



INFORMATION ON THE INVESTMENT SERVICE PROVIDER AND SERVICES PROVIDED

Luminor Bank AS Latvian branch



Information on the investment service provider and services provided

Effective as of 2nd January, 2019

I. GENERAL INFORMATION

Name:	Luminor Bank AS Latvijas filiāle (Luminor Bank AS Latvian branch)
Unitary registration number with the Enterprises Register of the Republic of Latvia:	40203154352
Registered address:	Skanstes street 12, Riga, LV 1013, Republic of Latvia
Telephone:	1880 or (+371) 67 17 1880 (when calling from abroad)
E-mail	info@luminor.lv
SWIFT code:	RIKO LV 2X
Website:	www.luminor.lv
Supervising authority:	European Central Bank, having its registered address at Sonnemannstrasse 22, 60314 Frankfurt am Main, Germany, e-mail: info@ecb.europa.eu , telephone: +49 69 1344 1300
Authority that has issued the licence for the provision of investment services and ancillary investment services:	<p>The Financial Supervision Authority of the Republic of Estonia, having its registered office at Sakala 4, 15030, Tallinn, Republic of Estonia.</p> <p>Licence to operate as a credit institution is issued on 1 August 2012 under the No. 4.1-1/54 with the licence register of the Financial Supervision Authority of the Republic of Estonia.</p> <p>More information on investment service and ancillary investment service providers is accessible on the website of the Financial Supervision Authority of the Republic of Estonia: www.fi.ee</p>
Investment services and ancillary services provided by Luminor Bank AS Latvian branch	<p>Luminor Bank AS Latvian branch provides its customers with the investment services as follows:</p> <ol style="list-style-type: none">1) acceptance of orders and transmission for execution regarding a single or several financial instruments;2) execution of orders on behalf of the Customer;3) execution of trades on own behalf;4) portfolio (wealth) management;5) investment advice. <p>Luminor Bank AS Latvian branch provides its customers with ancillary investment services as follows:</p> <ol style="list-style-type: none">1) safe custody of financial instruments;2) foreign exchange services, if related to provision of investment services;



3) provision of an investment study, financial analysis or another general recommendation on trades in financial instruments.

Language used in communication with customers and information exchange channels:

Core language: Latvian

Admissible information acceptance and provision languages (subject to prior agreement between the parties): Latvian, Russian, and English (Luminor Bank AS Latvian branch is not obligated to translate all regulatory documents, policies, process descriptions and notices into other languages. Luminor Bank AS Latvian branch may do it upon the customer's request at their expense)

Customers may contact Luminor Bank AS Latvian branch, e.g. for the purpose of obtaining and transmitting orders in person, per telephone or in writing or by using remote management systems (internet-bank), under the provisions of signed agreements.

Information on reports of the investment service provider to be submitted to the customer (types, frequency and deadlines)

Information on investment services provided to customers (conducted transactions) is accessible in internet-bank or at the customer's request – in Luminor Bank AS Latvian branch customer service centres during their business hours.

Pursuant to applicable regulatory enactments the Bank secures to its customers the provision of the reports as follows:


- ◆ Transaction confirmation – after every completed transaction;
- ◆ Portfolio management reports – once a quarter;
- ◆ Within the framework of portfolio (wealth) management services – notices on decrease of the portfolio value by 10% and each subsequent decrease by 10%;
- ◆ Financial instruments/securities account statements – once a quarter;
- ◆ Report on fees and charges applied to the customer in relation to the provided investment services and ancillary services – once a year.

Additional information on reports on particular investment services, including their frequency and submission deadlines are specified in the investment service agreements entered into between the customer and Luminor Bank AS Latvian branch.

II. SUMMARY ON INTRODUCED MEASURES TO SECURE PROTECTION OF THE CUSTOMER'S FINANCIAL INSTRUMENTS AND MONETARY RESOURCES (INCLUDING THE INFORMATION ON THE INVESTORS' PROTECTION AND INVESTMENT GUARANTEE SCHEMES)

HOLDING (CUSTODY) OF FINANCIAL INSTRUMENTS

Luminor Bank AS Latvian branch (hereinafter – the Bank) holds financial instruments of their customers separately from its own financial instruments, i.e. the customers' financial instruments are recorded off balance and cannot be used for performance of the Bank's obligations in case of insolvency.



For holding, maintenance and trades in the customers' financial instruments the Bank is using services of other intermediaries, including stock exchanges, depositories, clearing institutions, correspondent banks (hereinafter – the Intermediary Enterprises). The Bank shall assess Intermediary Enterprises whose services it is using with due care as well as assess legislation and market practice of the respective country with regard to custody of financial instruments. The assessment shall be repeated at least on annual basis.

Financial instruments owned by the customer are held by the Intermediary Enterprise on account opened on behalf of the Bank and marked as owned by its customers (hereinafter – the Nominee account). On the Nominee account are placed financial instruments owned by several Bank's customers. The Bank is entitled to hold the customers' financial instruments with Intermediary Enterprises that are incorporated abroad also in case the respective country has no regulations on holding and custody of financial instruments on behalf of the third parties on the Nominee account, if such custody is required to complete a trade in financial instruments as applied by the customer.

The Bank shall perform accounting of customers' financial instruments held by the Bank and secure that at any given moment the financial instruments of one customer can be separated from those of another customer or the Bank as well as the accounting of financial instruments is regularly reconciled with that of the Intermediary Enterprise the Bank holds customers' financial instruments with.

Holding of financial instruments with Intermediary Enterprises entail a risk to the customers that financial instruments may become fully or partially inaccessible for a shorter or longer periods or entirely lost. The risks derive from the probability that:


- ◆ The Intermediary Enterprise may become insolvent;
- ◆ Operations of the Intermediary Enterprise are subject to regulatory enactments of another country, which may differ from those of the Republic of Latvia and may be applied or interpreted differently, as the result of which the customer's rights to their financial instruments or monetary resources may differ from those stipulated in regulatory enactments of the Republic of Latvia.

Regardless of the fact that the Bank conducts assessment of Intermediary Enterprises there still is a risk that they may act in an unfair or unlawful manner.

The Bank shall assume no responsibility for the customer's loss, which may be incurred by the latter as the result of actions or omissions of the Intermediary Enterprise (e.g. inappropriate accounting of financial instruments and monetary resources, negligence or poor management), except for situations where the loss on the customer was inflicted due to gross negligence or malicious intent of the Bank. The Bank shall not be liable for the customer's loss or expenses incurred due to foreign regulatory enactments that govern the operations of the Intermediary Enterprise or market practice. In case of bankruptcy of the Intermediary Enterprise the Bank shall assume no liability whatsoever for any loss incurred by the customer due to application of insolvency regulations of the respective country.

DEPOSITOR PROTECTION

To all the Bank's customers, both private individuals and legal entities under the Guarantee Fund Act of the Republic of Estonia the reimbursement for all types of deposits in all currencies in amounts of up to EUR 100,000 (on all accounts jointly, if the customer has several accounts with the same bank) is secured. The state guarantee amount applies to



deposits, current account balances (including accounts underlying the trades in financial instruments), salary accounts, savings accounts etc. alike.

By virtue of the Guarantee Fund Act of the Republic of Estonia was established the Estonian Guarantee Fund (hereinafter – the Fund). The Fund was established to secure to depositors reimbursement for deposits placed with a participant of the deposit guarantee scheme (including Luminor Bank AS and its branches) that have become inaccessible, i.e. in case the participant of the deposit guarantee scheme is unable to pay to the customers their deposits and Financial Supervision Authority of Republic of Estonia has revoked the licence held by the deposit attractor or it has been declared insolvent by the court of law or on another occasion where the Financial Supervision Authority of Republic of Estonia has ascertained that the deposit attractor is unable to pay to the depositor their guaranteed deposit and has made the decision on inaccessibility of deposits.

According to the Guarantee Fund Act of the Republic of Estonia the Fund participants are deposit attractors - banks incorporated in Estonia (including their subsidiaries in the EU member countries). Accumulation of the Fund assets, their management and payment of guaranteed reimbursement is conducted by the Fund. Payment of reimbursement under the Guarantee Fund Act is made no later than within 7 working days from the date the inaccessibility of deposits has occurred on.

INVESTOR PROTECTION

Provisions of the Guarantee Fund Act of the Republic of Estonia stipulate that in case the investment service provider is unable to meet obligations to their customers every investor is entitled to reimbursement of 90% of irreversibly lost financial instruments' value or loss incurred due to failed investment service, yet no more than EUR 20,000.


The above Act stipulates that reimbursement to investors is granted in specific situations as stated in the law. For example, the investor is not eligible for reimbursement if the order was not executed due to a fact that the respective bid to execute the specific order has not been accessible on the regulated market. Likewise the reimbursement is not provided for losses incurred due to the drop of price for financial instruments, e.g. in case the issuer of financial instruments has become bankrupt.

Compensation shall be paid to an investor not later than within one month after determination of the value of the investment subject to compensation by the Fund; however, due to special circumstances the Fund may extend the reimbursement payment period.

SUMMARY OF THE POLICY FOR PREVENTION OF CONFLICTS OF INTEREST

A conflict of interest is a situation, where parties involved in the provision of investment service or ancillary service are driven by conflicting interests. The Bank's Policy for Prevention of Conflicts of Interest in Providing Investment Services (hereinafter – the Policy) stipulates the requirements and procedure whereby circumstances related to the Bank's provided investment services and ancillary services, which may cause conflicts of interest and therefore compromise the interests of one or several customers, should be identified and controlled.

The Policy stipulates identification criteria of notional conflicts of interest, describes standard situations that are causing or may cause the conflict of interest as well as stipulate the



requirements the Bank is obligated to comply with to prevent conflicts of interest during the provision of investment services.

Inter alia, the Bank shall secure that the remuneration and motivation system for the employees and persons involved in provision of investment services is developed to prevent preference of the interests of the employees or the Bank, if that may undermine the Customer's interests. The employees are prohibited from entering into or recommending financial instruments' purchase or sale transactions, if their sole purpose is the fee or another financial benefit, unless the Customer's interests are observed. The Policy imposes a prohibition on the Bank's employees to use confidential or otherwise privileged information of the Bank or its customers for personal dealings in financial instruments and the duty to perform the required actions to prevent any possible detriment to the customers' interests. Should the conflict arise between the interests of the Bank or its employee and those of the customer the Customer's lawful interests shall prevail.

The Bank shall introduce efficient measures to identify and eliminate the conflict of interest and considers the disclosure of information on the conflicts of interests an ultimate measure in situations where no other internal conflict of interest elimination measures are sufficient to secure protection of the customer's interests with due confidence.

Please see the effective version of the Policy here:

<https://www.luminor.lv/sites/default/files/docs/ieguldijumi/conflict-of-interest-policy-effective-15022018.pdf>

The Bank may accept inducement from third parties concerning the customers' investments in specific investment products or the provision of services to customers through specific third parties. An inducement is considered any benefit received by the Bank from the third party, i.e. a reward, fee and other monetary or non-monetary benefits relating to provision of investment services to customers. The Bank is allowed to accept inducements, if their purpose is to improve the quality of services offered to the customer and they do not undermine the Bank' duty to act in a fair, integral and professional manner in compliance with the best interests of its customers. Should the Bank receive any payments, fees or any monetary rewards that do not comply with the above requirements the Bank shall return them to the respective customers immediately after receipt. Information about inducements acceptable to the Bank in relation to services provided to customers is accessible in appendix to the Bank's policy „Inducement policy relating to the investment services and ancillary services”. Please, see the document here:

<https://www.luminor.lv/sites/default/files/docs/ieguldijumi/inducement-policy-for-the-provision-of-investment-and-ancillary-services-effective-01022018.pdf>