

PROVISIONS FOR PAYMENT CARDS

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1. Terms and Abbreviations Used

- 1.1. **Payroll Card** – a Company Payroll Card for payment of salaries and bonuses to employees of the Company having a cooperation agreement concluded for the servicing of payroll cards.
- 1.2. **Authorised Credit** – the Card credit granted by the Bank and credited to the Card Account.
- 1.3. **ATM** – Bank machine – a device for making individual Transactions using the Card.
- 1.4. **Bank** – 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).
- 1.5. **Contactless Card** – a Card with the contactless Transaction functionality.
- 1.6. **CVC2 code** – a security code used for internet purchases using *Mastercard* Cards.
- 1.7. **CVV2 code** – a security code used for internet purchases using *VISA* and *VISA Electron* Cards.
- 1.8. **Transaction** – a payment for goods, services, including on the Internet, or for making cash withdrawals with the Card and Payments made by the Bank on behalf of the Client in accordance with the GPT.
- 1.9. **Card** – *Visa Europe Limited* or *Mastercard International Incorporated* payment card system payment card issued by the Bank.
- 1.10. **Card Account** – the Client's account with the Bank, which is linked to the Card and intended for keeping the funds for an indefinite period of time, as well as for making non-cash payments, including transactions with the Card.
- 1.11. **Card Credit** – the Authorised Credit and Unauthorised Credit jointly:
- 1.12. **Cardholder** – a Client or a natural person designated by the Client in writing, who has received this Card for use in accordance with the Agreement.
- 1.13. **Client** – a person for whom a Card Account is opened with the Bank or who has expressed a wish to open a Card Account and use a Card/s.
- 1.14. **Agreement** – Agreement on issuance and use of payment cards.
- 1.15. **Collateral Agreement** – an agreement between the Bank and the Client (or a third party providing the collateral) to provide collateral.
- 1.16. **Payment Processing Centre** – SIA "Wordline Latvia" (unified registration number 40003072814) or OOO "Обščaja karta" (in original language OOO «Общая карта», national basic registration number 1027700092353, Russian Federation).
- 1.17. **Unauthorised Credit** – exceeded Authorised Credit.
- 1.18. **Payment Cycle** – the time period for which the Client must settle with the Bank, i.e., repay the amount of the Credit Card used and pay the interest.
- 1.19. **Payment Day** – the 15th day (inclusive) of the month following the Payment Cycle, unless the Agreement provides otherwise.
- 1.20. **Provisions** – these "Provisions for Payment Cards", which are Annex 2 to the Bank's "General Provisions for Transactions" (GPT).
- 1.21. **PIN code** – the Personal Identification Number known only to the Cardholder, which he/she uses for his/her identification, in performing individual Transactions with the Card.
- 1.22. **Company** – a company having a cooperation agreement with the Bank and whose employees have been issued the Payroll Cards.
- 1.23. **One-Time Password (OTP)** – a one-time password (OTP) for making purchases using the Card in the internet merchant stores.
- 1.24. 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. Scope of Provisions for Payment Cards

- 2.1. These Provisions govern the relations between the Bank and the Client related to the issuance, use and servicing of the *Visa Europe Limited* and *Mastercard International Incorporated* payment card system Cards issued by the Bank, as well as the opening and use of the Card Account associated with the Card.
 - 2.1.1. The Bank shall issue the following *Mastercard International Incorporated* payment cards system Cards to natural persons: *Debit Mastercard*, *Standard MasterCard*, *Gold Mastercard*, *Platinum MasterCard*.
 - 2.1.2. The Bank shall issue the following *Mastercard International Incorporated* payment cards system Cards to legal entities: *Business Mastercard*, *Mastercard Business Gold*, *Mastercard Business PlatinumGold*, *Platinum*.
 - 2.1.3. The Bank shall not issue, however, it shall service the following *Mastercard International Incorporated* payment cards system Cards: *Maestro*, *Cirrus*.
 - 2.1.4. The Bank shall not issue, however, it shall service the following *Visa Europe Limited* payment card system Cards: *Visa Electron*, *Visa Classic*, *Visa Gold*, *Visa Platinum*, *Visa Business*.
- 2.2. The Agreement shall be considered concluded and effective upon issuing the Card and opening the Card Account, and after the Agreement on Collateral (if any) becomes effective. GPT, these Provisions, and Rates & Fees shall be integral parts of the Agreement. The Agreement shall be entered into for an indefinite period.

3. Using the Card Account

- 3.1. The Card Account shall be opened for conducting Transactions.
- 3.2. Transaction amounts shall be deducted from the Client's own funds in the Card Account, but in the event of a lack of Client's own funds, from the Card Credit granted to the Client under the Agreement, thereby reducing the amount of unused Card Credit and, if necessary, allowing Card overdrafts (see Clause 3.5 of the Provisions for Payment Cards) without prior consent from the Client (direct debit) based solely on the information sent by the Payment Processing Centre or the respective international payment card organisation to the Bank on the use of the Card for Transaction.
- 3.3. If the Transaction currency is not the same as the Card Account currency, the Bank shall effect the conversion of the Transaction amount into the Card Account currency at the Bank's currency exchange rate on the date of debiting of funds, and this amount shall be debited from the Card Account.
- 3.4. The funds transferred to the Card Account are the funds deposited by the Client or third parties and the returned amounts after the Transactions performed. In the cases provided for in the GPT, the Bank is entitled to withhold the Transaction amounts credited to the Card Account for a period of up to 40 (*forty*) calendar days or until the Client and/or Cardholder submits the supporting documents for the Transaction and these are deemed by the Bank to be sufficient or in the procedure provided for in the regulatory enactments of the Republic of Latvia. If the currency of the funds transferred to the Card Account is not the same as the Card Account currency, the Bank shall make the conversion at the Bank's exchange rate on the day of transferring funds.
- 3.5. The Bank shall directly debit from the Card Account (including, in the case of a lack of the Client's own funds in the Card Account, the Bank's Card Credit granted to the Client in accordance with the Agreement, thereby reducing the amount of unused Card Credit and, if necessary, allowing for the Unauthorised Credit) the Commission Fee related to the issuance and use of the Card, opening and servicing of the Card Account, use of the Card Credit and other fees not specified in the Rates & Fees, however, required by the Bank to execute the Client's Payment Orders, if necessary converting funds at the Bank's exchange rate on the day of the operation. In the case of insufficient funds in the Card Account, the Bank may, without additional consent from the Client, debit the entire amount of the debt (incurred in connection with the use of the Card if the Client has failed to settle with the Bank) from any Client's account with the Bank, if necessary, by converting funds at the Bank's specified exchange rate on the day the transaction is executed.
- 3.6. The Client may use the Card Account within the expense limit, i.e., the Client's own funds in the Card Account and the Card Credit granted to the Client by the Bank.

4. Provisions for Issuing and Use of the Card

- 4.1. The Bank shall take a decision regarding the conclusion of the Agreement, signed by the Client and submitted to the Bank, and the opening of the Card Account upon submission of all requested documents to the Bank, in compliance with the Provisions specified in Sections 3 and 4 of the GPT. The Bank may refuse to conclude the Agreement or refuse to issue a Card or an additional Card, or offer the Client another type of Card, or not to grant a Card Credit, without indicating the reasons for its decision. On the day of signing the Agreement, the Client's obligation is to provide in his/her Current Account opened with the Bank the amount of money necessary for payment of the Commission Fee specified in the Rates & Fees for issuing the Card. The Agreement shall be deemed as concluded and entered into force upon the opening of a Card Account.
- 4.2. The Bank shall activate the Card issued in Client service locations and Card Account no later than within 2 (*two*) Bank's Business Days from the day the Agreement enters into force and signing of the Card Issuance Act, and after paying the Commission Fee specified in the Rates & Fees for issuing the Card. The Client shall activate the Card received by mail in PNB Internetbanka, and the activation of the Card and Card account shall take place immediately after activation by the Client.
- 4.3. The Client shall pay a Commission Fee for the use and issuing of the Card to the Bank in accordance with the Rates & Fees. The Commission Fee for the use of the Card shall be deducted from the Card Account on the last Bank's

Business Day of each month (if a monthly fee has been set) or, after a year on the last Bank's Business Day of the month, counting from the moment the Card is issued (if an annual fee has been set).

- 4.4. At the moment of receiving a Contactless Card, the contactless Transaction functionality on the respective Card shall be inactive. In order to activate and further use the contactless Transaction functionality, the Cardholder, with the Card in question, must make the first Transaction using the contact technology and entering the PIN code, i.e. by inserting a Contactless Card in the Merchant card device or ATM.
- 4.5. The Contactless Card Transactions may be made without entering the PIN code or placing the Cardholder's signature on the Transaction Document, if the Transaction amount corresponds to the Transaction limit of a contactless functionality.
- 4.6. The Bank may annul and destroy the Card in case of failure to pick up the Card within 6 (*six*) months from concluding the Agreement and opening the Card Account. In this case, the Bank shall not refund to the Client the Commission Fee charged for issuing the Card or the annual/monthly fee for using the Card.
- 4.7. The Card is the property of the Bank and has been transferred to the Cardholder for use. The Card may only be used by the Cardholder.
- 4.8. The Card may be either principal or additional card. The Client – a resident of the Republic of Latvia may request to issue additional Cards linked to the Card Account, however, not more than 9 (*nine*), to persons assigned by the Client. The Client – a non-resident of the Republic of Latvia, a natural person, may claim 5 (*five*) additional Cards, while a legal entity – 10 (*ten*) additional Cards. The currency of the additional card shall be the same as that of the principal card.
- 4.9. If the Card contains a specially designed box for a sample of the Cardholder signature, the Cardholder shall be obligated to sign to the Card signature sample at the place specified before commencing the use of the Card.
- 4.10. In Client service locations, along with the new Card, the Client shall receive the PIN code in a sealed envelope; if the Client chooses to receive the Card by post, then first the PIN code shall be sent to the Client and the Card shall be sent separately after 2 (*two*) Business Days.
- 4.11. Upon expiration of the Card, when the Client renews the Card, PNB Internetbanka shall have the option to choose to obtain a new PIN code or keep the previous PIN code.
- 4.12. In order for Client to be able to carry out Transactions in stores of online merchants, the Bank shall provide for opportunity to obtain the One-Time Password (OTP).
 - 4.12.1. The One-Time Password (OTP) may only be used when shopping online in merchant stores that participate in the *SecureCode* system established by *Mastercard* or *Verified by VISA* established by *VISA*. A *Mastercard SecureCode* or *Verified by VISA* logo indicates that a merchant is registered as a *MasterCard SecureCode* or a *Verified by VISA* member on its website online and on the screen where one shall enter the One-Time Password (OTP) for carrying out the Transactions. The Bank shall provide for the possibility of obtaining a One-Time Password (OTP), provided that the Client specifies the channel for reception (a phone number or e-mail address) of the One-Time Passwords (OTP). The Client may change or unlock the channels for reception (a phone number or e-mail address) of the One-Time Passwords (OTP) using PNB Internetbanka or in the Bank's Client service locations. In cases where internet merchants are not members of either *SecureCode* system created by *Mastercard* or the *Verified by VISA* created by *VISA*, the One-Time Password (OTP) shall not be required for online Transactions.
 - 4.12.2. When commencing a Transaction in stores of online merchants and entering the payment details, the Cardholder shall ensure that authentication certificate (SSL) is valid. The part of address https: in the address bar shall be green if the authentication certificate (SSL) is valid. Likewise, the name in the address bar shall be the same as the address typed.
 - 4.12.3. If the part of address https: is red or an authenticity certificate (SSL) error appears in the browser, it indicates a potential threat to the secure connection. The Bank should be contacted in this case by calling (+371) 6704 1100.
 - 4.12.4. Before confirming a transaction in stores of online merchants, the Client shall see the Card number, merchant's name, purchase amount, date, and time. The Client's duty is to verify whether the Transaction details are correct and, if yes, the Cardholder may enter the One-Time Password (OTP) and confirm the Transaction.
 - 4.12.5. PIN code and One-Time Password (OTP) shall be equivalent to the Cardholder's signature. Entering the PIN code in the respective device with the Seller, Service Provider, Bank's POS terminal or the ATM and entering the One-Time Password (OTP) on the internet shall be considered as the Client's consent to the Transactions in the Card Account and shall impose obligations on the Client/Cardholder in accordance with the effective legislation of the Republic of Latvia. Disclosure of the PIN code or One-Time Password (OTP) to the third parties is prohibited. PIN code shall be stored securely to ensure that it cannot be accessed by third parties. It is prohibited to write the PIN code on the Card or keep it together with the Card. The Bank or a third party accepting the Card for Transaction may retain the Card if a wrong PIN code is entered.
 - 4.12.6. The Bank may block the One-time Password (OTP) channel if the One-time Password (OTP) has been entered incorrectly 5 (*five*) times and in this case the Client is obliged to unlock or replace the One-Time Password (OTP) channel, using the Remote Service or by calling the Client Support Service, or by turning to the Bank's Client service locations.
- 4.13. The Transactions may be conducted in Card acceptance places indicating that the respective Card type is accepted. Cash withdrawal is the only permitted operation using *Cirrus* Card.

- 4.14. The Client shall bear responsibility for a Card Transaction confirmed using PIN code, One-Time Password (OTP) or Cardholder's signature, or CVV2 or CVC2 codes.
- 4.15. The Bank may impose a Transaction amount limit for a certain period of time for security purposes. Further information can be obtained at the Bank's Client service locations or Bank's website online. The Client may apply for changes in the Transaction amount limits by submitting a free-format application to the Bank on paper or electronically using the Remote Service.
- 4.16. The Bank shall not be liable for:
 - 4.16.1. third party refusal to accept the Card as a means of payment for goods or services;
 - 4.16.2. the quality of goods or services purchased using the Card;
 - 4.16.3. restrictions imposed by third parties potentially infringing the Cardholder's interests;
 - 4.16.4. legal relationships formed by the Client or Cardholder with the third parties;
 - 4.16.5. consequences incurred as a result of online Transactions performed by the Client.
- 4.17. For purposes of the protection of the Client's interests and in cases related to the Card's security, reasonable suspicion about unauthorised use of the Card or use of the Card for fraudulent purposes, or in cases when the Card is linked to the Card Credit and there is a significant increase in the risk that the Client may not be able to fulfil his/her obligations with the Bank, the Bank may block the Card at any time by prohibiting the Transactions until the circumstances have been clarified, and in this case, the Bank shall not be liable for any loss and expenses incurred by the Client or third parties. By blocking the Card in the cases referred in this clause, the Bank shall notify the Client, if possible, before or immediately after the planned blocking. The obligation to provide information shall not apply if the provision of information could jeopardise objectively justified safety concerns or is prohibited in accordance with the requirements of laws and regulations of the Republic of Latvia.
- 4.18. The Bank may unilaterally and without prior notice impose restrictions or limits on Transactions.
- 4.19. The Client shall have the following obligations:
 - 4.19.1. to comply with the provisions of the Agreement and GPT, including these Provisions;
 - 4.19.2. to familiarise the Cardholder with the provisions of Agreement and GPT, including these Provisions, and notify him/her on any amendments or supplements thereto;
 - 4.19.3. to control the use of Card Account;
 - 4.19.4. to follow and inquire in the Bank on the state of the Card Account;
 - 4.19.5. to make all the settlements with the Bank in due time in accordance with this Agreement, GPT, including these Provisions, and Rates & Fees;
 - 4.19.6. to notify the Bank immediately if the Card has been lost, stolen or otherwise removed from possession in accordance with the procedure provided for in Section 5 of these Provisions, as well as in cases when the PIN code, CVV2 or CVC2 codes have (or is suspected to have) become known to a third party;
 - 4.19.7. to sign the Payment Order, incl. using the Electronic Signature, confirming the Transaction execution, after verifying that the amount specified in the Payment Order corresponds to the actual Transaction amount;
 - 4.19.8. to keep all documents related to the use of the Card Account for 3 (*three*) months after Transaction has been executed;
 - 4.19.9. not to exceed the limits of Card or Card Account when carrying out the Transactions.
- 4.20. The Cardholder has the following obligations:
 - 4.20.1. to comply with the provisions of the Agreement and GPT, including these Provisions;
 - 4.20.2. to store the PIN code, CVV2 code and CVC2 code in secret and not to disclose them to any third parties;
 - 4.20.3. to protect the Card from the impact of high temperature, electromagnetic field or mechanical damage;
 - 4.20.4. to present an ID when requested to do so by the recipient (recipient's representative) of the Transaction amount;
 - 4.20.5. to place his/her signature on a document proving the Transaction or use the PIN code, One-Time Password (OTP), CVV2 code or CVC2 code instead of a signature, after verifying that the amount indicated in the document corresponds to the actual Transaction amount and all the other Transaction parameters are correct;
 - 4.20.6. to keep all documents related to the use of the Card for 3 (*three*) months after Transaction has been executed;
 - 4.20.7. not to exceed the limits of Card or Card Account when carrying out the Transactions;
 - 4.20.8. to notify the Bank immediately if the Card has been lost, stolen or otherwise removed from possession in accordance with the procedure provided for in Clause 5 of these Provisions, as well as in cases when the PIN code, CVV2 or CVC2 codes have (or is suspected to have) become known to a third party.
 - 4.20.9. to immediately return all the issued Cards to the Bank when requested by the Bank, in the cases provided for in these Provisions;
 - 4.20.10. to enter the One-Time Password (OTP) in all cases when making purchases online and requested to do so;
 - 4.20.11. not to use the Card for purposes contrary to the provisions of GPT, these Provisions or the Agreement.
- 4.21. The Bank may disclose the Client's or Cardholder's data to international payment card organisations, if it is necessary for the performance of obligations under these Provisions or for the purposes of increasing the level of Transaction security.
- 4.22. If the Agreement with the Client – a natural person contains a supplementary condition stipulating the "Company Payroll Card" or "Payroll Card", the Bank may apply to the Client individual Provisions of use of the Payroll Card which may differ from the Card use conditions specified in the Rates & Fees. If the employment relationship between the Client and the Company is terminated, the Bank may unilaterally apply the Standard Rates & Fees to the Client, which will be valid from the day when the employment relationship is terminated, without notifying the Client thereof.

- 4.23. In the event of changes in the conditions serving as grounds for issuing the Payroll Card, the Company must notify the Bank in writing (as soon as these conditions become known to the Company). After changing the conditions referred to in this clause, the Bank may unilaterally (without notifying the Client) apply the standard conditions to the Client in accordance with the Card Rates & Fees for natural persons effective at the moment of changes to these conditions.
- 4.24. In the event that the Cardholder avoids using the One-Time Pass (OTP), the Client shall be liable for any loss or expenses incurred by the Client or the Bank as a result of failure to use the One-time Password (OTP).

5. Loss of the Card

- 5.1. In the event when the Card has been lost, stolen or otherwise removed from possession, or the PIN code, CVV2 code, CVC2 code, or other Card data have become known to a third party, the Client or Cardholder shall immediately notify the Bank thereof by phone +(371)67041100 or Payment Processing Centre by phone +(371)67092555.
- 5.2. The Client shall be liable for any Transactions executed with the Card, regardless of the amount, until the Bank receives an oral notification from the Client and/or Cardholder referred to in Clause 5.1 of these Provisions, if the respective Transaction has been confirmed using PIN code, CVC2 code, CVV2 code or by placing the Cardholder's signature. If the Transaction has been executed online and confirmed using the One-Time Password (OTP), the Client shall be liable for all the Transaction in full, irrespective of the amount thereof. The Client's liability referred to in this Clause shall not come into effect if the Bank has failed to provide the Client with the opportunity to notify the about the loss, theft or other misappropriation of the Card at any time or other cases provided for in Clause 5.1 of these Provisions, and the Client him/herself has not acted unlawfully.
- 5.3. The Bank shall not indemnify a Client who is a legal entity for loss up to EUR 150 (*one hundred fifty euro*) if the said loss arises in connection with unauthorised Transactions as a result of the loss, theft or other unlawful misappropriation of the Card, or if the Client has failed to provide for the safe storage of the Authorisation Elements and, thus, has allowed for illicit misappropriation of the Card or access of third parties to the PIN code, CVV2 code, CVC2 code, or other Card data. Provisions of this clause do not apply to losses incurred after the Client, based on Clause 5.1 of these Provisions, has notified the Bank on a loss or theft of the Card or acquisition of Card data by third parties, except for cases, when the Client him/herself has acted in an unlawful manner.
- 5.4. If the Client or Cardholder has acted negligently failing to comply with GPT, including these Provisions, or has carried out fraudulent activities that have led to the use of the Card by a third party for carrying out a Transaction, or has acted unlawfully or knowingly (intentionally), or by gross negligence has allowed for the Card to be used for purposes contrary to these Provisions, or has failed to comply with this Clause 5.1 of these Provisions, the Client shall be liable for all Transactions in full regardless of amounts thereof.
- 5.5. The Bank may, at its discretion and taking into consideration the nature of Card Authorisation Elements, as well as the circumstances, in which it has been lost, stolen or otherwise misappropriated, or the Card data have become known, and if the Client has not acted in an unlawful manner and it has also not been established that the Client has knowingly (intentionally) allowed for use of the Card for purposes contrary to these Provisions, or has knowingly (intentionally) failed to comply with the reporting duty to the Bank in accordance with Clause 5.1 of these Provisions, reduce the extent of the Client's liability as set forth in Clause 5.4 of these Provisions. The rights of the Bank set out in this clause are not considered a compulsory obligation of the Bank.
- 5.6. If the Client or Cardholder recovers the Card which has been declared lost, stolen or otherwise removed from the possession, the Client or Cardholder shall promptly notify the Bank thereof in writing on a paper or electronically using the Remote Service (provided that the Client has a connection to the Remote Service and this system provides for such possibility).
- 5.7. Upon receiving the oral notification from the Client and/or Cardholder or the relevant notification from the Payment Processing Centre referred to in the Clause 5.1 of these Provisions, the Bank shall block the Card. The Bank shall issue a new Card if the Client submits a written application to the Bank in this regard and pays the Commission Fee on issuance of the Card specified in the Rates & Fees.

6. Expiration Date of the Card

- 6.1. The Expiration Date of the Card is shown in the MM/GG (month/year) format and it ends on the last calendar day of the specified month at 00:00 Latvian time. The expiration Date of the Card may differ depending on the Card type. If the Client has failed to act in accordance with the procedure provided for in Clause 6.2 these Provisions and there are sufficient funds available in the Card Account for the payment of Commission fee for issuance of the Card, the Bank shall, within 1 (*one*) month prior to the expiry of the Card, produce a new Card and, without acceptance, charge the Commission Fee from the Card Account at the time of production. The Bank may annul and destroy the Card in case of failure to pick up the Card within 6 (*six*) months from the date of producing the said Card. In this case, the Commission Fee paid for the Card issuance and the annual/monthly fee for use of the Card shall not be repaid to the Client.
- 6.2. If the Client does not wish to renew the Card and wishes to terminate the Agreement accordingly, the Client, 1 (*one*) month prior to the expiry of the Card, however, not later than by the 10th day of the respective month, must submit in writing (in paper form), or if the Client has a connection to the Remote Service and this system provides for such an

opportunity, an electronic application using the said system, as well as fulfil the requirements laid down in Clause 10.7 of these Provisions.

- 6.3. If, in the course of using the Card, the Client/Cardholder has failed to comply with the provisions of the Agreement or the GPT, incl. these Provisions and/or there are insufficient funds in the Card Account to cover the Bank's Commission Fee, the Bank is entitled not to renew the Card and act in accordance with the requirements of Clause 10.3 of these Provisions.

7. Provisions for Card Credit (Overdraft)

- 7.1. Based on the Agreement, the Bank shall grant the Client an Authorised Credit, which shall be credited to the Card Account.
- 7.2. The Authorised Credit shall be deemed received if a Transaction has been debited from the Card Account exceeding the Client's own funds in the Card Account.
- 7.3. The Client shall pay the interest specified in the Agreement with the Bank, as well as the Rates & Fees, for use of the Authorised Credit. The Client shall pay the contractual penalty specified in the Agreement with the Bank, as well as the Rates & Fees, for use of Card Credit in the amount exceeding the Authorised Credit.
- 7.4. The interest on the use of the Authorised Credit shall be calculated from the day when the Client's own funds on the Card account have been exceeded, based on the actual number of days in a month and assuming there are 360 (*three hundred and sixty*) days in a year.
- 7.5. The contractual penalty for use of Unauthorised Credit shall be calculated from the day when such Unauthorised Credit has appeared in the Card Account.
- 7.6. The time period for which the Client must settle with the Bank, i.e., reimburse the amount of the Credit Card used and pay interest, shall be 1 (*one*) calendar month or different period, if such is provided for in the provisions of the Agreement. The Card Credit, interest, contractual penalties (including penalties for the use of Unauthorised Credit) shall be paid by the Client before the date specified in the Agreement or, if it has not been specified in the Agreement, by the 15th date (inclusive) of the next month of the Payment Cycle or another date, if such is provided for in the provisions of the Agreement. Should the Payment Day be a Sunday or other public holiday in the Republic of Latvia, the first Bank Business Day following that shall be considered the Payment Date. For each day of delay of payments, the Client shall pay to the Bank a contractual penalty for late payment in accordance with the Agreement and Rates & Fees.
- 7.7. The calculated interest and contractual penalties (including the contractual penalty for the use of the Unauthorised Credit) shall be directly debited by the Bank from the Client's own funds in the Card Account or, in the event of a lack of the Client's own funds, from the Card Credit, thereby reducing the unused amount of Authorised Credit and, if necessary, increasing the amount Unauthorised Credit amount on the last Bank Business Day of the Payment Cycle.
- 7.8. The Client may apply for an increase in the Authorised Credit amount by completing a free-form addendum to the Agreement and submitting it to the Bank in paper form or electronically using the Remote Service, if this system provides for such an opportunity. In this case, the Bank, at its own discretion, may increase or refrain from increasing the amount of Authorised Credit (including without informing the Client on the reasons for refusal to increase the amount of Authorised Credit).
- 7.9. If the Client wishes to reduce the Authorised Credit amount or to decline the Card Credit, the Client must submit to the Bank a free-form addendum to the Agreement in paper form or electronically using Remote Service. If the amount of Authorised Credit is reduced, the Client shall repay to the Bank the difference between the actually used and not repaid Authorised Credit amount and the new Authorised Credit amount approved by the Bank, as well as any other payments due by the Client to the Bank in accordance with Clause 7.10 of these Provisions on the date of signing the addendum to the Agreement. If the Client submits to the Bank an application declining the Card Credit, the Client shall settle with the Bank in full (i.e., repay to the Bank the Card Credit, calculated interest and contractual penalties, as well as other payments due by the Client to the Bank) at the time of submission of the said application.
- 7.10. The Bank shall consider the Client's request for changes in the amount of Authorised Credit within 5 (*five*) Bank's Business Days, however, in some cases longer, from the date of receipt of the said request. Should the Bank take a decision on changes in the amount of Authorised Credit, the Client shall sign the appropriate addendum to the Agreement with the Bank. If the amount of the Authorised Credit is increased, the increased amount of the Authorised Credit shall become available at the end of the Bank's Business Day on which the relevant addendum between the Client and the Bank has been concluded, at 7.00PM Latvian time.
- 7.11. The Bank may, at its sole discretion, reduce the amount of Authorised Credit unilaterally and at any time, by notifying the Client within 5 (*five*) Bank Business Days in advance. In this case, the Client shall immediately repay to the Bank the difference between the actually used Authorised Credit amount and the reduced amount of Authorised Credit, as well as any payable due by the Client to the Bank in relation to the Card Account. Also, in this case, the Client may act in accordance with the procedure provided for in Clause 10.1 of these Provisions.
- 7.12. The Bank may at any time alter the interest and contractual penalty rate stipulated in the Rates & Fees by notify the Client in accordance with the procedure provided for in the GPT. Upon allowing for use of the Card/Account, the Client consents to the amendments referred to in this clause. If the Client does not accept the amendments referred to in the clause, the Client may act in accordance with the procedure provided for in Clause 10.1 of these Provisions.

- 7.13. The amount paid into the Card Account shall be diverted for settlement of Client's obligations towards the Bank in the following manner:
 - 7.13.1. interest for the use of Authorised Credit;
 - 7.13.2. the used amount of Card Credit;
 - 7.13.3. contractual penalty for late payment;
 - 7.13.4. contractual penalty for the use of Unauthorised Credit.
- 7.14. The used and non-repaid Card Credit may be repaid, in whole or in part, at any time, by crediting funds into the Card Account.
- 7.15. The repaid Card Credit may be re-used during the period of validity of the Agreement.

8. Collateral

- 8.1. By granting an Authorised Credit to the Client, the *Bank* may request a collateral from the Client as a guarantee of performance of the Client's obligations.
- 8.2. In order to provide the collateral, the Client (or a third party providing the collateral) shall enter into an Agreement for Collateral with the Bank and ensure that the collateral amount shall be credited to the account specified in the Collateral Agreement.
- 8.3. The Bank may calculate an interest on the cash collateral amount. In calculation of the interest, the Bank shall follow the Bank's interest rates effective on the relevant day, as specified in the Rates & Fees . The interest on the amount of collateral shall be calculated daily at the end of the respective day and credited to the account specified in the Collateral Agreement on the last Bank's Business Day of each month, at the end of the closing of the Bank's operation day.
- 8.4. If during the validity period of the Agreement, new regulatory enactments are adopted or the existing regulatory enactments are amended, or if the Bank has received binding instructions from the institutions supervising the Bank's operations, or if the circumstances that have served as the basis for the granting of the Authorised Credit have changed, the Bank may request from the Client the relevant collateral serving as a guarantee for Client's performance of obligations or the increase or replacement of the existing collateral by sending the respective notification to the Client. If, within 10 (*ten*) Bank's Business Days from the date of sending such notification, the Parties fail to agree in writing on the collateral or increase or replacement of the existing collateral, the Bank shall have the right to act in accordance with the procedure provided for in the Clause 10.3 of these Provisions.

9. Claims

- 9.1. If the Client considers that the Card Account has been debited incorrectly, that is, not conforming with the actual Transactions (except for inconsistencies in the Transaction amounts resulting from the currency conversion), the Client may contest the relevant Transaction by submitting to the Bank a written claim in paper form or electronically using the Remote Service.
- 9.2. If the Client fails to submit the claim to the Bank within 2 (*two*) months from the date of execution of the relevant Transaction or 13 (*thirteen*) months, or in case when Client is a legal entity – within 3 (*three*) months, after the funds have been debited from the Card Account – if the Client has become aware of unauthorised or erroneously executed the Transaction, the Bank has the right to believe that the Client acknowledges the Card Account debit to be correct.
- 9.3. If the Client submits a justified claim on unauthorised or erroneously executed Transaction in accordance with Clause 9.2 of these Provisions, the Bank shall refund the amount of the unauthorised Transaction to the Client or restore the condition the Client's Card Account, from which this amount has been debited, as it was prior to the execution of the unauthorised Transaction, unless the GPT provide otherwise.

10. Closing the Card Account

- 10.1. The Client may terminate the Agreement unilaterally by submitting the relevant application to the Bank, complying with the provisions of Section 10 of these Provisions, as well as transferring all the Cards issued on the basis of the Agreement, as well as the Client/Cardholder Authorisation Elements. Upon submission to the Bank of application on termination of the Agreement, the Client and Cardholder shall lose the rights of use of any Cards and Card Account, and the Bank shall terminate the operation of all the Cards.
- 10.2. The Agreement shall be considered terminated if, after Expiration Date of the Card, no Transactions have been executed within 6 (*six*) months and the balance in the Card Account equals 0 (zero), following the conditions provided for in Clause 10.7 of these Provisions.
- 10.3. The Bank may, without notifying the Client, block the Card and request the Client to cover all Client's Card debts to the Bank and/or, without notifying the Client, block the Card and suspend the execution of all or certain Transactions as determined by the Bank in the Card Account and/or by written notification, terminate the Agreement unilaterally and request the Client to repay the amount of the Card Credit and the entire Client's debt to the Bank, in the following cases:
 - 10.3.1. in cases specified in Clause 3.11 of GPT;
 - 10.3.2. when the amount of Client's Card debt to the Bank exceeds the value of collateral;
 - 10.3.3. when the Bank discontinues the issuance of the relevant Card type and/or issuance thereof to the Client;
 - 10.3.4. in other cases provided for in the laws and regulations of the Republic of Latvia.

- 10.4. The Bank shall notify the Client on termination of the Agreement based on Clauses 10.3.1 to 10.3.4 of these Provisions, following the cases and deadlines provided for in the Applicable Law.
- 10.5. The Bank may block the Card upon receiving notification on the death of the Client – a natural person, the Cardholder's death or the death of the Client's sole legal representative, or representative entitled to represent the Client together with other representatives. The Bank shall not be liable for the consequences of exercising or not exercising of the Bank's rights specified in this Clause.
- 10.6. In all other cases, the Bank may terminate the Agreement unilaterally by notifying the Client in writing, following the cases and deadlines provided for in the Applicable Law. The Bank has no obligation to notify on reasons for termination of the Agreement.
- 10.7. In any case, the Agreement shall be considered terminated only after the full repayment of the Card Credit and the Client's Card Debt amount to the Bank, however, not earlier than after 40 (*forty*) calendar days from the date when all the issued Cards have been discontinued, i.e., the rights to use the Cards have been lost or the Expiration Date of the Card has passed.
- 10.8. When closing the Card Account, the Bank may transfer the Client's own funds to any Client's account with the Bank at the Bank's discretion, if the Client has failed to submit a written application on transferring the Client's own funds available in the Card Account to a different account.
- 10.9. If the Bank has requested full or partial repayment of the Card Credit and the entire Client's Card debt to the Bank, the Client shall immediately reimburse the used Card Credit and the total amount of the Client's Card debt to the Bank.
- 10.10. Upon termination of the Agreement, the already paid Commission Fee for producing/renewal/use of the Card shall not be refunded to the Client.

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