

CLIENT CLASSIFICATION RULES

GENERAL PROVISIONS:

In accordance with the EU Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Law on Financial Instruments Market of the Republic of Latvia, clients are classified into three categories: Retail Clients, Professional Clients, and Eligible Counterparties. Luminor Bank AS, acting in the Republic of Latvia through Luminor Bank AS Latvian Branch, reg. code 40203154352, address: Skanstes str. 12, Riga, LV 1013, Latvia (hereinafter – the Bank) is obligated by MIFID II and other relevant legal acts to inform clients, to which investment and / or ancillary services are to be provided (hereinafter – the Clients), about their rights to request a different classification and about any limitations to the level of client protection that a different classification would entail.

These rules explain the Bank's overall policy and established procedures for classifying Clients and the level of investor protection rights arising from such classification.

The terms used in these rules are consistent with the terms defined in MIFID II unless it is stated otherwise.

After the assessment according to the below stated rules, the Bank classifies its Clients into the respective category. The category to which the Client is attributed is stated in the agreement for the provision of the investment services (hereinafter – the Agreement) or in a separate notice.

CLIENT CLASSIFICATION:

Retail Clients (Non-Professional Clients)

Retail Clients are private individuals or legal entities that do not meet the criteria for Professional Clients or Eligible Counterparties. Retail Clients are afforded the highest level of protection due to their presumed lack of experience, knowledge, and expertise in financial markets.

Client Category Change: Retail Clients can request, either generally or in respect of a particular investment service or transaction, or type of transaction or product, to be reclassified as Professional Clients if they meet at least 2 of the following criteria:

- a) the Client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- b) the size of the Client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000;
- c) the Client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

This request must be made in writing and will be subject to an assessment by the Bank to ensure the Client meets the criteria. In such an event, the Bank shall have a right to request the Client to submit certain documents and / or information in order to assess whether the Client meets the requirements set out in MIFID II and other relevant legal acts. The Client classified as a Professional Client must confirm, in the written form, in a separate document that the Client is warned and understands the consequences of not applying specific investor protection measures.

Professional Clients

Professional Clients are presumed to possess the experience, knowledge, and expertise to make their own investment decisions and assess the risks involved.

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The following shall all be regarded as Professional Clients in all investment services and activities and financial instruments not subject to a separate declaration:

1. Legal entities which are required to be authorised or regulated to operate in the financial markets:
 - 1.1. credit institutions;
 - 1.2. investment firms;
 - 1.3. other authorised or regulated financial institutions;
 - 1.4. insurance companies;
 - 1.5. collective investment schemes and management companies of such schemes;
 - 1.6. pension funds and management companies of such funds;
 - 1.7. commodity and commodity derivatives dealers;
 - 1.8. other institutional investors, whose main activity is to invest in financial instruments and such investments are performed in large amounts;
2. Large Undertakings meeting at least two of the following size requirements:
 - a) balance sheet total: at least EUR 20 000 000;
 - b) net turnover: at least EUR 40 000 000;
 - c) own funds: at least EUR 2 000 000;
3. National and Regional Governments, including public bodies that manage public debt, Central Banks;
4. Supranational organizations such as the World Bank, the International Monetary Fund (IMF), and other similar international organizations;
5. Other institutional investors, whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions, and such investments are performed in large amounts.

Client Category Change: Professional Clients can request the Bank in writing, either generally or in respect of a particular investment service or transaction, or type of transaction or product, to be reclassified as Retail Clients if they feel they need a higher level of protection. A Professional Client is obliged to inform the Bank of any changes that may affect his or her treatment as a Professional Client. Where the Bank becomes aware that the Client treated as a Professional Client no longer meets the conditions set for the Professional Client, the Bank will apply the provisions of the Retail Client to the Client in accordance with changed circumstances and inform the Client thereof. A higher level of investor protection shall be applied to the Client when the agreement, in accordance whereof the Client shall not be treated as a Professional Client is signed and comes into effect.

Eligible Counterparties

The following entities can be treated as Eligible Counterparties:

1. investment firms;
2. credit institutions;
3. insurance companies;
4. undertakings for collective investment in transferable securities (UCITS) and their management companies;
5. pension funds and their management companies;
6. other financial institutions authorised or regulated under the European Union law or under the national law of an EU Member State;
7. national governments and their corresponding offices including public bodies that deal with public debt at national level;
8. central banks;
9. supranational organizations.

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These entities are presumed to have the expertise and resources to engage in high-level financial transactions with minimal regulatory protection. The Bank shall treat Client as Eligible Counterparty subject to its relevant written consent.

Client Category Change: Eligible Counterparties can request to be reclassified as Professional Clients or Retail Clients if they seek additional protections. This request must be made in writing and shall indicate whether the treatment as Retail Client or Professional Client refers to one or more investment services or transactions, or one or more types of transaction or product. If in its request the Client does not expressly request treatment as a Retail Client, the Bank will treat that Eligible Counterparty as a Professional Client. A higher level of investor protection shall be applied to the Client when the Agreement is signed and comes into effect.

FINAL PROVISIONS:

The Bank may amend this document on a unilateral basis informing the Client according to the Bank's General Business Terms and / or contractual provisions.