

Inducements



General information

In the course of providing investment services/ancillary services to its clients the joint-stock company "Rietumu Banka" (hereinafter – the Bank) may receive monetary and non-monetary benefits from third parties. The Bank has the right to receive inducements if they do not impair compliance with the Bank's duty to act honestly, fairly and professionally in the best interests of the client and the inducements are designed to enhance the quality of the service provided to the client.

Inducements encompass various benefits that the Bank pays or receives in relation to the provision of investment services/ancillary services to the client. The Bank categorises all inducements as follows:

- 1) Financial inducements – different types of payments, namely fees, commissions and other monetary benefits that the Bank may receive or pay;
- 2) Non-monetary inducements – valuable gifts, significant benefits, etc. the Bank pays or receives;
- 3) Minor non-monetary inducements – non-monetary benefits the amount and nature of which do not allow them to be considered as such that could impair the Bank's obligation to act in the client's best interests. Specific examples are listed in "Minor non-monetary benefits".

The following, among others, are not inducements:

- 1) legal fees;
- 2) custody costs;
- 3) settlement and exchange fees;
- 4) regulatory levies.

The Bank pays no inducements in relation to the provision of investment services/ancillary services to the clients.

Financial inducements

The Bank may retain the financial inducements received in relation with the provision of investment services/ancillary services to the client, if these financial inducements:

- 1) are designed to enhance the quality of the service provided to the client;
- 2) are clearly and comprehensively disclosed to the client prior to the provision of the service;
- 3) are not biased or distorted;
- 4) do not give rise to a conflict of interests between the Bank and the client.

In order for an inducement to be considered to improve the quality of service provided to the client, it must meet all of the following criteria:

- 1) it is justified by the provision of an additional or higher level service to the client and is proportional to the level of inducements received, including the provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of the client; an appropriate number of financial instruments from third party product providers having no close links with the Bank;
- 2) it does not directly benefit the Bank, its shareholders or employees without tangible benefit to the respective client;
- 3) it is justified by the provision of an ongoing benefit to the client in relation to an ongoing inducement.

Where the Bank receives financial inducements that do not meet the aforesaid criteria, the Bank pays out the monetary benefits to the respective client by remitting them to the client's investment cash account.

The Bank informs the client about the fees received for distributing the financial instruments of the following counterparties:

INVESTMENT FUNDS	AMOUNTS OF INDUCEMENT
Raiffeisen Bank International AG: for investment funds under management	up to 0.75% per annum of the value of the assets
for other funds purchased through Raiffeisen Bank International AG	up to 100% of the fee-specific interest rate which can total up to 0.75% per annum of the value of the assets

Minor non-monetary inducements

The Bank may retain the inducements received in relation to the provision of an investment service/ ancillary service to the client, if this minor non-monetary inducement:

- 1) is intended to improve the quality of the relevant service provided to the client;
- 2) is reasonable and is proportional;
- 3) is not biased or distorted;
- 4) is of such a size that it will not affect the actions of the Bank's employees in a manner that would impair the interests of the relevant client;
- 5) does not give rise to a conflict of interests between the Bank and the client.

An acceptable minor non-monetary inducement that can be retained by Bank is considered to be, for example:

- 1) general or personalised information or documentation relating to investment services/products or ancillary services;
- 2) written information material from a third party that has been commissioned and paid for by the issuer or potential issuer to promote a new issue, or where the third party has a contractual relationship with the issuer and is paid by the issuer to produce such information material on a regular basis, provided that this relationship is clearly disclosed in the information material and that such material is made available at the same time to all investment brokerage companies or credit institutions that wish to receive it, or to the general public;
- 3) participation in conferences, training, seminars and other events on the benefits and features of a specific financial instrument or an investment service;
- 4) low-value presentation items, such as souvenirs, books, etc.;
- 5) discounts or services made available to the general public and offered by individual commercial operators or companies.

Portfolio management service

The Bank does not retain any financial inducements received in relation to the portfolio management service.

The Bank's objective is to transfer in full all financial inducements to the client upon its receipt. The Bank performs activities that involve the transfer of financial inducements to the client in cases where these must be distributed and paid out to several clients.

The Bank does not accept non-monetary inducements in relation to the portfolio management service.

Disclosure of information

Prior to the provision of investment services/ancillary services, the Bank discloses to the client the existence, nature and amount of the inducements received or paid by the Bank or, where the amount cannot be ascertained, the method for calculating that amount.

The Bank complies with requirements for disclosure of information prior to receiving the relevant service by disclosing the list of inducements received in "Financial inducements".

If it is not possible to estimate the amount of the payment or benefit to be received or paid before the service is provided, the client will be informed of the actual amount of the payment or benefit after the service has been provided.

In order to fulfil its obligation to provide its clients with individual information, the Bank informs the client annually about the inducements received and paid or received and retained in connection with investment services/ancillary services provided to the client, disclosing the relevant information in the Report on clients expenses, costs and Bank inducements.