

**JSC "Baltic International Bank"**

**Unaudited Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017**

Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017

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Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017

### Interim Report from the Bank's Senior Management

Dear Ladies and Gentlemen,

In 2017, Baltic International Bank actively worked to transform its operations in line with the Bank's new investments-based business model. Upon concluding the organisation of the Bank's assets and introducing the new business model, the structure and number of customers of the Bank changed, and deposits decreased significantly.

In the 2nd half of 2017, having changed the structure of its team of bankers, Baltic International Bank actively started attracting new customers as well as worked on establishing business relations with existing customers at a new level, as a result of which all financial indicators related to the volume of customers' funds demonstrated growth in the 2nd half of 2017.

In the 2nd half of 2017, the total of customer funds grew by 18% and reached EUR 444 million, the amount of deposits attracted by Baltic International Bank went up by 25,5% during the reporting period. The assets under management at the end of 2017 amounted to EUR 68,17 (68,17) million, and the value of financial instruments in brokerage service – EUR 120,71 (120,71) million.

The bank's assets (the Group-related financials are enclosed within the parentheses) amounted to EUR 303,35 (302,10) million, which is 13,5% more than at the end of first half of 2017. The Bank's loan portfolio totalled EUR 69,77 (68,40) million or 23,0 (22,6) percent of the total assets as of 31 December 2017.

The financial asset structure is still predominantly represented by investments in available-for-sale financial assets: EUR 43,72 million (EUR 43,72 million) or 14,4 percent (14,5 percent) of the total assets. High-quality liquid assets (assets carrying investment-grade credit rating and balances due from the Bank of Latvia) amounted to EUR 159,44 million (EUR 159,44 million) or 52,6 percent (52,8 percent) of the total assets. Investments in government bonds totalled EUR 26,87 million (EUR 26,87 million) or 8,9 percent (8,9 percent) of the total assets.

Operations related to changing the business model and customer structure, as well as the quality assessment of some historically acquired assets of the Bank created an expected temporary negative impact on the Bank's financial indicators, thus the Bank ended 2017 with a loss of EUR 2,67 million (EUR 3,61 million). The financial results were also influenced by investments in continued improvement of the internal control system, development of information technologies and infrastructure that Baltic International Bank carried out in 2017, as well as investments in staff and strengthening their competence.

The operating income totalled EUR 15,0 million (EUR 15,0 million). The structure of the Bank's operating income was dominated by income from trade in and revaluation of foreign currencies 60,7 percent (60,7 percent). The percentage of fee and commission income increased to 24,8 percent (24,8 percent) compared to the same period last year when the fee and commission income totalled 17,7% (17,7%). The net interest income increased by 17,3 percent (17,4 percent) compared to the same period last year when The net interest income totalled 11,3% (11,2%).

Administrative costs reached EUR 13,74 million (EUR 13,92 million), which is 5,8 percent (5,0 percent) below the level of the previous year. As a result of an increase in investments for the upgrade of information systems and fixed assets, the depreciation and amortization costs grew by 4,4 percent (4,4 percent) up to EUR 1,53 million (EUR 1,53 million). Other expense amounted to EUR 3,25 million (EUR 3,25 million), of which EUR 1,79 million (EUR 1,79 million) are one-time expenses, related to changes in the terms of sale of the real property owned by the Bank.

The liquidity ratios exceed the regulatory thresholds. As of 31 December 2017, the liquidity ratio was 92,29 percent. The structure of liquid assets is well diversified, as represented by bonds 20 percent, due from credit institutions 13 percent, due from the Bank of Latvia 66 percent and cash 1 percent. The liquidity coverage ratio (LCR) totalled 376,43 percent (375,44 percent). The net stable funding ratio (NSFR), characterizing the availability of a stable funding profile in relation to the composition of assets and off-balance sheet activities, reached 154,64 percent (155,23 percent).

As of 31 December 2017, the Bank's own funds totalled EUR 29,97 million (EUR 28,79 million). The Bank's Tier I capital ratio (CET1) totalled 11,60 percent (11,12 percent). Having reached 14,98 percent (14,53 percent).

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In 2017, Baltic International Bank continued to implement a broad range of social responsibility projects promoting the development of culture, art and public opinion in Latvia. Baltic International Bank supported the publication of several books in the series "Mēs. Latvija, XX gadsimts" (Us. Latvia. The XX century) and other publications of significance to Latvia's cultural history. In 2017, the Bank also supported the development of start-ups. The Baltic International Bank Latvian Barometer surveys were carried out throughout the year, providing a unique monthly insight into the general mood and public opinion in Latvia regarding various current topics of national importance. Thanks to its sustainable model of operations and broad range of social responsibility initiatives, Baltic International Bank ranked in the Gold category of the 2017 Sustainability Index.

Statement on Corporate Governance published on Bank's website [www.bib.eu](http://www.bib.eu).

28 February 2018



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Ilona Gulchak  
Chairperson of the Board

Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017

**Supervisory Council and Management Board**

**Supervisory Council (as of 31 December 2017)**

<b>Name</b>	<b>Position held</b>	<b>Appointed</b>	<b>Re-appointed</b>
Valeri Belokon	Chairperson of the Supervisory Council	15/09/2010	11/10/2016
Vlada Belokon	Deputy Chairperson of the Supervisory Council	11/10/2016	-
	Member of the Supervisory Council	19/08/2011	11/10/2016
Andris Ozolinsh	Member of the Supervisory Council	27/11/2015	11/10/2016
Dr. Hans-Friedrich von Ploetz	Member of the Supervisory Council	30/03/2016	11/10/2016
Black Joseph Cofer	Member of the Supervisory Council	01/11/2016	-

**Management Board (as of 31 December 2017)**

<b>Name</b>	<b>Position held</b>	<b>Appointed</b>	<b>Re-appointed</b>
Ilona Gulchak	Chairperson of the Board	25/01/2008	25/01/2016
Viktor Bolbat	Member of the Board	03/11/2017	-
Alon Nodelman	Member of the Board	15/08/2003	13/08/2015
Bogdan Andrushchenko	Member of the Board	04/03/2016	-
Anda Saukane	Member of the Board	22/06/2017	-

In the twelve month period ended 31 December 2017, no changes have been made in the Supervisory Council membership.

In the twelve month period ended 31 December 2017, the following changes were made in the composition of JSC "Baltic International Bank" Management Board:

According to the Council's resolution of 19 May 2017, Anda Saukane was elected as a member of the Board. According to the Council's resolution of 25 September 2017, Viktor Bolbat was elected as a member of the Board. Natalja Tkachenko (02.05.20017) and Martins Neibergs (17.10.2017) have withdrawn her membership in the Management Board of JSC "Baltic International Bank".

There were no changes in the Supervisory Council of the Bank during the period from 1 January 2018 to the date of the approval of these financial statements.

During the period from 1 January 2018 to the date of the approval of these financial statements the following changes were made in the composition of JSC "Baltic International Bank" Management Board:

A member of the Management Board Viktors Bolbats has been appointed as the Deputy Chairperson of the Management Board with effect from 2 January 2018.

Interim Condensed Group consolidated and Bank separate Financial Statements  
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**Statement of Management's Responsibility**

Riga

28 February 2018

The management of JSC Baltic International Bank (the Bank) is responsible for the preparation of the interim condensed consolidated financial statements of the Bank and its subsidiaries (the Group) as well as for the preparation of the interim condensed separate financial statements of the Bank. The interim condensed Group consolidated and Bank separate financial statements are prepared in accordance with IAS 34 Interim Financial Reporting on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the Management in the preparation of the condensed interim financial statements.

The interim condensed Group consolidated and Bank separate financial statements on pages 8 to 23 are prepared in accordance with the source documents and present the financial position of the Group and Bank as at 31 December 2017 and the results of its performance and cash flows for the twelve month period ended 31 December 2017.

The Management of the Bank is responsible for the maintenance of proper accounting records, the safeguarding of the Group's and Bank's assets and the prevention and detection of fraud and other irregularities in the Group and Bank. The Management is also responsible for operating the Group and Bank in compliance with the Law on Credit Institutions, regulations of the Financial and Capital Market Commission and other legislation of the Republic of Latvia applicable to the credit institutions.

On behalf of the Management of the Bank and Group:



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Ilona Gulchak  
Chairperson of the Board

Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017

**Financial Statements**

**INTERIM CONDENSED GROUP CONSOLIDATED AND BANK SEPARATE  
STATEMENT OF COMPREHENSIVE INCOME**

	Notes	for the twelve month period ended 31 December 2017		for the twelve month period ended 31 December 2016	
		Group EUR	Bank EUR	Group EUR	Bank EUR
Interest income		4 318 051	4 334 877	5 027 862	5 068 326
Interest expense		(1 721 106)	(1 721 040)	(1 868 840)	(1 868 172)
<b>Net interest income</b>		<b>2 596 945</b>	<b>2 613 837</b>	<b>3 159 022</b>	<b>3 200 154</b>
Fee and commission income		5 452 775	5 453 796	8 426 634	8 427 277
Fee and commission expense		(1 738 273)	(1 737 273)	(3 421 214)	(3 421 214)
<b>Net fee and commission income</b>		<b>3 714 502</b>	<b>3 716 523</b>	<b>5 005 420</b>	<b>5 006 063</b>
Dividend income		10 082	10 082	6 880	6 880
Net (loss)/profit on financial instruments		(593 768)	(593 768)	3 508 975	3 508 975
Net foreign exchange income		9 104 271	9 104 271	16 345 375	16 345 375
Other operating income		172 948	142 217	231 368	178 595
<b>Total operating income</b>		<b>15 004 980</b>	<b>14 993 162</b>	<b>28 257 040</b>	<b>28 246 042</b>
Administrative expenses		(15 449 620)	(15 274 862)	(16 112 602)	(16 058 999)
Other operating expenses		(3 253 464)	(3 248 132)	(540 640)	(433 783)
Net impairment profit/ (loss)	3	166 555	(23 909)	(10 593 452)	(10 925 699)
Loss on revaluation of investment property		(1 119 324)	(151 300)	(606 609)	(614 015)
<b>(Loss)/profit before income tax</b>		<b>(4 650 873)</b>	<b>(3 705 041)</b>	<b>403 737</b>	<b>213 546</b>
Income tax benefit/ (expense)		1 036 607	1 036 657	(78 245)	(78 195)
<b>(Loss)/profit for the period</b>		<b>(3 614 266)</b>	<b>(2 668 384)</b>	<b>325 492</b>	<b>135 351</b>
<b>Other comprehensive income</b>					
<b>Items that are or may be reclassified to profit or loss</b>					
Available for sale financial assets – net change in fair value		245 287	245 287	1 127 277	1 127 277
Available for sale financial assets, reclassified to profit or loss		41 150	41 150	(2 685 356)	(2 685 356)
<b>Total comprehensive loss for the period</b>		<b>(3 327 829)</b>	<b>(2 381 947)</b>	<b>(1 232 587)</b>	<b>(1 422 728)</b>

The accompanying notes on pages 16 to 23 are an integral part of these Interim Condensed Group consolidated and Bank separate Financial Statements.

The Interim Condensed Group consolidated and Bank separate Financial Statements on pages 8 to 23 have been authorised for issue by the Board on 28 February 2018, and signed on their behalf by:

  
 \_\_\_\_\_  
 Ilona Gulchak  
 Chairperson of the Board

Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017

**Financial Statements**

**INTERIM CONDENSED GROUP CONSOLIDATED AND BANK SEPARATE  
STATEMENT OF FINANCIAL POSITION  
as at 31 December 2017**

ASSETS	Notes	Group	Bank	Group	Bank
		31.12.2017	31.12.2017	31.12.2016	31.12.2016
		EUR	EUR	EUR	EUR
Cash and due from central banks		105 915 335	105 915 335	70 152 023	70 152 023
Financial assets held-for-trading		99 557	99 557	1 177 668	1 177 668
<i>Securities held-for-trading</i>	4	99 192	99 192	628 345	628 345
<i>Derivative financial instruments</i>		365	365	549 323	549 323
Due from credit institutions	5	26 820 186	26 820 186	17 975 622	17 975 622
Financial assets at fair value through profit or loss		5 446 620	5 446 620	8 073 653	8 073 653
Loans	6	68 395 657	69 764 960	69 395 046	70 999 468
Available for sale instruments	7	43 722 299	43 722 299	85 746 243	85 746 243
Securities held-to-maturity	8	16 295 393	16 295 393	16 691 688	16 691 688
Investments					
in equity accounted investees	9	1 144 547	1 144 547	1 144 547	1 144 547
Investments in subsidiaries	10	-	2 889 880	-	2 065 229
Investment property		7 618 581	4 712 034	5 885 430	2 355 073
Property and equipment		16 752 607	16 752 408	17 249 525	17 249 227
Intangible assets		4 184 320	4 184 320	4 107 870	4 107 870
Current income tax assets		14 299	14 299	14 943	14 943
Deferred expenses and accrued income		2 589 640	2 584 658	2 431 404	2 434 401
Other assets		3 099 368	3 001 772	8 044 283	8 201 925
<b>Total assets</b>		<b>302 098 409</b>	<b>303 348 268</b>	<b>308 089 945</b>	<b>308 389 580</b>

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Interim Condensed Group consolidated and Bank separate Financial Statements  
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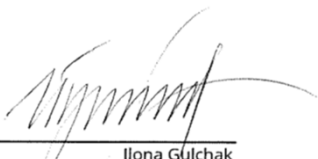
**Financial Statements**

**INTERIM CONDENSED GROUP CONSOLIDATED AND BANK SEPARATE  
STATEMENT OF FINANCIAL POSITION  
as at 31 December 2017**

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>Notes</b>	<b>Group 31.12.2017 EUR</b>	<b>Bank 31.12.2017 EUR</b>	<b>Group 31.12.2016 EUR</b>	<b>Bank 31.12.2016 EUR</b>
<b>Liabilities</b>					
Derivative financial instruments		461 641	461 641	-	-
Due to credit institutions		14 438 637	14 438 637	15 956 666	15 956 666
Deposits	11	238 940 736	239 108 094	229 938 778	230 073 991
Debt securities in issue	12	1 668 612	1 668 612	10 123 468	10 123 468
Accrued expenses, provisions and deferred income		1 603 938	1 599 799	1 613 447	1 612 671
Deferred tax liabilities		-	-	1 036 657	1 036 657
Other liabilities		1 817 705	1 741 487	1 537 803	1 486 025
Subordinated liabilities	13	14 638 255	14 638 255	16 026 412	16 026 412
<b>Total liabilities</b>		<b>273 569 524</b>	<b>273 656 525</b>	<b>276 233 231</b>	<b>276 315 890</b>
<b>Shareholders' equity</b>					
Share capital	14	31 496 395	31 496 395	31 496 395	31 496 395
Reserve capital	14	835 152	835 152	835 152	835 152
Property revaluation reserve		34 900	34 900	34 900	34 900
Available for sale instruments revaluation reserve		160 266	160 266	(126 171)	(126 171)
Accumulated losses		(3 997 828)	(2 834 970)	(383 562)	(166 586)
<i>Accumulated losses for the previous years</i>		<i>(383 562)</i>	<i>(166 586)</i>	<i>(709 054)</i>	<i>(301 937)</i>
<i>(Loss)/profit for the period</i>		<i>(3 614 266)</i>	<i>(2 668 384)</i>	<i>325 492</i>	<i>135 351</i>
<b>Total shareholders' equity</b>		<b>28 528 885</b>	<b>29 691 743</b>	<b>31 856 714</b>	<b>32 073 690</b>
<b>Total liabilities and shareholders' equity</b>		<b>302 098 409</b>	<b>303 348 268</b>	<b>308 089 945</b>	<b>308 389 580</b>
<b>Commitments and contingencies</b>					
Sureties (guarantees)		210 102	210 102	3 827 416	3 827 416
Commitments to customers		6 292 907	6 378 065	5 000 762	5 082 647
<b>Total commitments and contingencies</b>		<b>6 503 009</b>	<b>6 588 167</b>	<b>8 828 178</b>	<b>8 910 063</b>

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 Ilona Gulchak  
 Chairperson of the Board

Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017

**Financial Statements**

**INTERIM CONDENSED GROUP CONSOLIDATED  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
for the twelve month period ended 31 December 2017**

Notes	Share capital EUR	Reserve capital EUR	Property revaluation reserve EUR	Available for sale instru- ments revaluation reserve EUR	Retained earnings/ (accumu- lated losses) EUR	TOTAL EUR
<b>Balance as of 31 December 2015</b>	<u>29 496 389</u>	<u>835 152</u>	<u>34 900</u>	<u>1 431 908</u>	<u>(709 054)</u>	<u>31 089 295</u>
<b>Total comprehensive loss</b>						
Net profit for the period	-	-	-	-	325 492	325 492
Other comprehensive loss	-	-	-	(1 558 079)	-	(1 558 079)
<b>Total comprehensive loss</b>	-	-	-	(1 558 079)	325 492	(1 232 587)
<b>Transactions with owners, recorded directly in equity</b>						
Increase in share capital	2 000 006	-	-	-	-	2 000 006
<b>Total transactions with owners, recorded directly in equity</b>	<u>2 000 006</u>	-	-	-	-	<u>2 000 006</u>
<b>Balance as of 31 December 2016</b>	<u>31 496 395</u>	<u>835 152</u>	<u>34 900</u>	<u>(126 171)</u>	<u>(383 562)</u>	<u>31 856 714</u>
<b>Total comprehensive loss</b>						
Net loss for the period	-	-	-	-	(3 614 266)	(3 614 266)
Other comprehensive income	-	-	-	245 287	-	245 287
Other comprehensive loss	-	-	-	41 150	-	41 150
<b>Total comprehensive loss</b>	-	-	-	286 437	(3 614 266)	(3 327 829)
<b>Balance as of 31 December 2017</b>	<u>31 496 395</u>	<u>835 152</u>	<u>34 900</u>	<u>160 266</u>	<u>(3 997 828)</u>	<u>28 528 885</u>

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 Ilona Gulchak  
 Chairperson of the Board

Interim Condensed Group consolidated and Bank separate Financial Statements  
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**Financial Statements**

**INTERIM CONDENSED BANK SEPARATE  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
for the twelve month period ended 31 December 2017**

Notes	Share capital EUR	Reserve capital EUR	Property revaluation reserve EUR	Available for sale instru- ments revaluation reserve EUR	Retained earnings/ (accumu- lated losses) EUR	TOTAL EUR
<b>Balance as of 31 December 2015</b>	<u>29 496 389</u>	<u>835 152</u>	<u>34 900</u>	<u>1 431 908</u>	<u>(301 937)</u>	<u>31 496 412</u>
<b>Total comprehensive loss</b>						
Net profit for the period	-	-	-	-	135 351	135 351
Other comprehensive loss	-	-	-	(1 558 079)	-	(1 558 079)
<b>Total comprehensive loss</b>	-	-	-	(1 558 079)	135 351	(1 422 728)
<b>Transactions with owners, recorded directly in equity</b>						
Increase in share capital	2 000 006	-	-	-	-	2 000 006
<b>Total transactions with owners, recorded directly in equity</b>	<u>2 000 006</u>	-	-	-	-	<u>2 000 006</u>
<b>Balance as of 31 December 2016</b>	<u>31 496 395</u>	<u>835 152</u>	<u>34 900</u>	<u>(126 171)</u>	<u>(166 586)</u>	<u>32 073 690</u>
<b>Total comprehensive loss</b>						
Net loss for the period	-	-	-	-	(2 668 384)	(2 668 384)
Other comprehensive income	-	-	-	286 437	-	286 437
Other comprehensive loss	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	286 437	(2 668 384)	(2 381 947)
<b>Balance as of 31 December 2017</b>	<u>31 496 395</u>	<u>835 152</u>	<u>34 900</u>	<u>160 266</u>	<u>(2 834 970)</u>	<u>29 691 743</u>

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 Ilona Gulchak  
 Chairperson of the Board

Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017

**Financial Statements**

**INTERIM CONDENSED CONSOLIDATED AND BANK STATEMENT OF CASH FLOWS**

	for the twelve month period ended 31 December 2017		for the twelve month period ended 31 December 2016	
	Group EUR	Bank EUR	Group EUR	Bank EUR
<b>Cash flows from operating activities</b>				
(Loss)/profit before income tax	(4 650 873)	(3 705 041)	403 737	213 546
Amortisation and depreciation	1 525 246	1 525 246	1 468 917	1 468 917
Impairment loss	(166 555)	23 909	10 593 452	10 925 699
Unrealised loss on revaluation of investment property	1 119 324	151 300	606 609	614 015
<b>(Decrease)/ increase in cash and cash equivalents from operating activities before changes in assets and liabilities</b>	<b>(2 054 386)</b>	<b>(2 018 963)</b>	<b>13 070 906</b>	<b>13 220 368</b>
Increase in loans	(1 363 786)	(1 314 902)	(8 165 206)	(8 273 141)
Decrease/ (increase) in due from credit institutions	2 757 626	2 757 626	(2 476 945)	(2 476 945)
Decrease/ (uncrease) in financial assets held-for-trading	1 078 111	1 078 111	(596 330)	(596 330)
Decrease/ (increase) in financial assets classified as at fair value, as recorded in the statement of profit or loss	2 627 033	2 627 033	(8 073 653)	(8 073 653)
(Increase)/ decrease in deferred expenses and accrued income	(165 487)	(157 508)	134 011	130 450
Decrease/ (increase) in other assets	5 014 883	5 265 793	(4 599 219)	(4 720 114)
Increase in due to credit institutions	-	-	10 372 692	10 372 692
Increase / (decrease) in deposits	9 001 958	9 034 103	(243 307 153)	(243 188 376)
Increase/ (decrease) in derivative liabilities	461 641	461 641	(3 056)	(3 056)
Decrease in accrued expenses, provisions and deferred income	(9 509)	(12 872)	(1 399 481)	(1 398 927)
Increase/(decrease) in other liabilities	279 902	255 462	(640 052)	(583 934)
<b>Increase/(decrease) in cash and cash equivalents resulting from operating activities</b>	<b>17 627 986</b>	<b>17 975 524</b>	<b>(245 683 486)</b>	<b>(245 590 966)</b>

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Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017

**Financial Statements**

**INTERIM CONDENSED CONSOLIDATED AND BANK STATEMENT OF CASH FLOWS**

	for the twelve month period ended 31 December 2017		for the twelve month period ended 31 December 2016	
	Group	Bank	Group	Bank
	EUR	EUR	EUR	EUR
Corporate income tax paid	594	644	2 504	2 554
<b>Increase/ (decrease) in cash and cash equivalents from operating activities</b>	<b>17 628 580</b>	<b>17 976 168</b>	<b>(245 680 982)</b>	<b>(245 588 412)</b>
<b>Cash flow from investing activities</b>				
Acquisition of property and equipment, intangible assets and investment property	(1 902 337)	(1 104 876)	(1 651 316)	(1 620 167)
Proceeds from sale of property and equipment and investment property	334 775	14 377	1 809	1 809
Acquisition of shares in equity accounted investees	-	(824 651)	-	(125 001)
Proceeds from the sale of stakes in undertakings	-	-	-	3 136
Purchase of available-for-sale instruments	-	-	(42 759 945)	(42 759 945)
Redemption of available-for-sale instruments	42 269 231	42 269 231	173 829 209	173 829 209
Purchase of securities held-to-maturity	-	-	(7 067 925)	(7 067 925)
Redemption of held-to-maturity investments	396 295	396 295	-	-
<b>Increase in cash and cash equivalents as a result of investing activities</b>	<b>41 097 964</b>	<b>40 750 376</b>	<b>122 351 832</b>	<b>122 261 116</b>

The accompanying notes on pages 16 to 23 are an integral part of these Interim Condensed Group consolidated and Bank separate Financial Statements.

Interim Condensed Group consolidated and Bank separate Financial Statements  
for the twelve month period ended 31 December 2017

**Financial Statements**

**INTERIM CONDENSED CONSOLIDATED AND BANK STATEMENT OF CASH FLOWS**

	for the twelve month period ended 31 December 2017		for the twelve month period ended 31 December 2016	
	Group EUR	Bank EUR	Group EUR	Bank EUR
<b>Cash flows from financing activities</b>				
Issuance of shares	-	-	2 000 006	2 000 006
Cash paid out				
to repay subordinated debt	(1 388 157)	(1 388 157)	(688 856)	(688 856)
Issuance of debt securities	-	-	1 898 460	1 898 460
Buyback of debt securities	(8 454 856)	(8 454 856)	(8 204 693)	(8 204 693)
<b>Decrease</b>				
<b>in cash and cash equivalents</b>				
<b>as a result of financing activities</b>	<b>(9 843 013)</b>	<b>(9 843 013)</b>	<b>(4 995 083)</b>	<b>(4 995 083)</b>
<b>Increase/ (decrease)</b>				
<b>in cash and cash equivalents</b>	<b>48 883 531</b>	<b>48 883 531</b>	<b>(128 324 233)</b>	<b>(128 322 379)</b>
Cash and cash equivalents				
at the beginning of the period	81 076 040	81 076 040	209 400 273	209 398 419
<b>Cash and cash equivalents</b>				
<b>at the end of the period</b>	<b>129 959 571</b>	<b>129 959 571</b>	<b>81 076 040</b>	<b>81 076 040</b>

The accompanying notes on pages 16 to 23 are an integral part of these Interim Condensed Group consolidated and Bank separate Financial Statements.

The Interim Condensed Group consolidated and Bank separate Financial Statements on pages 8 to 23 have been authorised for issue by the Board on 28 February 2018, and signed on their behalf by:

  
 \_\_\_\_\_  
 Ilona Gulchak  
 Chairperson of the Board

## Financial Statements

### Notes to the Interim Condensed Group consolidated and Bank separate Financial Statements for the twelve month period ended 31 December 2017

#### 1 GENERAL INFORMATION

These interim condensed Group consolidated and Bank separate financial statements comprise the financial statements of JSC „Baltic International Bank“ (hereinafter referred to as the “Bank”) and its subsidiaries (hereinafter together with the Bank referred to as the “Group”). The subsidiaries are as follows: real estate company “BIB Real Estate” SIA (acquired on 11 June 2009) that in turn owns several subsidiaries, „Claim Management“ LLC acquired on 14 July 2016 and AS „BIB Alternative Investment Management“ (registered on 5 December 2016) which provides investment services.

JSC "Baltic International Bank" is a joint stock company registered in the Republic of Latvia. The registered office address is: Kalēju iela 43, Rīga, LV-1050, Latvia. On 8 April 1993, the Bank of Latvia approved JSC "Baltic International Bank" as a credit institution and issued Banking Licence No. 103. The activities of the Bank are regulated by the Bank of Latvia and the Financial and Capital Market Commission of the Republic of Latvia ("FCMC").

Established to cater to the needs of both individuals and corporate customers, JSC "Baltic International Bank" provides a comprehensive range of financial services: personal and corporate loans, acceptance of money deposits and other funds, funds transfers, treasury and capital market services carried out according to customer instructions and for the Bank's own trading purposes.

#### 2 BASIS OF PREPARATION

##### Statement of Compliance

These interim condensed Group consolidated and Bank separate financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. These interim condensed financial statements do not include all of the information required for a complete set of annual financial statements, and should be read in conjunction with the Group consolidated and Bank separate financial statements as at and for the year ended 31 December 2016.

The Group consolidated and Bank separate financial statements for the year ended 31 December 2016 are available at the Bank's web site ([www.bib.eu](http://www.bib.eu)).

The interim condensed Group consolidated and Bank separate financial statements are presented in euro. Subsidiaries of the Group operate in the functional currency of euro.

The accounting policies applied by the Group and Bank in these condensed Group consolidated and Bank separate interim financial statements are consistent with those applied by the Group and Bank in the consolidated and Bank financial statements as at and for the year ended 31 December 2016.

In preparing these interim condensed Group consolidated and Bank separate interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group consolidated and Bank separate financial statements as at and for the year ended 31 December 2016.

Interim Condensed Group consolidated and Bank separate Financial Statements  
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**Notes to the Interim Condensed Group consolidated and Bank separate Financial Statements  
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Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**3 ANALYSIS OF CHANGES IN IMPAIRMENT LOSS ALLOWANCE FOR ASSET EXPOSURES**

Group

	Allowances for claims on the credit institutions EUR	Allowances for loans EUR	Allowances for securities available- for-sale EUR	Allowances for accrued income EUR	Allowances for other assets EUR	Total EUR
<b>Allowances as of 31 December 2015</b>	<b>1 112</b>	<b>13 050 492</b>	<b>-</b>	<b>7 021</b>	<b>286 362</b>	<b>13 344 987</b>
Increase in allowances	17	7 331 534	3 274 235	-	62 612	10 668 398
Reversal of allowances	(1 123)	(73 823)	-	-	-	(74 946)
<b>Net impairment loss for the period</b>	<b>(1 106)</b>	<b>7 257 711</b>	<b>3 274 235</b>	<b>-</b>	<b>62 612</b>	<b>10 593 452</b>
Amounts written-off	-	(3 045 967)	-	-	(2 712)	(3 048 679)
Difference due to fluctuations in foreign currency exchange rates	(6)	312 183	-	231	(2 263)	310 145
<b>Allowances as of 31 December 2016</b>	<b>-</b>	<b>17 574 419</b>	<b>3 274 235</b>	<b>7 252</b>	<b>343 999</b>	<b>21 199 905</b>
Increase in allowances	-	8 671	-	7 251	(3 325)	12 597
Reversal of allowances	-	(153 757)	-	-	(25 395)	(179 152)
<b>Net impairment loss for the period</b>	<b>-</b>	<b>(145 086)</b>	<b>-</b>	<b>7 251</b>	<b>(28 720)</b>	<b>(166 555)</b>
Amounts written-off	-	(28 701)	-	-	(30 547)	(59 248)
Difference due to fluctuations in foreign currency exchange rates	-	(992 586)	-	(945)	(1 033)	(994 564)
<b>Allowances as of 31 December 2017</b>	<b>-</b>	<b>16 408 046</b>	<b>3 274 235</b>	<b>13 558</b>	<b>283 699</b>	<b>19 979 538</b>

Bank

	Allowances for claims on the credit institutions EUR	Allowances for loans EUR	Allowances for securities available- for-sale EUR	Allowances for accrued income EUR	Allowances for other assets EUR	Total EUR
<b>Allowances as of 31 December 2015</b>	<b>1 112</b>	<b>13 500 649</b>	<b>-</b>	<b>7 021</b>	<b>168 193</b>	<b>13 676 975</b>
Increase in allowances	17	7 663 781	3 274 235	-	62 612	11 000 645
Reversal of allowances	(1 123)	(73 823)	-	-	-	(74 946)
<b>Net impairment loss for the period</b>	<b>(1 106)</b>	<b>7 589 958</b>	<b>3 274 235</b>	<b>-</b>	<b>62 612</b>	<b>10 925 699</b>
Amounts written-off	-	(3 045 967)	-	-	(2 712)	(3 048 679)
Difference due to fluctuations in foreign currency exchange rates	(6)	312 183	-	231	(2 263)	310 145
<b>Allowances as of 31 December 2016</b>	<b>-</b>	<b>18 356 823</b>	<b>3 274 235</b>	<b>7 252</b>	<b>225 830</b>	<b>21 864 140</b>
Increase in allowances	-	194 906	-	7 251	904	203 061
Reversal of allowances	-	(153 757)	-	-	(25 395)	(179 152)
<b>Net impairment loss for the period</b>	<b>-</b>	<b>41 149</b>	<b>-</b>	<b>7 251</b>	<b>(24 491)</b>	<b>23 909</b>
Amounts written-off	-	(28 701)	-	-	(30 547)	(59 248)
Difference due to fluctuations in foreign currency exchange rates	-	(992 586)	-	(945)	(1 033)	(994 564)
<b>Allowances as of 31 December 2017</b>	<b>-</b>	<b>17 376 685</b>	<b>3 274 235</b>	<b>13 558</b>	<b>169 759</b>	<b>20 834 237</b>



## Financial Statements

### Notes to the Interim Condensed Group consolidated and Bank separate Financial Statements for the twelve month period ended 31 December 2017

#### 4 SECURITIES-HELD-FOR TRADING

	<b>Group and Bank 31.12.2017</b>	<b>Group and Bank 31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>
Debt securities of credit institutions	2 050	486 159
Debt securities of private enterprises	85 269	-
<b>Total debt securities</b>	<b>87 319</b>	<b>486 159</b>
State-owned companies enterprises	4 717	12 335
Shares of private enterprises	7 156	9 162
Investment certificates	-	120 689
<b>Total shares</b>	<b>11 873</b>	<b>142 186</b>
	<b>99 192</b>	<b>628 345</b>

The table below shows the geographical concentration of securities:

	<b>Group and Bank 31.12.2017</b>	<b>Group and Bank 31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>
Debt securities of entities registered in OECD countries	85 269	-
Debt securities of entities registered in CIS countries	-	486 159
<b>Total debt securities</b>	<b>87 319</b>	<b>486 159</b>
Shares of entities registered in the Republic of Latvia	1 536	2 080
Shares of entities registered in other EU countries	-	120 689
Shares of entities registered in OECD countries	2 385	3 206
Shares of entities registered in CIS countries	7 952	16 211
<b>Total shares</b>	<b>11 873</b>	<b>142 186</b>
	<b>99 192</b>	<b>628 345</b>

#### 5 DUE FROM CREDIT INSTITUTIONS

	<b>Group and Bank 31.12.2017</b>	<b>Group and Bank 31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>
Receivable on demand	24 322 873	11 936 813
Amounts with no stated maturity or serving as collateral and security deposits	2 073 825	4 856 258
Other deposits	423 488	1 182 551
	<b>26 820 186</b>	<b>17 975 622</b>

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**6 LOANS**

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>31.12.2017</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Loans to corporate clients	51 721 863	54 059 805	54 521 824	56 908 650
Loans to financial institutions	7 389 132	7 389 132	9 740 358	9 740 358
Loans to individuals	24 521 587	24 521 587	21 225 055	21 225 055
Loans to senior management and staff members of the Bank	1 171 121	1 171 121	1 482 228	1 482 228
	<b>84 803 703</b>	<b>87 141 645</b>	<b>86 969 465</b>	<b>89 356 291</b>
Allowances (Note 3)	(16 408 046)	(17 376 685)	(17 574 419)	(18 356 823)
	<b>68 395 657</b>	<b>69 764 960</b>	<b>69 395 046</b>	<b>70 999 468</b>

**7 AVAILABLE FOR SALE INSTRUMENTS**

	<b>Group and Bank</b>	<b>Group and Bank</b>
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>
Debt securities of central governments	12 993 463	33 624 194
Debt securities of credit institutions	9 095 331	19 048 450
Debt securities of financial institutions	14 158 627	28 497 385
Debt securities of public non-financial Corporations	1 335 091	-
Shares and other variable income securities	6 139 787	4 576 214
<i>Tamar Energy, Ltd</i>	2 545 074	3 145 074
<i>Green Gateway Fund 2 GmbH and Co KG</i>	1 500 000	-
<i>Visa Europe</i>	875 295	681 437
<i>Montello Real Estate Opportunity Fund</i>	566 661	-
<i>Imprimatur Capital Technology Venture Fund, LP</i>	434 974	531 920
<i>Capital, JSC</i>	180 863	180 863
<i>S.W.I.F.T., SCRL</i>	36 920	36 920
	<b>43 722 299</b>	<b>85 746 243</b>

Tamar Energy is a renewable energy business focusing entirely on anaerobic digestion. Bank owns 5 percent of shares in Tamar Energy.

Imprimatur Capital Technology Venture Fund makes seed investments in SMEs which become its portfolio companies. The Fund's purpose is to invest in technology-related SMEs, develop their business potential and then sell its ownership interests in such SMEs at a profit and for the benefit of the Fund and its Investors. Please refer to note 48 on sensitivity analysis of the fair value of this exposure.

Investment in Capital is measured at cost less impairment as the Bank believes there is no readily available active market to determine the fair value.

The fair value of S.W.I.F.T. SCRL is reported according to a certain withdrawal price as of 31 December 2017 and 31 December 2016.

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**Notes to the Interim Condensed Group consolidated and Bank separate Financial Statements  
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**8 SECURITIES HELD-TO-MATURITY**

	<b>Group and Bank</b>	<b>Group and Bank</b>
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>
Government bonds	13 879 276	13 469 250
Bonds and other fixed-income securities	2 416 117	3 222 438
	<b><u>16 295 393</u></b>	<b><u>16 691 688</u></b>

**9 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES**

	<b>Group and Bank</b>	<b>Group and Bank</b>
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>
<b>Ownership</b>	<b>Purpose</b>	<b>Purpose</b>
<b>%</b>	<b>Country of</b>	<b>Country of</b>
<b>%</b>	<b>incorporation</b>	<b>incorporation</b>
LLC "Komunikācijas un projekti"	50	Latvia
	Investments	Investments
	1 144 547	1 144 547
	<b><u>1 144 547</u></b>	<b><u>1 144 547</u></b>

The management assessed future cash flows to be generated by the investee and as a result of this assessment concluded that there is no objective evidence of impairment of the investment.

**10 INVESTMENTS IN SUBSIDIARIES**

The subsidiaries of the Bank are as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal Activities</b>	<b>Carrying</b>	<b>Ownership</b>	<b>Ownership</b>	<b>Ownership</b>
			<b>amount of</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2016</b>
			<b>EUR</b>	<b>%</b>	<b>EUR</b>	<b>%</b>
"BIB Real Estate" LLC	Latvia	Real estate	2 724 879	100	1 940 228	100
"Gaujas Īpašumi" LLC (through BIB Real Estate)	Latvia	Real estate	-	100	-	100
"Global Investments" LLC (through BIB Real Estate)	Latvia	Real estate	-	100	-	100
„Claim Management" LLC	Latvia	Recovery of the	1	100	1	100
„BIB Alternative Investment Management" JSC	Latvia		165 000	-	125 000	-
<b>Investments in subsidiaries</b>			<b><u>2 889 880</u></b>		<b><u>2 065 229</u></b>	

The management assessed future cash flows to be generated by the subsidiaries and as a result of this assessments concluded that there is no objective evidence of impairment of the investment.

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**Notes to the Interim Condensed Group consolidated and Bank separate Financial Statements  
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**11 DEPOSITS**

	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
	<b>31.12.2017</b>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Repayable on demand</b>				
Corporate customers	117 021 947	117 189 305	147 019 562	147 154 775
Financial institutions	1 094 892	1 094 892	1 123 318	1 123 318
State-owned companies	-	-	976	976
Individuals	41 422 195	41 422 195	47 923 031	47 923 031
	<b>159 539 074</b>	<b>159 706 432</b>	<b>196 066 887</b>	<b>196 202 100</b>
<b>Term deposits</b>				
Corporate customers	36 912 942	36 912 942	19 294 017	19 294 017
Individuals	40 333 297	40 333 297	14 577 874	14 577 874
	<b>79 401 662</b>	<b>79 401 662</b>	<b>33 871 891</b>	<b>33 871 891</b>
<b>Total deposits</b>	<b>238 940 736</b>	<b>239 108 094</b>	<b>229 938 778</b>	<b>230 073 991</b>

**12 DEBT SECURITIES IN ISSUE**

	<b>Group and Bank</b>	<b>Group and Bank</b>
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>
Bonds in issue	1 668 612	10 123 468
	<b>1 668 612</b>	<b>10 123 468</b>

**13 SUBORDINATED LIABILITIES**

Subordinated deposits have a fixed term of seven years at their origination, and are repayable before maturity only on winding up or bankruptcy of the Bank and rank before shareholders' claims.

	<b>Group and Bank</b>	<b>Group and Bank</b>
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>EUR</b>	<b>EUR</b>
Residents of the Republic of Latvia		
<i>Individuals</i>	9 248 257	10 223 372
Residents of other countries		
<i>Corporate customers</i>	500 139	500 069
<i>Individuals</i>	4 889 859	5 302 971
	<b>14 638 255</b>	<b>16 026 412</b>

**14 SHAREHOLDERS' EQUITY**

The Bank's share capital totals EUR 31 496 395 and is divided into 4 436 112 ordinary shares carrying identical voting rights (on 31 December 2016: 31 496 395 and 4 436 112, respectively). The nominal value of one share is EUR 7.10.

All shares are registered. Each share carries the right to one vote at the meetings of shareholders, a right to receive dividends as declared from time to time and a right to residual assets. Of the Bank's 92 shareholders, 27 are legal entities and 65 are individuals.

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Reserve capital in the amount of EUR 835 152 (31 December 2016: EUR 835 152) is formed from the contributions made by the Bank's shareholders. The Bank's General Meeting of Shareholders makes the decision concerning further usage of reserve capital. Reserve capital can be used to:

- cover losses;
- increase the share capital;
- pay dividends.

	<b>Quantity</b>	<b>Amount</b>
		<b>EUR</b>
<b>Total paid-in share capital 31 December 2015</b>	<b>4 154 421</b>	<b>29 496 389</b>
Increase of registered share capital	281 691	2 000 006
<b>Total registered share capital 31 December 2016</b>	<b>4 436 112</b>	<b>31 496 395</b>
Increase of paid-in share capital	-	2 000 006
<b>Total paid-in share capital 31 December 2016</b>	<b>4 436 112</b>	<b>31 496 395</b>
<b>Total paid-in share capital 31 December 2017</b>	<b>4 436 112</b>	<b>31 496 395</b>

Listed below are the shareholders who control more than 10 percent of the shares in the shareholders' equity:

	<b>31.12.2017</b>	<b>31.12.2016</b>
Valeri Belokon	69.90%	69.89%
Vilori Belokon	30.05%	30.01%

**15 RELATED PARTY TRANSACTIONS**

The outstanding balances as of 31 December 2017 and related income statement amounts of transactions for the twelve month period ended 31 December 2017 with other related parties are as follows:

	<b>Group and Bank</b>				
	<b>Subsidiary</b>	<b>Associate</b>	<b>Shareholders, Members of the Supervisory Council and Management Board</b>	<b>Related to shareholders and management</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>31 December 2017</b>					
<b>Assets</b>					
Loans	1 369 303	124 422	439 856	3 287 366	<b>5 220 947</b>
Other assets	196 865	-	-	-	<b>196 865</b>
<b>Liabilities</b>					
Deposits	167 358	1 656	74 093	6 155 074	<b>6 398 181</b>
Subordinated liabilities	-	-	-	4 317 759	<b>4 317 759</b>
<b>Income/expenses</b>					
Interest income	20 065	3 978	1 043	61 512	<b>86 598</b>
Interest expense	25	-	2 227	2 119	<b>4 371</b>
Remuneration expense	-	-	1 039 784	-	<b>1 039 784</b>

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	<b>Group and Bank</b>				
	<b>Subsidiary</b>	<b>Associate</b>	<b>Shareholders, Members of the Supervisory Council and Management Board</b>	<b>Related to shareholders and management</b>	<b>Total</b>
<b>31 December 2016</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Assets</b>					
Loans	1 604 422	107 999	281 954	2 879 306	<b>4 873 681</b>
Other assets	92 413	-	-	-	<b>92 413</b>
<b>Liabilities</b>					
Deposits	135 213	776	75 173	472 275	<b>683 437</b>
Subordinated liabilities	-	-	-	4 420 806	<b>4 420 806</b>
<b>Income/expenses</b>					
Interest income	24 608	3 978	3 978	3 978	<b>40 520</b>
Interest expense	-	-	2 369	82 689	<b>85 058</b>
Remuneration expense	-	-	1 006 970	-	<b>1 006 970</b>
Impairment loss	623 060	-	-	-	<b>623 060</b>

**16 CAPITAL ADEQUACY CALCULATION**

The Financial and Capital Market Commission sets forth capital requirements for the Bank as a whole and supervises the adherence to the requirements.

According to the specific requirement of the FCMC, the Bank should maintain a capital adequacy ratio above minimum level – 15.4% for the period starting from 1 October 2017 till 30 September 2018 (from 1 October 2016 till 30 September 2017: 10.2%).

The Bank also monitors its capital adequacy levels calculated in accordance with the requirements of the New Basel Capital Accord, commonly known as Basel III.

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	<b>Group</b>	<b>Bank</b>
	<b>EUR</b>	<b>EUR</b>
<b>Total equity capital</b>		
Paid-in share capital	31 496 395	31 496 395
Reserve capital and other reserves	835 152	835 152
Retained earnings	(383 562)	(166 586)
Intangible assets	(4 184 320)	(4 184 320)
Specific decline in Tier 1 capital, as stipulated by the applicable law	(2 228 158)	(2 228 158)
Available for sale instruments revaluation reserve	156 133	156 133
Less revaluation of investment property	(41 416)	(28 267)
<b>Tier 1 Core Capital</b>	<b>22 035 958</b>	<b>23 211 965</b>
Subordinated liabilities	8 982 260	8 982 260
Specific decline in Tier 2 capital, as stipulated by the applicable law	(2 228 158)	(2 228 158)
<b>Tier 2 Supplementary Capital</b>	<b>6 754 102</b>	<b>6 754 102</b>
<b>TOTAL CAPITAL</b>	<b>28 790 060</b>	<b>29 966 067</b>
Capital charge for credit risk inherent in the Bank's book	12 733 711	12 893 920
The total capital charge for market risks	70 106	70 106
Capital charge for operational risk	3 042 210	3 039 260
The own funds requirement for credit valuation adjustment (CVA) risk	1 391	1 391
<b>Total capital charge</b>	<b>15 847 418</b>	<b>16 004 677</b>
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier 1 capital ratio	11.12%	11.60%
Tier 1 capital ratio	11.12%	11.60%
<b>CAPITAL ADEQUACY RATIOS</b>		
<b>31 December 2017</b>	<b>14.53%</b>	<b>14.98%</b>
<b>CAPITAL ADEQUACY RATIOS</b>		
<b>31 December 2016</b>	<b>16.20%</b>	<b>16.48%</b>

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for sureties and commitments, with some adjustments to reflect the more contingent nature of the potential losses.

To calculate the required capital charge in accordance with the minimum regulatory capital requirements, Bank applies the following approaches:

- capital charge for credit risk – the Standardised Approach;
- capital charge for market risk – the Standardised Approach;
- capital charge for operational risk – the Basic Indicator Approach.