immediately of any changes to the information specified in the Agreement and the "Application for the Receipt of a Consumer Loan" about the Borrower (given name, surname, place of work, actual residence address, declared residence address, telephone number, etc.);
- 10.1.4. to inform the Bank in writing immediately if the Borrower has started to perform financial transactions related to economic activities in the Account.

11. Dispute Settlement Procedure

- 11.1. Any dispute shall be settled through negotiations. If the Parties fail to settle a dispute through negotiations, any dispute, disagreement or claim arising from the Agreement, concerning it or its violation, termination or validity, shall be settled in the LR court of general jurisdiction according to the jurisdiction by applying the laws and regulations in force in the LR.
- 11.2. In addition to the possibilities of settling disputes and disagreements specified in Clause 11.1 of these Provisions, the Borrower shall have the right to submit a complaint to a supervising authority regarding the non-compliance of the service provided by the Lender to the Agreement and these Provisions: Consumer Rights Protection Centre; 55 Brivibas Street, Riga, LV-1010.

12. Other Provisions

- 12.1. Obligations under the Agreement shall enter into force upon the signing of the Agreement.
- 12.2. If the Agreement is signed by two borrowers, each reference to the Borrower shall be deemed as a reference to each borrower individually and both borrowers jointly, observing that the borrowers are joint debtors who are jointly liable for obligations under the Agreement and these Provisions, and the Lender is entitled to request the fulfilment of obligations from any of the borrowers.
- 12.3. The Lender shall be entitled to provide information to the Bank of Latvia and receive information in cases and pursuant to procedures defined in the regulations of the Credit Register of the Republic of Latvia. The Borrower shall have the right to receive information about him- or herself, which is included in the Credit Register, pursuant to the procedures defined in the regulations of the Credit Register of the Bank of Latvia. The regulations of the Credit Register of the Bank of Latvia are available on the website of the Bank of Latvia: www.bank.lv.
- 12.4. By signing the Agreement, the Borrower certifies that prior to signing the Agreement, the Lender has familiarised the former with the true and complete information about all the conditions of the Agreement and risks, Lender's commission fees, including the following:
 - 12.4.1. the Borrower is fully aware and understands the structure and amount of payments to be made by the Borrower for repaying the Consumer Loan and paying the Interest;
 - 12.4.2. if the currency of the Consumer Loan differs from the currency of the Borrower's income, the Borrower is warned about the risk associated with the possible fluctuations of exchange rate of the referred to currencies in the direction unfavourable for the Borrower and the effects of these fluctuations on the amount of Consumer Loan payments to be made by the Borrower, compared to the situation when the currency of the Borrower's income coincides with the currency of the Consumer Loan;
 - 12.4.3. if the exchange rate of the currency of the Borrower's income is linked to the exchange rate of the currency of the Consumer Loan, the Borrower is explained the conditions of currency linking.
- 12.5. Any amendments or supplements to the Agreement shall be drawn up in writing and shall be signed by both Parties.
- 12.6. The Agreement shall be drawn up in Latvian and signed in 2 (*two*) identical copies; whereas, if the Agreement is entered into by two joint borrowers, it shall be drawn up and signed in 3 (*three*) identical copies, one copy for each of the Parties. Each copy of the Agreement shall have equal legal force.

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