

## GENERAL INFORMATION CONCERNING AN INVESTMENT SERVICES PROVIDER AND INVESTMENT SERVICES

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Pursuant to the Financial Instrument Market Law of the Republic of Latvia and the requirements of regulations issued by the Financial and Capital Market Commission of the Republic of Latvia, JSC Baltic International Bank (hereinafter the Bank) has prepared this information to introduce the existing and potential clients of the Bank to the investment service provider, investment services and most substantial terms and conditions for the provision of investment and ancillary investment services.

### 1. INFORMATION ABOUT THE BANK

Name	Joint Stock Company Baltic International Bank
Registered address	Kalēju iela 43, Riga, LV-1050, Latvia
LEI code	213800U3Y2TMRMKLNE90
Principal office address	Grēcinieku iela 6, Riga, LV-1050, Latvia
Phone	(+371) 67000444
Fax	(+371) 67000555
E-mail	<a href="mailto:info@bib.eu">info@bib.eu</a>
Website address	<a href="http://www.bib.eu">www.bib.eu</a>
Bank licence	The Bank confirms that on 8 April 1993 it has received a licence for operations of a credit institution issued by the Financial and Capital Market Commission (address: Kungu iela 1, Riga, LV-1050, Republic of Latvia, website address: <a href="http://www.fktk.lv">www.fktk.lv</a> ), which, inter alia, grants the Bank the right to provide investment services and ancillary investment services.

## 2. PROVISION OF INFORMATION AND COMMUNICATION WITH THE CLIENT

Language of communication	<p>The Bank may communicate with the Client, including sending documents and other information to the Client in Latvian, Russian and English.</p> <p>The Client may communicate with the Bank, receive documents and other information from the Bank in Latvian, Russian and English.</p> <p>The Client has the right to choose in which of these languages the Bank will ensure communication with the Client.</p>
Types of information exchange (methods of communication)	<p>The Bank and the Client may communicate with each other, including for sending and receiving an order, in person, over the phone, in writing and by electronic means of communication, including a system for remote access to the account of the Client. The Bank shall agree on the use of a specific means of communication with the Client by signing a relevant Investment Services Receipt Agreement (Application for Brokerage Services together with the Rules governing brokerage services, the Client Order Execution Policy (transactions in financial instruments) and the Description of financial instruments and inherent risks collectively form the Agreement on the Provision of Brokerage Services entered into by and between the parties).</p> <p>The Bank shall provide for the recording of phone conversations and electronic communication with the Client. Copies of conversations and communications by the Client shall be made available on request of the Client for a period of five years, and up to seven years upon the request of the competent authority.</p>

## 3. STATEMENTS OF INVESTMENT SERVICES

Basis for the provision of statements	<ul style="list-style-type: none"> <li>– Financial Instrument Market Law;</li> <li>– COMMISSION DELEGATED REGULATION (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;</li> <li>– Internal regulations of the Bank;</li> <li>– Agreements entered into by and between the Bank and the Client.</li> </ul>
Statements and information to be issued to the Client	<ul style="list-style-type: none"> <li>– statement on the execution of orders in transactions with financial instruments;</li> <li>– statement of the transactions performed by the Bank on behalf of the Client in providing the Client with an individual asset management service;</li> </ul>

- statement from the financial instrument account and investment account of the Client;
- notice to the clients of a 10% decrease in the total value of the portfolio (individual management of client assets) and notice to private clients of any 10% decrease in the value of financial instruments that include leverage or expose the client to the risk of losing more than the client has invested;
- FI status comparison report on the Client's transactions in derivatives outside the regulated market;
- additional information on financial instruments events and other information and documents related to servicing the financial instrument accounts of the client and transactions executed on behalf of the client.

Frequency and timelines of providing statements regarding the execution of orders and transaction statements to the Client

Frequency and deadline for sending the statement of execution of the order:

- no later than on the business day following execution of the order;
- no later than the business day following the receipt of the relevant confirmation from the financial intermediary, if such confirmation is received from the financial intermediary.

The Bank shall provide the Client with a statement of the transactions performed by the Bank on behalf of the Client in providing individual asset management services to the Client as well as the composition and value of assets once a month, within 10 (ten) business days after the end of the reporting period. The Client is entitled to request a separate statement regarding each transaction.

Frequency and timelines for the provision of the statement of the financial instrument account and investment account

The Bank shall issue a statement of the financial instrument account and investment account to the Client on a quarterly basis, which shall be deemed the reporting period, regarding the financial instruments recorded during this period, within 10 (ten) business days after the end of the reporting period, unless the Client has selected the online bank as a communication channel in the Brokerage Services Application section "METHODS OF COMMUNICATION" subsection "Preferred method for receiving reports, reviews, account statements and individual messages", whereby the Client agrees to receive a statement of the financial instrument account and investment account via the online bank. In such an event, the Client is obliged to research the financial instrument account and investment account statements via the online bank at least quarterly.

Within 2 (two) business days after the receipt of a relevant request from the Client, the Bank shall issue the Client a statement of the financial instrument account and a statement of the investment account regarding the execution of specific transactions with financial instruments during the period specified in the Client's request.

The Bank shall send its clients conducting OTC derivative transactions, the reconciliation reports regarding the state of the above financial instruments on a monthly basis, if the Client has open positions from the above transactions. If the Client conducts OTC derivative transactions through the trading platform, the financial instrument state comparison reports shall be available through the trading platform in the technical solution offered by it.

Frequency and timelines for the provision of the statement to the clients regarding a 10% decrease in total portfolio value (individual management of assets of the client)

In the event where the total value of the Client's investment portfolio decreases by 10% according to the assessment at the beginning of each reporting period and thereafter by 10% several times, the Bank shall notify the Client no later than on the business day following the day on which the threshold value is exceeded.

Frequency and timelines for the provision of the statement to the clients of any 10% decrease in the value of financial instruments that include leverage or expose the client to the risk of losing more than the client has invested

Unless otherwise stated in the Brokerage Services Application, the Bank shall notify private client holding positions of leveraged financial instruments or contingent liability transactions on his/her financial instrument account about the decrease in the initial value of each financial instrument recorded in the financial instrument account by 10%, and thereafter about each subsequent 10% (ten percentage points) decrease, calculated from the initial value of the financial instrument, no later than by the end of the business day on which the above decrease threshold value is exceeded, or, if the decrease threshold value has been exceeded on the day that is not a business day - no later than on the following business day.

#### 4. PROTECTION OF FINANCIAL INSTRUMENTS AND CASH FUNDS OF THE CLIENT

Summary description of the measures taken by the Bank to ensure the protection of financial instruments of the clients

The Bank shall provide for the permanent separation of financial instruments of the Client and of the Bank itself. The Bank holds financial instruments owned by the Client in the client or nominee account opened with a counterparty on behalf of the Bank with a note that the Bank holds the financial instruments of its clients in the nominee account. Financial instruments of several clients of the Bank may be held in one nominee omnibus account at one place.

The Bank is also entitled to hold financial instruments owned by the Client with counterparties registered abroad, where the holding of financial instruments on behalf of third parties is not regulated, if this, due to the nature of such financial instruments or the related Order/Transaction, is required for the execution of the Order/Transaction.

The Bank shall keep records of the financial instruments of the Client held by it and shall ensure that:

- it is possible at any time to separate financial instruments owned by one Client from financial instruments owned by another Client, or financial instruments owned by the Bank;

- records are regularly compared with those of the counterparty with which the Bank holds the financial instruments.

The Bank shall issue the Client with a statement that the Bank, when holding financial instruments or funds of the Client abroad, in accordance with the law or regulation applicable in that foreign country, may be obliged to enter into an agreement with the counterparty or another third party providing for or creating the collateral right of such person, interests, encumbrances, liens related to the collateral or the right of offset with respect to financial instruments or funds owned by or due to the Client, enabling such person to dispose of financial instruments or funds owned by the Client to recover debts not related to the Client or the provision of services to the Client.

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Client deposit guarantee scheme

The Bank is a member of the deposit guarantee scheme of the Republic of Latvia.

The Client deposit guarantee scheme applies to the funds in the investment account of the Client that are credited to it within the provision of brokerage services, but does not apply to the funds transferred into the account for the accounting of funds transferred for management under the individual management of assets.

Guaranteed compensation to one client for a deposit in an investment account (taking into account other deposits in the Bank as well) shall be equal to the guaranteed deposit, but shall not exceed EUR 100,000 (in total, i.e. where the client has several guaranteed deposits with the same deposit taker, all guaranteed deposits of the same depositor are added together and considered as one guaranteed deposit).

It is not necessary for the client to submit the deposit taker an application and other documents justifying the depositor's right to the guaranteed compensation, as the Bank will prepare a list of clients to whom the guaranteed compensation is payable.

According to the Deposit Guarantee Law, there are cases where the guaranteed compensation is not paid to the depositor. For example, guaranteed compensation is not paid for:

- deposits that are related to money laundering or are recognised as proceeds of crime, subject to a court judgment that has entered into force;
- debt securities issued by the Bank with the original maturity exceeding one year.

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Investor protection scheme

The Bank is a member of the investor protection scheme of the Republic of Latvia.

A client of the Bank receiving brokerage services and individual asset management services is entitled to compensation for irreversibly lost financial instruments as well as for damages caused by a non-executed investment service in circumstances

where the Bank is unable to meet its obligations towards the client due to the financial condition. The above does not apply to situations where the investment services have not been executed during normal operation of the Bank.

Compensation shall be paid to the Client in the amount of 90 percent of the value of the financial instruments irreversibly lost or damages caused by a non-executed investment service, but not exceeding EUR 20,000.

Compensation shall only be paid to investors who have filed a relevant application with the Financial and Capital Market Commission. The application for compensation shall be submitted within one year after the Client has become aware that the Bank has not performed its obligations, but no later than five years from the date of default.

Investor protection does not apply in cases where the client incurs damages due to changes in prices of financial instruments or because the financial instruments have become illiquid.

In accordance with the Investor Protection Law, there are cases where compensation is not paid to the investor; for example, compensation is not paid:

- to licensed investment service providers, insurance companies or professional investors and professional clients;
- to persons who have received high interest rates or financial concessions or have caused, or have benefited from, circumstances that have caused financial difficulties to the Bank or contributed to the deterioration of its financial condition;
- in other cases specified by law.

## 5. DESCRIPTION OF THE CONFLICT OF INTEREST PREVENTION POLICY

Establishing the types of conflicts of interest

In order to determine the types of conflicts of interest, the Bank shall evaluate situations where the Bank or a related person, or a person directly or indirectly controlling the Bank, may face a conflict of interest.

Examples of specific situations are provided in the document of the Bank "Prevention of Conflict of Interest Policy (with reference to the provision of investment services)", which is published on the website of the Bank at <https://www.bib.eu/en/docs/#A3> under the "Documents for Transactions with Financial Instruments" section.

Situations of emerging conflicts of interest

Upon the Bank providing investment services and ancillary investment services to the client, the conflict of interest mainly may emerge in the situations described in the document of the Bank "Prevention of Conflict of Interest Policy (with reference to the provision of investment services)", which is published on the website of the Bank at <https://www.bib.eu/en/docs/#A3> under the "Documents for Transactions with Financial Instruments" section.

Measures to identify, prevent and manage situations of a conflict of interest	In order to prevent the possibility of a situation of a conflict of interest emerging, the Bank is implementing a range of measures to identify, prevent and manage situations of a conflict of interest as specified in the document of the Bank "Prevention of Conflict of Interest Policy (with reference to the provision of investment services)", which is published on the website of the Bank at <a href="https://www.bib.eu/en/docs/#A3">https://www.bib.eu/en/docs/#A3</a> under the "Documents for Transactions with Financial Instruments" section.
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## 6. INFORMATION ON INDIVIDUAL MANAGEMENT OF FINANCIAL INSTRUMENTS OF THE CLIENT BASED ON THE AUTHORISATION

Information on the valuation method and frequency of the financial instruments included in the financial instrument portfolio of the client	Valuation of financial instruments included in the financial instrument portfolio of the client is undertaken on a monthly basis, at market value.
Details of the delegation of management of financial instruments or funds, or parts thereof, included in the portfolio of the client	The Bank does not delegate the management of financial instruments and funds included in the portfolio of the client to any third parties.
Benchmarking against which the performance of the portfolio of the client will be compared	For standard portfolios, performance is reported in the statement of individual management of the Client's assets based on the degree of risk of the portfolio. For individual portfolios, the benchmark for performance may not be available in the market due to the structure of the individual portfolio.
Information on the types of financial instruments that can be included in the financial instrument portfolio of the client and the types of transactions that can be made in these financial instruments	<p>The Bank offers for the client or prospective client to create a portfolio that will include financial instruments from the groups of financial instruments selected by the client when completing a questionnaire for individual asset management services and the investment declaration, which forms an integral part of the individual asset management agreement.</p> <p>The Bank shall notify the client or prospective client of the types of transactions that may be made in financial instruments, providing the opportunity to research the draft individual asset management agreement that the Bank issues to the Client in due time before providing investment services.</p>
Information on the objectives of the portfolio management, the degree of risk associated with the exercise of the manager's discretion and the limits imposed on such discretion	<p>The client defines the portfolio management objectives and the degree of risk when completing a questionnaire for individual asset management services.</p> <p>The client sets restrictions on the manager's discretion by submitting the Bank the investment declaration, which forms an integral part of the individual asset management agreement.</p>

## 7. SECURE HOLDING OF FINANCIAL INSTRUMENTS AND CASH FUNDS OF THE CLIENT

Information on holding of financial instruments and cash funds with a third party

Financial instruments that are not publicly traded in the Republic of Latvia are held with third parties - cooperation partners selected by the Bank. Pursuant to the Rules governing brokerage services of the Bank, the client agrees that financial instruments are held in accordance with the terms and conditions of the cooperation partner and acknowledges them as binding. The client assumes all risks associated with the storage of unregistered financial instruments.

The Bank is entitled to hold the funds and financial instruments owned by the client with a third party that is subject to the requirements applicable in the respective country regarding the separate holding of financial instruments of the client and is supervised. When deciding on selecting the third party to hold the funds and financial instruments of the client, the Bank assesses the competence and reputation of such person in the financial market as well as other risks that may adversely affect the interests of the client. The Bank reassesses the competence of the selected person and the terms and conditions for holding funds and financial instruments of the client annually.

Information on holding financial instruments of the client with a third party in the nominee account together with financial instruments of other clients and warning regarding the risks arising from such holding

The Bank shall provide for the permanent separation of financial instruments of the client and of the Bank itself. The Bank holds financial instruments owned by the client in the client or nominee account opened with a counterparty on behalf of the Bank with a note that the Bank holds the financial instruments in the nominee account for the benefit of its clients. Financial instruments of several clients of the Bank may be held in one nominee omnibus account at one place.

The Bank warns that in the above events the financial instruments of the client may be exposed to additional risks that, depending on the legal framework of the country concerned, may be related to withholding rights and various regulations in the event of insolvency or bankruptcy.

Information on holding financial instruments of the client with a third party if it is not possible to distinguish the financial instruments of the client from the financial instruments owned by the third party or the Bank, and a warning about the risks arising from such holding

The Bank is entitled to hold the funds and financial instruments of the client in the nominee account with a third party together with financial instruments of several clients, including where it is not possible for the Bank to ensure that the funds and financial instruments of the client deposited with a third party in the nominee account can be distinguished from the financial instruments owned by a third party or the Bank.

The Bank warns that in the above events the funds and financial instruments of the client may be exposed to additional risks that, depending on the legal framework of the country concerned, may



be related to withholding rights and various regulations in the event of insolvency or bankruptcy.

Information on whether the financial instruments or funds owned by the client will be subject to the laws and regulations of another country

The Bank is also entitled to hold financial instruments and funds owned by the client with counterparties incorporated abroad, including in countries where the holding of financial instruments and funds in the nominee account on behalf of third parties is not regulated, and thereby the financial instruments and funds owned by the client are subject to the laws and regulations of a country other than the Republic of Latvia. The need to hold financial instruments and funds owned by the client with counterparties incorporated abroad may be justified by the need to execute the order/transaction. As a result, financial instruments and funds owned by the Client may be held together with the financial instruments and funds of the Bank itself.

The Client is aware of and assumes the risks related to the circumstances specified in the previous sentence; namely, in this case the financial instruments and funds belonging to the Client are held together with the financial instruments and funds owned by the Bank and the rights of the Client with respect to such financial instruments and funds may possibly differ from the rights granted under the laws of the Republic of Latvia; thus, the application of foreign laws and regulations may make it impossible to fully identify the Client's ownership of the financial instruments.

Information on encumbrances of the financial instruments or funds of the client in favour of the Bank or a third party

The Bank and the cooperation partner shall have the right to encumber, offset and use the financial instruments and funds of the client held by them without compensation to the client. The details and conditions of encumbrances are contained in the investment service provision agreement, the draft of which is issued to the client in due time before the provision of investment services.

Information on the offset right of the Bank or third party with respect to financial instruments and funds owned by the client

The Bank and the cooperation partner shall have the right to exercise the financial pledge or offset right with respect to financial instruments of the client held in the account opened with the cooperation partner or the Bank if the right of claim of the cooperation partner is related to operations in such account by the client and other clients of the Bank, especially considering the fact that the financial instruments of several clients of the Bank are registered in one nominee omnibus account or where the Bank has a right of claim against the client.

Information on the duties and liability of the Bank with regard to the use of financial instruments of the Client in transactions carried out by the Bank on its own behalf or on the behalf of another client, including

Information on the duties and liability of the Bank with regard to the use of financial instruments of the Client in transactions carried out by the Bank on its own behalf or on the behalf of another client, including transactions for funding securities, is provided in the investment services agreement, the draft of which is issued to the Client before providing investment services.

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transactions for funding securities	Details of the risks involved are provided in the document “Information on the general risks and consequences that may be involved in consenting to a right of use of collateral provided under a security collateral arrangement or of concluding a title transfer collateral arrangement” published on the website of the Bank and available at: <a href="https://www.bib.eu/en/documents#A3">https://www.bib.eu/en/documents#A3</a>
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