

# Terms and conditions of (export) Documentary Collection

Valid from  
07.06.2017

## 1. GENERAL PROVISIONS

- 1.1. These terms and conditions of export documentary collection (hereinafter the **Conditions**) regulate the relations between the Bank and the Customer in cases where a Documentary Collection Order is submitted by the Customer as the drawer via the Bank and the Documents are forwarded to the Presenting Bank.
- 1.2. In matters not regulated by the Conditions, the Bank and the Customer shall be governed by the Bank's General Conditions and the documents referred to therein. In case of any contradiction between the Bank's General Conditions and the Conditions, the Conditions shall apply. The Customer has reviewed the Bank's General Conditions, is aware of and consents to the Parties' rights and obligations arising therefrom.

## 2. TERMS AND DEFINITIONS USED IN THE CONDITIONS AND THE APPLICATION

- 2.1. **Documents** mean the shipping documents and/or a bill of exchange added to the Documentary Collection Order.
- 2.2. **(Export) Documentary Collection** is the processing of the Customer's Documentary Collection Order and the forwarding of the Documentary Collection Order and the Documents to the Presenting Bank.
- 2.3. **Documentary Collection Order** means the terms and conditions established by the Customer, specifying whether the Documents are to be released to the Drawee against payment, against acceptance and/or on other conditions (collection order).
- 2.4. **Release of Documents against acceptance** means the condition specified in the Documentary Collection Order, according to which the Presenting Bank releases the Documents to the Drawee against the Drawee's commitment to pay on a fixed date and/or the Drawee's acceptance of a bill of exchange.
- 2.5. **Release of Documents against payment** means the condition specified in the Documentary Collection Order, according to which the Presenting Bank releases the Documents to the Drawee only against payment of the Collection Amount.
- 2.6. **Presenting Bank** means either the Drawee's bank or another credit institution to which the Bank forwards the Documentary Collection Order together with the Documents for release to the Drawee against payment, acceptance and/or other conditions.
- 2.7. **Collection Amount** means the amount specified in the Documentary Collection Order, which the Drawee must pay upon receipt of the Documents or which the Drawee obliges to pay on a fixed date in order to receive the Documents.
- 2.8. **Customer** means a legal person who has submitted the Documentary Collection Order and the Documents as the seller of goods or services (seller).
- 2.9. **Drawee** means a private or legal person who serves as the receiver (buyer) of goods or services, and to whom the Documentary Collection Order and the Documents are submitted.
- 2.10. **Bank** means AS LHV Pank, registry code: 10539549, seated at Tartu mnt 2, Tallinn 10145, Republic of Estonia.

## 3. RELEASE OF DOCUMENTS

- 3.1. The Bank shall be governed, when processing a Documentary Collection Order and handling Documents, by the Documentary Collection Order submitted, the Conditions and the Bank's internal rules of procedure.
- 3.2. The Bank shall forward the Documentary Collection Order and the Documents to the Presenting Bank for release to the Drawee by post or via courier service pursuant to the conditions set forth in the Documentary Collection Order, and in the form presented by the Customer to the Bank, except for the Bank's notes and inscriptions required for processing the Documentary Collection Order or for carrying out other collection procedures (including confirmations, stamps or other means or identification or symbols and the relevant release or enforcement procedures usually required or prescribed for Documentary Collection).
- 3.3. The Customer is aware of the risks associated with the submission of the Documentary Collection Order and Documents by post or via courier service, and agrees that the Bank shall not be held liable for

- 3.4. any damage arising from the failure to receive the Documentary Collection Order and the Documents by post or via courier service. The Customer is obliged to specify in the Documentary Collection Order the terms of release of the Documents to the Drawee (release of documents against payment or acceptance).
- 3.5. When releasing the Documents against payment, the Presenting Bank shall release the Documents to the Drawee only upon full payment of the Collection Amount to the Presenting Bank. The Presenting Bank shall hold the Documents in its possession until that time. In such cases, the Presenting Bank and/or the Bank shall not be held liable for any potential consequences attributable to delays in the release of the Documents.
- 3.6. When releasing the Documents against acceptance, the Presenting Bank shall release the Documents to the Drawee (except for bill of exchange) in exchange for a written obligation to pay and/or acceptance of a bill of exchange, i.e. before payment of the Collection Amount by the Drawee. The Presenting Bank shall transfer the Collection Amount on the agreed payment date only if the Drawee has fully paid the Collection Amount to the Presenting Bank. The Presenting Bank and/or the Bank shall not be held liable for the payment or failure to pay the Collection Amount (either in full or in part) by the Drawee.
- 3.7. When releasing the Documents against acceptance of a bill of exchange, the Presenting Bank and/or the Bank shall not be held liable for the correctness of the signatures on the bill of exchange, or for the authorisation of the signatories with regard to the power of signing the relevant bill of exchange.
- 3.8. In the event that the Customer has not specified in the Documentary Collection Order whether the Documents are to be released to the Drawee against payment or against acceptance, the Presenting Bank shall have the right to release the Documents only against payment. In such cases, the Presenting Bank and/or the Bank shall not be held liable for any potential consequences attributable to delays in the release of the Documents.
- 3.9. The Customer is obliged to submit a correctly prepared and unambiguous Documentary Collection Order and shall himself be responsible for any consequences arising from the failure to fulfil this obligation.
- 3.10. The Bank shall not specify or review the Documents submitted and shall not be held liable for any consequences attributable to the processing of incomprehensible and/or ambiguous Documentary Collection Orders. The Bank shall not be held liable for the correctness (authenticity), validity or compliance of the Documents submitted, for the actions or failure to act of the Presenting Bank or third parties (including in cases where the Presenting Bank releases the Documents to the Drawee in breach of the Documentary Collection Order or the conditions stated therein), for any technical malfunctions regarding exchange of (electronic) data, delays, loss of data or erroneous data, or for the actions or failure to act of the postal service or courier service provider.
- 3.11. The Bank shall process the Documentary Collection Order only pursuant to the Customer's instructions and the Presenting Bank shall process the Documentary Collection Order only pursuant to the Bank's instructions, unless the Customer has explicitly stated otherwise in the Documentary Collection Order.
- 3.12. The Bank and/or the Presenting Bank shall not be held liable for the obligations of the Drawee and for the Drawee's failure to accept the Documentary Collection Order and the relevant conditions and/or for the Drawee's failure to fulfil his obligations (including failure to pay the Collection Amount).
- 3.13. The Bank shall have the right not to process and/or to suspend processing of the Documentary Collection Order in the following cases:
  - 3.13.1. The Customer submits an incorrect and/or ambiguous Documentary Collection Order;
  - 3.13.2. the Customer has outstanding liabilities to the Bank (i.e. has incurred a debt to the Bank) and/or the Customer has failed to appropriately perform a contract concluded with the Bank and has failed to pay the debt and/or eliminate the breach within the additional term established for payment of the debt and/or elimination of the breach.
  - 3.13.3. the circumstances related to the Customer and/or the Drawee and/or the Documentary Collection Order and/or the Documents are

liable to damage the interests of the Bank and/or the Presenting Bank.

- 3.13.4. a sanction (a legal act, international regulations, other transaction restrictions under public law (including state-enforced) or an embargo on trading, economic relations or financing, as established or enforced by the UN Security Council, the European Union, the US government, the Office of Foreign Assets Control and/or departments of the same) is imposed with regard to an obligation related to the Customer and/or the Presenting Bank and/or the Drawee and/or the Documentary Collection Order or the Documents and/or third parties related to the Documentary Collection Order or Documents.

#### 4. TRANSFER OF THE COLLECTION AMOUNT AND FEES

- 4.1. The Bank shall transfer the Collection Amount (or a part thereof) to the Customer (in the currency of receipt) upon transfer of the Collection Amount (or a part thereof) by the Presenting Bank to the Bank. The Bank shall not be held liable for any consequences arising from the actions or failure to act of the Presenting Bank in connection with the delay of payment of the Collection Amount to the Customer or deduction of the Presenting Bank's service fees from the Collection Amount.
- 4.2. The Bank shall have the right to deduct, from the Collection Amount (or a part thereof) transferred by the Presenting Bank to the Bank, the Bank's service fees and/or costs (hereinafter jointly referred to as the **Fees**), and transfer the remaining funds to the Customer (pursuant to the Documentary Collection Order).
- 4.3. The Fees to be charged for the processing of the Documentary Collection Order shall be stipulated in the Bank's price list, available on the Bank's website at [www.lhv.ee](http://www.lhv.ee).
- 4.4. The Fees shall be paid in accordance with the Documentary Collection Order by the Customer or the Drawee as follows:
- 4.4.1. if, pursuant to the Documentary Collection Order, the Fees are to be paid by the Customer, the Customer shall pay (transfer) the Fees to the Bank (to the account specified by the Bank) by the date specified by the Bank, or the Bank shall deduct the Fees from the Collection Amount (or a part thereof) transferred by the Presenting Bank to the Bank;

4.4.2. if, pursuant to the Documentary Collection Order, the Fees are to be paid by the Drawee and the Drawee refuses to pay the Fees, the Customer shall pay (transfer) the Fees to the Bank (to the account specified by the Bank) by the date specified by the Bank, or the Bank shall deduct the Fees from the Collection Amount (or a part thereof) transferred by the Presenting Bank to the Bank;

4.4.3. if, pursuant to the Documentary Collection Order, the Fees are to be paid by the Drawee, and the release of the Documents to the Drawee upon the Drawee's refusal to pay the Fees is prohibited by the Documentary Collection Order, the Presenting Bank shall not release the Documents to the Drawee and the Bank and the Presenting Bank shall not be held liable for any consequences arising from delays related to the release of the Documents. In such a case, the Customer is obliged to pay/compensate the Bank's Fees and other costs as well as the Presenting Bank's fees and costs related to the processing of the Documentary Collection Order.

4.5. If the Customer fails to pay the Fees to the Bank, the Bank shall have the right, without the Customer's corresponding consent or instruction, to debit the Fees in the full amount from the accounts opened by the Customer with the Bank. The Bank's right to debit the account(s) opened by the Customer with the Bank, as provided in this Article, shall not exempt the Customer from the obligation to fully pay all Fees to the account specified by the Bank.

#### 5. FINAL PROVISIONS

- 5.1. By agreeing to the submission of the Documentary Collection Order and the Documents, the Customer shall confirm having reviewed the Conditions and agreeing to the same.
- 5.2. The Bank shall have the right to unilaterally amend the Conditions by informing the Customer thereof at least 1 (one) month in advance.
- 5.3. These Conditions shall be governed by the legal acts of the Republic of Estonia. Any disputes arising from the Conditions shall be solved pursuant to the procedure provided in the Bank's General Conditions.
- 5.4. The processing of the Documentary Collection Order and the Documents shall be governed by the international regulations *ICC Publication of Uniform Rules for Collections, publication No. 522*.