

SEB-SABALANSĒTAIS

PENSION PLAN (SEB-BALANCED)

Registered on 30 May 2000
Licence No. 06.04.04.107/87.1.

Last amendments to the Pension Plan approved by Decision No. V12-02-10 of the Meeting of the Board of Directors of AS "SEB atklātais pensiju fonds" of 25 November 2010 and registered with the Financial and Capital Market Commission on 5 January 2011 by No. 2011-01-05_11-52-33.

1. Terms used in the Pension Plan

"Plan" - Pension Plan SEB-SABALANSĒTAIS (SEB-BALANCED), a fixed contribution pension plan without guaranteed defined investment return or biometric risk coverage: totality of systematized terms and conditions in accordance with which Contributions are made, invested, registered and Private Pension Reserves are paid. Pension Plan SEB-SABALANSĒTAIS (SEB-BALANCED) is the successor of the obligations of Pension Plan UNI-SABALANSĒTAIS/UNI-1 (UNI-BALANCED/UNI-1) (Licence No. 00404012).

"Participant" - A private individual who participates in the Plan on the basis of the individual or collective participating contract.

"Fund" - AS "SEB atklātais pensiju fonds" (SEB Open Pension Fund), uniform registration No. 40003485047, licence No. 06.04.04.107/250.

"Commission" - The Financial and Capital Market Commission – an autonomous state institution, which performs the state supervision of the Fund operation.

"Law" - The Law on Private Pension Funds of the Republic of Latvia.

"Contributions" - Contributions made in the Plan by a Participant himself and/or for the benefit of him.

"Private Pension Accumulation" - Contributions and income gained from management of the same, which is accumulated for the benefit of a Participant; supplementary pension capital.

"Company" - A legal entity, which makes Contributions for the benefit of its employees on the basis of a contract and in accordance with the Plan.

"Application" - A form approved by the Fund, upon signing of which a Participant, his heirs or an indicated person may perform activities with Private Pension Accumulation.

"Plan Assets" - Pension capital funds, securities and other properties, which are managed in accordance with the terms and conditions of the Plan.

"Fund Manager" - Investment management joint stock company "SEB Wealth Management" (uniform registration No. 40003525797), which manages the Plan Assets in accordance with the contract regarding asset management, and ensures implementation of the investment strategy provided for in the Plan and observance of the terms and conditions regarding investment of the Plan Assets.

"Fund Holder" - Credit institution, AS "SEB banka" (uniform registration No. 40003132437), which accepts contributions to the Plan account in accordance with the contract regarding asset holding, receives and holds financial instruments, as well as original documents regarding funds and other property forming the Plan Assets, and executes orders for transfers of the Plan Assets.

2. General information

2.1. The purpose of the Plan is to promote the protection of the Private Pension Accumulation and to increase the purchasing capacity of Contributions by income from investments, to ensure Private Pension Accumulation overtaking inflation in long-term and to increase Private Pension Accumulations of a Participant.

2.2. SEB-SABALANSĒTAIS (SEB-BALANCED) is a pension fund where the funds are contributed, accumulated and paid in lats (LVL). The Plan provides placement of funds in high quality and security government, local government and commercial company debt securities and in term deposits of credit institutions, in order to ensure the stability of income from investment. In order to use advantageous market situations and to gain additional profit, 35 per cent of the Plan Assets may be invested in shares, other capital securities, real estate and risk capital market.

2.3. The Fund shall develop and administrate also other pension plans. Main difference of various plans shall be terms and conditions of investing the Participants' Contributions and Plan Assets, that reflect various proportions of capital return and risk.

2.4. By making Contributions to the Fund in accordance with the Plan, the Participants and Companies shall receive tax relief provided for in laws and regulations of the Republic of Latvia.

3. Plan management and execution

3.1. Participants, Companies, the Fund, the Fund Holder and the Fund Manager shall be involved in execution of the Plan.

3.2. The Plan shall be managed by the Board of Directors of the Fund and its officials. The Fund President shall be responsible for the management and execution of the Plan. The President shall ensure compliance with the terms and conditions included in the Plan, compliance of the execution of the Plan with the Law and requirements of the Commission, shall coordinate collaboration of the Fund with the Fund Holder and the Fund Manager, organise timely preparation of all documents and informative materials related to the Plan, represent the Fund in relations with its Participants and the third parties.

3.3. The Fund shall be entitled to assign its specific functions (for instance, attraction of clients, keeping of accounting, IT system maintenance, etc.) to the third parties by concluding respective co-operation agreements, by following necessary provisions on personal data protection. The Fund shall agree such co-operation agreements and procedures for control of assigned functions with the Commission.

3.4. Participant's Private Pension Accumulation shall not be and cannot become a property of the Fund, the Fund Manager, the Fund Holder or the Company.

4. Procedure for joining and withdrawal of Participants

4.1. The following persons may become Participants:

- 1) Any private individual who has concluded an individual participating contract with the Fund, the terms and conditions of which have been agreed by the Commission,
- 2) Company's employees who fulfil objective criteria set by their employer, on the basis of a collective participating contract between the Company and the Fund. Employer shall approve such objective criteria in legally binding form, according to the internal procedure of the Company.

4.2. In case, if a Company's employee has terminated his employment legal relations with the Company after starting the participation in the Plan, or if the Company suspends making of Contribution for the benefit of him, the employee shall keep the status of a Participant and, at his own choice, may:

- 1) Contributions independently,
- 2) Continue his participation in the Plan under another Company's collective participating contract, if he fulfils the criteria of such Company,
- 3) Continue his participation in the Plan without making any new Contributions, on the basis of the terms and conditions of an individual participating contract.

4.3. A Participant may terminate his participation in the Plan by transferring the Private Pension Accumulation to another pension plan or pension fund. In such case, the Fund shall make requested transfer within two months from receipt of an Application from the Participant. If the Participant takes part in the Plan within the scope of the collective participation agreement, he must also inform the respective Company's Committee about his withdrawal, if such has been established, in accordance with Article 12.1.

4.4. In case, if the Company wishes to transfer Private Pension Accumulations of its employees to another pension fund, the Fund shall make the Company's requested transfer within six months from receipt of a written application from the Commission, which has been agreed with the Commission. The Company's application must state those Participants who wish to continue their participation and leave their Private Pension Accumulations in the Plan, by concluding an individual participating contract.

4.5. In case, if transfer is envisaged between pension plans where the Private Pension Accumulation is determined in different currencies, converting of the same shall be made according to a currency exchange rate set by the Fund Holder as of the day of transfer.

4.6. Participation in the Plan shall be terminated upon full payment of Private Pension Accumulation of the Participant and a reference in the Application about termination of the participation.

5. Procedure of contributions

5.1. Participants and Companies shall make Contributions to the Plan in Latvian lats (LVL), according to the terms and conditions of an individual or collective participating contract. Failure to observe the amount of Contributions or terms set in Contracts shall not cause any financial sanctions neither to the Participant, nor the Company and shall not have any impact on the rights of the relevant Participants to their Private Pension Accumulation as well as income gained as a result of its future management.

5.2. The Company shall provide information to the Fund, according to a template given by the Fund, about division of each Contribution by the Company among the Participants for the benefit of whom such a Contribution is made.

5.3. The Fund shall register Contributions in individual accounts of the Participants not later than on the next business day from receipt thereof.

5.4. In case, if Contributions to the Plan are made in another currency, converting into Latvian lats (LVL) shall be made according to currency exchange rate set by the Fund Holder at the moment when the Contributions are transferred to individual accounts of the Participants.

6. Individual accounts of the Participants

6.1. The Fund shall make an individual account for each Participant. Number of an individual account, which shall be equivalent to the Participant's identity number, shall be kept irrespective to the fact that the Contributions are made on the basis of an individual and/or collective participating contract.

6.2. All Contributions and income as a result of management, and expenses related to supervision of the Fund operation, administration, holding and management of the Plan Assets shall be registered in the account.

6.3. Written information about the status of own individual account regarding changes in it about each reporting period is available to every Participant in AS "SEB banka" internet bank "Ibanka". At the Participant's written request, this information may be provided by the Fund to him also in another mutually agreed upon way, at least once a year, no later than in a month's time after approval of the Fund's annual report in the Shareholders' Meeting or in other terms agreed upon with the Participant.

6.4. The Participant or the Company shall provide information required for opening and servicing of Accounts according to a template given by the Fund. The Participant or the Company shall inform the Fund about any changes in such details in writing within one month.

6.5. The Fund shall calculate the Participant's Private Pension Accumulation at least monthly, on the basis of the report on changes in the Plan capital for the relevant calculation period.

6.6. Calculation of the Private Pension Accumulation shall be made in accordance with the Regulation of the Commission on the procedure for calculation of supplementary pension capital accumulated in the private Pension Fund or in accordance with other regulations of state authority and administration institutions, if such regulations modify the procedure provided for in the said regulations.

6.7. The Fund shall calculate the Private Pension Accumulation according to the following formula:

$$k_b = k_s + c - e + \frac{k_s + c - e}{K + A} * R, \text{ where}$$

kb – Private Pension Accumulation registered in the Participant's individual account in the end of regular calculation period.

ks – Private Pension Accumulation registered in the Participant's individual account in the end of the previous calculation period.

c – Contributions applied to the Participant according to the Plan, as well as transfers from another pension fund or pension plan, in the relevant calculation period.

e – Administration costs applied to the Participant according to the Plan in the relevant calculation period.

K – Plan capital in the beginning of the reporting period.

A – Contributions and payments to the Plan in the relevant period.

R – Result of the Plan operation in the relevant period.

7. Provisions about retirement age

7.1. A Participant may receive his Private Pension Accumulation upon reaching the retirement age. In accordance with the plan, retirement age shall be 55 years, except for cases when legislation of the Republic of Latvia provides the rights to receive pension earlier, in connection with the Participant's profession.

7.2. In case, if the Participant, upon reaching the retirement age, has not requested full payment of his Private Pension Accumulation or transfer of the same to another pension plan or pension fund and termination of his participation in the Plan, he may continue his participation in the Plan until a desired term and receive the Private Pension Accumulation in accordance with the procedure provided for in Section 8.

7.3. Payment or transfer of the Private Pension Accumulation prior to reaching retirement age is permissible in case, if:

- 1) The Participant is granted the first level disability status for life,
- 2) Private Pension Accumulation is transferred in cases indicated in Section 4 of the Plan.

8. Procedure for payment of Private Pension Accumulation

8.1. When the Participant has acquired the right to deal with his Private Pension Reserve, he may, in addition to the cases indicated in Section 4 of the Plan and on the basis of his Application:

- 1) to receive the Private Pension Accumulation in parts or periodically, in accordance with the Fund's methodology for the repaid amount and the calculation of personal income tax,
- 2) Receive full Private Pension Accumulation as one amount in a single payment.

8.2. By selecting receipt of the Private Pension Accumulation in parts, the Participant shall indicate amount and regularity of payments in his Application to the Fund. Remaining Private Pension Accumulation shall be invested according to the Plan investment terms and conditions until fully paid. Participant's Participation in the Plan shall be terminated upon the last payment.

8.3. In case of decease of the Participant, a person indicated by the Participant and the Participant's heirs shall have the right to the Participant's Private Pension Accumulation in accordance with the procedure provided for in the Civil Law. In this case the disbursement is made in one amount to the Participant's heirs' and Participant's indicated person's bank account in a bank or post settlement system in compliance with the procedure stated in Article 8.4 of the Plan. Heirs and a person indicated by the Participant may exercise the said right irrespective of age of decease of the Participant.

8.4. The Fund shall transfer the Private Pension Accumulation to an indicated account within two months from receipt of an Application from the Participant or the Participant's indicated person and heirs. Copy of an identity document of the Participant must be enclosed to the Participant's Application. A document certifying the respective person's right to the Private Pension Accumulation and a copy of an identity document must be enclosed to an Application of each heir and a Participant's indicated person.

9. Investment provisions

9.1. Investment of Plan Assets shall be made in accordance with the Plan investment policy. The Fund operation guidelines shall be investment transparency, application of the best practice and precautionary principles, as well as placement of the Plan Assets only in quality financial instruments by observing the investment restrictions determined by the Law. Plan investment provisions may be modified by receiving a permit of the Commission to make relevant amendments to the Plan.

9.2. By investing the Plan Assets, the Fund shall deal as a careful and accurate owner only in the interests of the Participants, and shall observe the precautionary principles that ensure risk reduction, investment security, quality and liquidity, in accordance with the obligations of payment of the Participants' Private Pension Accumulation.

9.3. In addition to the investment provisions and restrictions determined by the Law, there are the following asset investment limits in the Plan (in proportion to total Plan Assets):

• Total fixed income and money market financial instruments	Up to 100%
• Total shares and other capital securities	Up to 25%
• Total real estate and risk capital market	Up to 10%

9.4. Investments in the objects stated in Clause 9.3 may also be made by investment to the Fund where the fund investment policy allows relevant investment.

9.5. Plan Assets may be used in security repo or reverse repo transactions the total amount of resultant obligations of which does not exceed 50 per cent of the Plan Assets.

9.6. Main financial risks of Plan Asset investment are risks of fluctuations of interest rates and currency rates, as well as credit risk of issuers of financial instruments:

- 1) For management of risk of fluctuations of interest rates, investments will be made in fixed interest rates or increasing market value financial instruments, and investments will be divided among different countries and economic sectors,
- 2) Risk of fluctuations of currency rates is small and will be minimized by observing the restrictions determined by the Law regarding investments with obligations in non-coordinated currencies. In order to decrease the impact of fluctuations of currency rates on the Pension Plan Assets, investments will be mainly made in foreign currencies pegged to the euro,
- 3) For management of credit risk of issuers, credit standing of each issuer will be assessed on a regular basis and investment limit will be determined for each particular issuer.

9.7. Derivative financial instruments will be used only for the management of risks of fluctuations of interest rates and currency rates.

9.8. The Fund, Asset Manager and Holding Bank do not guarantee savings or the increase of the value of additional pension capital. Pension plan's historical profitability is not a guarantee to the fact that the yield will also be ensured in the future.

9.9. Information about the Plan investment policy is available to the Participants free of charge in the premises of the Board of Directors of the Fund, as well as on the homepage of the Fund: www.seb.lv.

10. Procedure for income distribution

10.1. Income gained as a result of the Plan Asset management and expenses related to investments, as well as expenses related to supervision of the Fund operation, administration, holding and management of the Plan Assets shall be registered in the individual accounts of the Participants, in proportion to the Private Pension Accumulation of each Participant.

10.2. In case, if the Fund income, after covering the losses of the previous years, exceed the Fund expenses, such exceed shall be transferred to the Participants' accounts, in proportion to the Private Pension Accumulation in the end of the year of account.

10.3. In case, if the Participant requests payment or transfer of the Private Pension Accumulation, relevant amount shall be calculated by taking into account any accumulated income and expenses as of the last day of a calendar month when an Application has been received.

10.4. Calculation for the Participants, who terminate their participation in the Plan due to the Company's application about transfer of the Private Pension Accumulation to another pension fund, shall be made as of the last day of a month, in the following month of which the transfer of the Private Pension Accumulation is envisaged.

11. Procedure of covering the Plan expenses

11.1. Expenses of the Plan comprise of deductions to the Commission, as well as remuneration to the Fund, the Fund Holder and the Fund Manager.

11.2. Deductions for financing of the activities of the Commission shall be made from each Contribution to an amount determined in laws and regulations. No deduction shall be made to the Commission for any transfers between the Fund plans or from another fund.

11.3. Total maximum permissible payments to the Fund, Fund Manager and the Fund Holder shall be 2.6 per cent from the Plan Assets, with the exception of additional remuneration to the Fund Manager as provided for in Clause 11.5.

Summary of expenses of the Plan (maximum permissible payments)

Subject of expenses	From contributions	From the Plan Assets	Payment of the Private Pension Reserve to a Participant	Transfers of the Private Pension Reserve to another plan or pension fund
Fund	---	1.5% annually	---	---
Holder	---	0.2 % annually	---	---
Manager	---	0.9% annually	---	---

11.4. The Fund shall conclude contracts with the Fund Holder and the Fund Manager regarding holding and management of the Plan Assets. Remuneration to the Fund Holder and the Fund Manager shall be calculated on a monthly basis as 1/12 share of any remuneration stated in relevant contracts, which shall be calculated from the value of the Plan Assets in the end of a regular month.

11.5. Additional remuneration may be envisaged to the Fund Manager in cases when profitability of investments exceeds the level determined in a contract on fund management. Amount of additional remuneration is 20% of the value of the income from investment of the Plan Assets that exceeds the level determined in a contract.

11.6. Remuneration to the Fund shall be deducted on a monthly basis, remuneration to the Fund Manager on a quarterly basis (additional remuneration – on an annual basis), to the Fund Holder – on an annual basis.

11.7. Total expenses of the Fund shall be determined according to the annual budget approved by the Fund shareholders' meeting. In case, if the Fund income is less than expenses, difference between expenses and income shall be covered from the equity capital of the Fund.

12. Supervision of the execution of the Plan

12.1. Employer and employees who participate in the Plan, in a Company, which has concluded a collective participating contract, shall jointly establish a Committee with equal representation of the employer and employees. In case, if less than one hundred employees of the employer are participants of the Plan, establishing of a Committee is not compulsory.

Committee shall be entitled to inform the Commission about any violations discovered by the same in the course of execution of the Plan.

12.2. Financial operation of the Fund shall be controlled and its annual report shall be audited by a sworn auditor or the commercial company of certified auditors.

12.3. Participants shall be entitled to familiarise themselves with all documents related to their participation in the Plan, in the premises of the Board of Directors of the Fund.

12.4. The Fund shall inform each Participant, at least on an annual basis, in writing, about the following:

- 1) Status of the Participant's individual account,
- 2) The Participant's Contributions received in the Fund;
- 3) Contributions received in the Fund for the benefit of the Participant,
- 4) The Private Pension Accumulation paid to the Participant or transferred at his request;
- 5) The total amount of deductions referred to the Participant, which includes deductions to the Fund, Assets Manager, Fund Holder and the Commission, as well as other supported deductions;
- 6) Fund Holder and Fund Manager;
- 7) The Fund's certified auditor (or the commercial company of certified auditors) and its (his/her) opinion about the Fund's annual report by indicating whether the opinion has been qualified, unqualified or negative;
- 8) Options to become familiarised with the Fund's annual report.

12.5. The Fund provides information to the Participant about the historical and topical results of the Plan by publishing the respective data once a month on the AS "SEB banka" Internet home page.

12.6. General operation of the Fund shall be supervised by the Commission, in accordance with the Law.