

Citadele banka Insurance Requirements for Lending Transactions

Policyholder: the owner of the collateral (insurance object) or a third party

Insured: owner of the pledged object (insurance object)

Beneficiary of the insurance indemnity: joint-stock company "Citadele banka", uniform registration No. 40103303559, registered office: Republikas laukums 2A, Rīga, LV-1010, acting through AS Citadele banka Estonian branch, registry code 11971924, address Narva mnt 63/1 Tallinn (the Bank), to the amount of its claims under the loan agreement.

Please note that:

- before issuing a loan (or other type of credit), a valid insurance policy must be submitted to the Bank;
- the property must be continuously insured until all the Client's obligations to the Bank have been fulfilled;
- a new insurance policy must be submitted to the Bank not later than 10 (ten) days before the expiry of each specific insurance policy.

Citadele Banka preferred insurers include:

- ADB Gjensidige Eesti filiaal
- Lietuvos draudimas AB Eesti filiaal
- IF P&C Insurance AS
- ERGO Insurance AS
- Salva Kindlustuse AS
- Swedbank P&C Insurance AS
- BTA Baltic Insurance Comp, Eesti filiaal PZU
- Compensa Vienna Ins. group EE

We also accept other insurance firms licensed to operate in Estonia, provided that the policy provides equivalent cover as that offered by the insurers preferred by the bank.

Insurance object	Max amount of excess	Insurance amount (The Bank does not accept underinsurance)	Policy maturity	Insurable risks ("All-risk insurance" policies are accepted, but the risks indicated here may not be specified as exceptions)	Special provisions	Beneficiary Bank
1. Real estate						
1.1 Residential facilities: apartment, private house, etc.	400 EUR	1. Recovery value or 2. Market value	1 year or complete repayment of the loan	<ul style="list-style-type: none"> • risk of fire • risk of natural disasters • risk of liquid or vapour leakage • risk of unlawful activities of third parties, including burglary, vandalism, robbery • risk of vehicle impact or collision 	1. It is not necessary to insure the insurance objects, if: 1.1. they are not taken into account in determining the value of the collateral: 1.1.1. they are not included in the appraisal carried out by the appraiser or Credit analysis department; 1.1.2. in the draft lending transaction the value is set as 0;	X
1.2 Commercial objects: apartment residential house; wooden buildings Specific objects:	15%, but not more than 10 000 EUR					

sawmill, production buildings, boiler houses, terminal, etc.					<p>1.1.3. the absence of a guarantee not to lower the value of the collateral (temporary buildings, such as greenhouses) and is not associated with the client's core business/economic activity.</p> <p>1.2. the value is below EUR 5000 (purchase/balance/appraisal value) as individual insurance object - applies only to the transactions of the legal entities under the Client service department.</p> <p>1.3. the guarantee object is land.</p> <p>2. Only buildings and structures existing in nature must be insured, taking into consideration the above.</p> <p>3. If a relevant Credit committee or Bank representative decision, the Insurance amount may be:</p> <p>3.1. The actual value, if the depreciation of the property upon the conclusion of the insurance contract exceeds 40%.</p> <p>3.2. Credit balance value (first installment loss reimbursement principle). May be applied to objects with a high restoration value but the credit balance is relatively small. The insurance contract may not provide underinsurance, also the insurance contract must provide that the following insurance principles are applied (first installment loss reimbursement principle).</p>	
1.3 Cogeneration station	3 week business downtime				In addition to real estate insurance - the business cessation insurance with an included downtime risk	x
2. Forest stand						
	15%, but not more than 2000 EUR	The value indicated in the forest management project/plan	1 year or complete repayment of the loan	<ul style="list-style-type: none"> fires resulting from explosions, arson, burning or other reasons, in case of lightning strike; in case of a falling aircraft or objects 	<ul style="list-style-type: none"> must provide cover if the loan exceeds 50% of the market value of the Insurance object if the loan amount exceeds EUR 	x

				falling from an aircraft; • in case of explosion.	300 000	
3. Inventory						
	15%, but not more than 2000 EUR	1. Balance value (min. 90%) 2. Acquisition value	1 year or complete repayment of the loan	<ul style="list-style-type: none"> • risk of fire • risk of natural disasters • risk of liquid or vapour leakage • risk of unlawful activities of third parties, including burglary, vandalism, robbery • risk of vehicle impact or collision 	If the assets (inventory, fixed assets (including equipment)) as a pool of assets may be 90% of the balance value.	x
4. Fixed assets (incl. equipment)						
	15% but not more than 2000 EUR	1. Balance value (min. 90%) 2. Recovery value 3. Acquisition value	1 year or complete repayment of the loan	<ul style="list-style-type: none"> • risk of fire • risk of natural disasters • risk of liquid or vapour leakage • risk of unlawful activities of third parties, including burglary, vandalism, robbery • risk of vehicle impact or collision 	<p>1. It is not necessary to insure the insurance objects, if:</p> <p>1.1. they are not taken into account in determining the value of the collateral:</p> <p>1.1.1. they are not included in the appraisal carried out by the appraiser or Credit analysis department;</p> <p>1.1.2. in the draft lending transaction the value is set as 0;</p> <p>1.2. the value is below EUR 5000 (purchase/balance/appraisal value) as individual insurance object - applies only to the transactions of the legal entities under the Client service department.</p>	x
5. Construction						
5.1 Contractors' all risk insurance (CAR)	15%, but not more than 4000 EUR	Amount indicated in the construction estimate	1 year or corresponding to the construction period	<ul style="list-style-type: none"> • risk of fire • risk of natural disasters • risk of liquid or vapour leakage • risk of unlawful activities of third parties, including burglary, vandalism, robbery • construction site (construction and assembly works) • construction equipment • construction site equipment and installations (temporary buildings and structures, warehouses, scaffolding, engineering communications, etc.), 		x

				<ul style="list-style-type: none"> • construction materials while at the construction site being transported to the site • construction machinery and vehicle accidents due to breakdown/accident of the construction machinery or vehicle • collapse of structures of a quality-built object due to poor quality materials and flawed project, except for the expenses of the applied poor quality materials 		
5.2 Contractor's liability insurance (CTA)		10% of the amount indicated in the construction estimate	1 year or corresponding to the construction period	• building machinery and equipment breakdown	In case of contracted construction the minimum insurance amount is 7000 EUR	-
8. Livestock insurance						
	300 EUR	Market value	1 year or complete repayment of the loan	<ul style="list-style-type: none"> • risk of fire • risk of natural disasters • risk of malicious actions of a third party • risk of disease • risk of an accident 		x

Citadele Banka Requirements for Recovery Values of Collateral (Real Estate) Estonia

	Minimum recovery values, EUR/m2			
	Policy is accepted, when the recovery value differs from the one set by bank by "-10%"; underinsurance not accepted			
The type of structure	stone/mixed	wood	wooden log	metal
Apartment	900	850	850	-
House (including summer/garden house, sauna) with engineering communications	950	850	850	800
Summer / garden house (without engineering communications)	550	500	500	500
Warehouses (with engineering communications)	500	450	450	450

Warehouses (without engineering communications)	430	350	350	350
Office / Apartment building	950	800	-	800
Commercial / production building (with engineering communications)	850	750	-	750
Production building (without engineering communications)	750	600	-	600

The Bank reserves the right, in agreement with the Client, to set different collateral insurance requirements for a specific transaction and a specific collateral object