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JSC „PNB Banka"
Public report
IV quarter 2018

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Report of the Management Board

In the fourth quarter of 2018, the main event in the bank's operation was the change of its name. On November 9, Norvik Banka's group changed its name to PNB Banka. The change of the banks' name was the next logical development stage for the bank's changes that took place previously – change of the strategy, focus on the Latvian Banking, strengthening of the management team. In the new name "PNB Banka", we added a value – a person, because a person is and will be a priority of the bank. Along with the change of the name, we demonstrated once again our availability to everyone who appreciates the most advantageous financial services that are most adequate to their needs. The key values of the bank's business do not change – we continue to provide financial services to everyone without distinction as to the client's wealth, status or age.

In parallel with the introduction of the new name, we improved our customer servicing process by introducing new quality standards at all levels of the bank's operation, including the employee trainings.

The change of the bank's name to PNB Banka will be implemented gradually, and will continue in 2019.

PNB Banka's financial result in the fourth quarter is as follows: EUR 5.1 million loss, bank's capital adequacy ratio was 13.36%, while the liquidity ratio amounted to 64.61%. The bank's deposit portfolio amount was EUR 478.3 million, while the clients credit portfolio amount EUR 165.8 million. Bank's asset amount in the reporting period amounted to EUR 576.8 million.

In the fourth quarter, PNB Banka developed a special service for low-income persons, which allows the receipt of the benefits granted by the municipalities and of the account statements required for the receipt thereof at a reduced price or even at no cost. It could be a significant economy for more than 30 thousand low-income families in Latvia. Low-income persons is one of the least protected society groups, and their well-being rests to a large extent on the shoulders of municipalities. According to the data of the Ministry of Welfare, in 2017 in Latvia more than 34 thousand low-income families received various types of benefits and allowances granted by the municipalities. Moreover, most often these families preferred to receive the benefits (even if they were some tens of euro worth) at a bank's branch. The Set for Receipt of the Benefits developed by PNB Banka will allow this group of citizens to settle their money matters more conveniently and advantageously, using a number of benefits along with the receipt of banking services required on a daily basis. The most important advantages for the benefit recipients will be a no-charge receipt of an account statement required to maintain the status of a low-income person and execution of a bank's power of attorney if the benefit recipient cannot visit the bank himself to receive the benefit.

In November, along with the change of the bank's name, PNB Banka presented its new home page the functionality of which makes it possible for the clients to use even more services of the bank remotely thus increasing the availability of financial solutions.

In continuation of the successful cooperation, PNB Banka for the third year in a row has been the official bank of the Digital Freedom Festival to intensify the discussions on financial technologies (FinTech) and promote attraction of investments to start-ups. The main topic of the Digital Freedom Festival, which took place from November 30 to December 1, was Human&Machine. The conference hosted lectures and discussions on artificial intelligence, cyber security, smart cities and digital detox. The conference brought together more than 1500 start-ups, investors, corporation representatives and policymakers from all over the world.

On November 30, within the framework of the festival, the Investor Day of PNB Banka took place where the investors, corporations and start-ups networked for future co-operation. On the Investor Day, there were competitions, investor pitches and discussions involving the world's best

accelerator 500 Startups (US), European Investor and Mentor Collective Rockstart (the Netherlands), Student Business Incubator of the University of Latvia, EIT Climate-KIC start-up. For the third year in a row the the world's best accelerator 500 Startups organised a competition in Riga for the best European seed-stage start-ups with the winner promised a place in the finals of the accelerator programme and an investment of 150 000 US dollars.
At the closure of the Investor Day a speed dating with the investors took place. The start-ups had a few minutes of face-to-face time to meet the investors interested in the specific start-up sector.

In the fourth quarter of 2018, PNB Banka continued its cooperation with the Latvian Pensioners' Federation. The bank provided meaningful, valuable support with the arrangement of a seniors' fair on Christmas holidays. Unlike in previous years, much more craftsmen than previously could take part in this charity fair since the seniors' handicrafts were traded for five days. Such fairs help seniors to demonstrate their skills and is a way how to make them feel appreciated and needed, gain recognition and financial support.

In the fourth quarter of 2018, PNB Banka's senior employment program was still of great importance, where 12 senior consultants provided other seniors with financial guidance on a daily basis and in the language they understand. The senior employment program has helped to strengthen the bank's relations with the existing clients, promote understanding of the range of the bank's services and attract new clients. In general, by the end of the year, the senior consultants have delivered more than 26 thousand consultations resulting in the clients being able to select the financial solutions suitable for their needs more adequately.

In the fourth quarter, too, heads of PNB Banka's Latvian Banking greeted in person the bank's clients-centenarians on their grand jubilee.

In the fourth quarter, the Chairman of the Board of PNB Banka gave a presentation "Blockchains as the Instrument of Trust" at the conference "Cryptocurrency & Blockchains: Where is the Money?" organised by the magazine "Kapitāls". Around 200 participants attended the conference – opinion leaders and interested persons, willing to be informed about topicalities of cryptocurrency and find out what are the possibilities of blockchain technology and what businesses are using it already today.

At the end of the year, PNB Banka as a partner participated in the event dedicated to the Independence Day of Kazakhstan and the Day of the First President of Kazakhstan. PNB Banka became the partner of the event. Chairman of the Board of PNB Banka Oliver Ronald Bramwell congratulated the participants of the event and expressed a hope about further development of business relations of Latvia and Kazakhstan. Oliver pointed out that cooperation with companies of Kazakhstan is one of the most important directions of activities of PNB Banka. The event was attended by well-known political figures, entrepreneurs, journalists and representatives of creative community.

For the second year in a row, a team of the bank's senior consultants together with the most active seniors from the Latvian Pensioners Federation traditionally prepared Christmas gifts for PNB Banka's clients and partners. Gingerbread cooked with sincere emotions together with the seniors-knitted Christmas presents were given to clients and cooperation partners in person, since we wanted to underline that the time spent together is the most important thing during holidays, and not the presents. Therefore, we greeted our clients and partners in person, devoting our time and attention to them.

At the end of the year, PNB Banka's employees took part in their own-initiative project, supporting the persons staying in the social care centre Kalupe who received Christmas gifts presented by the bank's employees. According to the data of the bank's survey, despite the fact that the society in general likens Christmas and the eve of the New Year to family spirit and that the holidays are being waited for with joy and hopes, elderly people on the eve of the holidays feel lonely, more rarely enjoy a festive family dinner and attend public festive events. Therefore, on the eve of the New Year in bank's communication we invited the society to get involved and remember the close ones by visiting them to moderate the sense of loneliness among the seniors.

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In the fourth quarter, with the holidays approaching, PNB Banka had the pleasure to support Marija Naumova's concert tour "Pa īstam" (For real) across Latvia. In total, there were 11 fundraising concerts to support the seniors who had a strong need for funds for their dignified ageing. It is important for PNB Banka to take part in the projects supporting the least supported part of the society, i.e. seniors, and promote their welfare. Therefore, it was a particular pleasure to support seniors on Christmas 2018 together with Marija Naumova.

At the end of the year, PNB Banka started a new tradition – to pay tribute to senior cultural workers who devoted their life to art and theatre. We had the honour to host distinguished senior stage actors of the Mikhail Chekhov Riga Russian Theatre to thank them for their contribution and set the stage for celebration of the coming Christmas holidays.

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Bank's strategy and targets

The Bank has set itself the target of becoming a leading, successful universal bank with an extensive service network in Latvia including versatile access to services via remote interaction channels.

The Bank Group aims to become an international financial services provider, offering customers high-quality financial products and asset management services in the European Union and across Eastern Europe.

Our vision focuses on our customers' needs, creating long-term value for the bank's customers, employees, shareholders and community.

We are aiming:

- To create a successful and stable universal bank in Latvia, meeting all the customer needs within the regulations framework for success;
- For a high-level of corporate governance to ensure well-controlled, profitable future growth and effective management of the current Non-Core assets;
- To expand the Bank's direct financial services internationally, specifically in the European Union and across Eastern Europe, predominantly via developing capabilities to service customers remotely (by phone, internet, mobile app).

Focus on markets:

- Multichannel servicing the daily financial needs of Latvian community;
- Integrated product propositions including collateralised lending for small- and med-size businesses in Latvian and Eastern Europe markets;
- Integrated service for transactional needs and asset management for international corporates, making business in spheres of international trade.
- Focused development of an artisan proposition in private banking space targeted to cover traditional needs of affluent and hi-networth individuals at a very high quality level.

Our strategic goals are based on the following core statements:

- The use of modern information technology and innovative trends across our entire service range;
- Mature corporate culture incorporating modern corporate standards;
- Fostering customer loyalty and keeping it up high towards long-term horizons;
- High quality levels deserving the terms and conditions the bank offers, including pricing;
- Optimize servicing network, amending it with high quality remote channels access capabilities;
- Divest from none-core assets with optimal balance of time to exit and financial result;
- Maintain robust performance characteristics in capital markets.

Other main building blocks of the Bank's strategy:

- To provide end-to-end servicing of the full customer range, with customer impression and experience driving all product propositions and tech-side enablers;
- To adhere to a prudent investment and lending policy, maintaining a healthy balance of assets risk quality and profitability.
- Enforce the Bank's capabilities to manage any further possible economic downturn influence and/or uncertainties, maintaining capital adequacy at required levels and keeping high quality servicing standards.

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Risk analysis

Upkeeping and improvement of the risk management system commensurate with the nature and volume of the operations, profile of the assumed risks of the Bank/Group, compliant with future development needs of the business of the Bank/Group is among the regular and most important tasks of the Bank. This task is implemented through involvement of all levels of the Bank's management; the risk management strategy is an integral part of the overall development strategy of the Bank.
The Bank assesses the current risk profile on regular grounds and highlights those types of risks that exert the most substantial impact on the Bank's operations. In the reporting period the following risks were included in the said risk category: credit risk, market risk, liquidity risk, concentration risk, also compliance risk, reputation risk and AML risk. Below find the key information on the reasons for occurring of the aforementioned types of risks, principles for assessment, management and control of these risks.

Credit risk - possibility of the Bank / Group sustaining losses should the borrower or counterparty be incapable of or refuse to meet its obligations towards the Bank/Group as per the provisions of the concluded contracts. The major sources of the credit risks are lending operations (provision of funds on the terms of repayment and maturity), investment activities (including investments in securities), transactions on the interbank market.
The Bank has established the required system of the internal regulatory documents that outline the procedures for identification, measurement, assessment and monitoring of the credit risk.
In order to mitigate the credit risks occurring as a result of the lending transactions, the Bank accepts collaterals; also, in order to curb the negative effect of the possible occurrence of the credit risk, the Bank builds provisions for the potential losses whose amount depends on the financial asset's classification category (in line with IFRS 9), probability of default, estimated share of losses in the event of the borrower's (issuer's) default. As at the end of the reporting period i.e. on 31.12.2018 the following special provisions were built for the expected credit losses: for Stage 1 financial assets – 295 thsd euro, for Stage 2 financial assets – 19 thsd euro and for Stage 3 – 31 001 thsd euro.
The Bank takes into account the impact of the concentration risk on the credit risk it assumes. The Bank attempts to diversify adequately both the individual requirements towards the borrowers / issuers / investment objects and requirements towards the segments of the appropriate portfolios (by way of establishing the control limits, restrictions and monitoring them regularly).
The Bank does not use derivatives for management of the credit risk.

Market risk – risk that the Bank's income/expenses (and equity capital) may change as a result of unfavourable changes in the market prices of the financial instruments, commodity prices, foreign exchange rates and interest rates.
For the Bank the most important component of the market risk is the risk of the interest rates. This type of risk occurs due to uncertainty of the interest rates whose fluctuations may reduce the net interest income or conditional form of this indicator – net interest margin, cash flow and economic value in the short run, but in the long run - impair the market value of the equity of the Bank / Group.
In order to measure and estimate the interest rate risk the Bank uses the methods of GAP analysis, duration and stress testing. Based on the results of the respective analysis the entities authorised by the Bank approve the parameters of the interest rate policy and structural limits.
The Bank does not use the derivatives for management of this type of the risk.

The Policy for Management of the Exchange Risk (foreign exchange risk) is based on compliance with restrictions imposed on the open net position in each foreign currency and overall open net position in the foreign currencies of the Bank, as required by internal and external regulatory requirements. In such a way the system of the limits is the basic instrument for mitigation of this type of risks. The Bank's authorised entities approve the limits based on the results of various assessment methods (first of all, analysis of volatility of the foreign exchange rates). During the reporting period in terms of work with foreign currencies the Bank has been concluding swap transactions actively, also some forward contracts were recorded.

Liquidity risk – risk that the Bank / Group might not be able to meet its lawful obligations on time and fully. The major sources of the liquidity risk are: mismatch of the funds' attraction and assets' placement maturities, volatility of the resource base used by the Bank / Group, impossibility to realise the financial

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assets within the preferred deadlines without major losses in the circumstances of inactive or shallow market.
The aim of the liquidity and liquidity risk management is to maintain the optimum balance between the maturities, volumes of asset placement and attraction of funds at which the Bank guarantees, on the one hand, timely execution of its obligations and compliance with internal and external regulatory enactments, on the other hand - achieves optimisation of its profitability and risk level parameters through engaging in the transactions actively.
A wide range of measurement and assessment methods is used in liquidity and liquidity risk management (the method of coefficients, method for analysis of the term structure of the balance sheet, cash flow forecasting method, method for establishment of limits and stress testing) that provides for timely identification, analysis and management of the liquidity risk at the respective periods of time (including intra-day).
The Bank pays particular attention to compliance with regulatory indicators. In the reporting period the liquidity ratio calculated based on the regulator's requirements ranged from 52-66%; for the calculation of the liquidity cover ratio see page 16 of the report.
The Bank does not use derivatives for management of the liquidity risk.

Operational compliance risk - risk that the Bank/Group may incur losses or be imposed legal obligations or sanctions or that the Bank's reputation might suffer due to the Bank/Group breaching or violating the laws, regulations and compliance standards.
The Bank uses the following methods to prevent and mitigate the compliance risk:
- drafts and updates the regulatory documents of the Bank in compliance with the effective regulatory enactments of the Republic of Latvia;
- provides for participation of the Bank's Legal Department in drafting of the Bank's regulatory documents;
- in the event of identification of the Bank's operational non-compliance implements swiftly the measures for elimination of the non-compliance;
- standard forms and texts of the agreements, notifications, provisions for providing the services of the Bank and other documents in relations with its customers and prospective customers;

when necessary, provides training to the employees of the Bank's structural units on the issues related to the operational compliance risk.

Reputation risk – risk that the clients, counterparties, shareholders of the Bank/Group, supervisory institutions and other entities (stakeholders) having interest in the operation of the Bank/Group might form a negative opinion of the Bank/Group that might affect adversely ability of the Bank/Group to maintain the existing or establish new business relations with its clients and other counterparties as well as exert negative impact on availability of the funding for the Bank/Group. As a result of the operational risk events other risks inherent in the operation of the Bank/Group might increase as well (credit risk, liquidity risk, market risks, a.o.) that might affect adversely the profit, equity and liquidity of the Bank/Group.
With regard to the reputation risk the Bank:
- identifies the sources of this type of the risk (external / internal factors);
- performs qualitative and quantitative assessment using various methods (that makes it possible to follow promptly the changes in the level of the risk);
- if needed, the Bank's authorised entities and employees implement the measures aimed at lowering / shifting of the reputation risk;
- implements constant monitoring, updating of the methods and principles used in line with the changing circumstances of the external environment.

Risk of legalisation of proceeds derived from criminal activity and terrorist financing (AML risk) – risk that the Bank/Group may be involved in legalisation of the proceeds derived from criminal activity and terrorist financing.
In line with the regulatory enactments of the Republic of Latvia and internal principles the Bank has established an efficient internal control system to counteract legalisation of the proceeds derived from criminal activity and terrorist financing. The main principles of the said system are the following:
- implementation of conservative policy for attraction and servicing of the clients, ensuring of compliance of the clients and financial transactions to reduce as much as possible the potential risks and losses related to laundering of the funds derived from criminal activity and terrorist financing that might affect adversely the operation and reputation of the Bank;

- constant improvement of the internal control system of AML/TF risk management compliant with the economic activity of the Bank taking into account the AML/TF risk level and volume inherent in the customers' base, financial services and products of the Bank, AML/TF risk level of the supply channels and geographical operations;
- approximation of the Bank's practice to the international best practice standards in AML/TF prevention;
- providing the personnel, IT and other resources required for compliance with AML/TF risk management function considering the changes in requirements and regulation in the given area.

Please see Risk management in details:
https://static.pnbbanka.eu/media/documents/info_atkl_2018_lv.pdf

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JSC „PNB Banka”
Shareholders

31 December 2018

	Number of shares*	% of total shares	Paid up share capital (EUR`000)
G. Guselnikov	122 377 119	56.01	73 426
G. Guselnikov **	87 314 000	39.96	52 388
Other (individually less than 10%)	8 812 381	4.03	5 288
Total	**218 503 500**	**100.00**	**131 102**

* All shares are carrying identical voting rights. Each share has a par value of **EUR 0.60**.

** Indirectly (in accordance with Article 33.[1] (1) 8) of the Credit Institution Law)

JSC „PNB Banka”
Supervisory Council

31 December 2018

Chairman of the Supervisory Council GRIGORY GUSELNIKOV

Deputy Chairman of the Supervisory Council ANDERS FOGH RASMUSSEN

Member of the Supervisory Council Dr. AUGUST GUSTAV PAUL HANNING

Member of the Supervisory Council PETER MICHAEL ODINTSOV

JSC „PNB Banka”
Management Board

31 December 2018

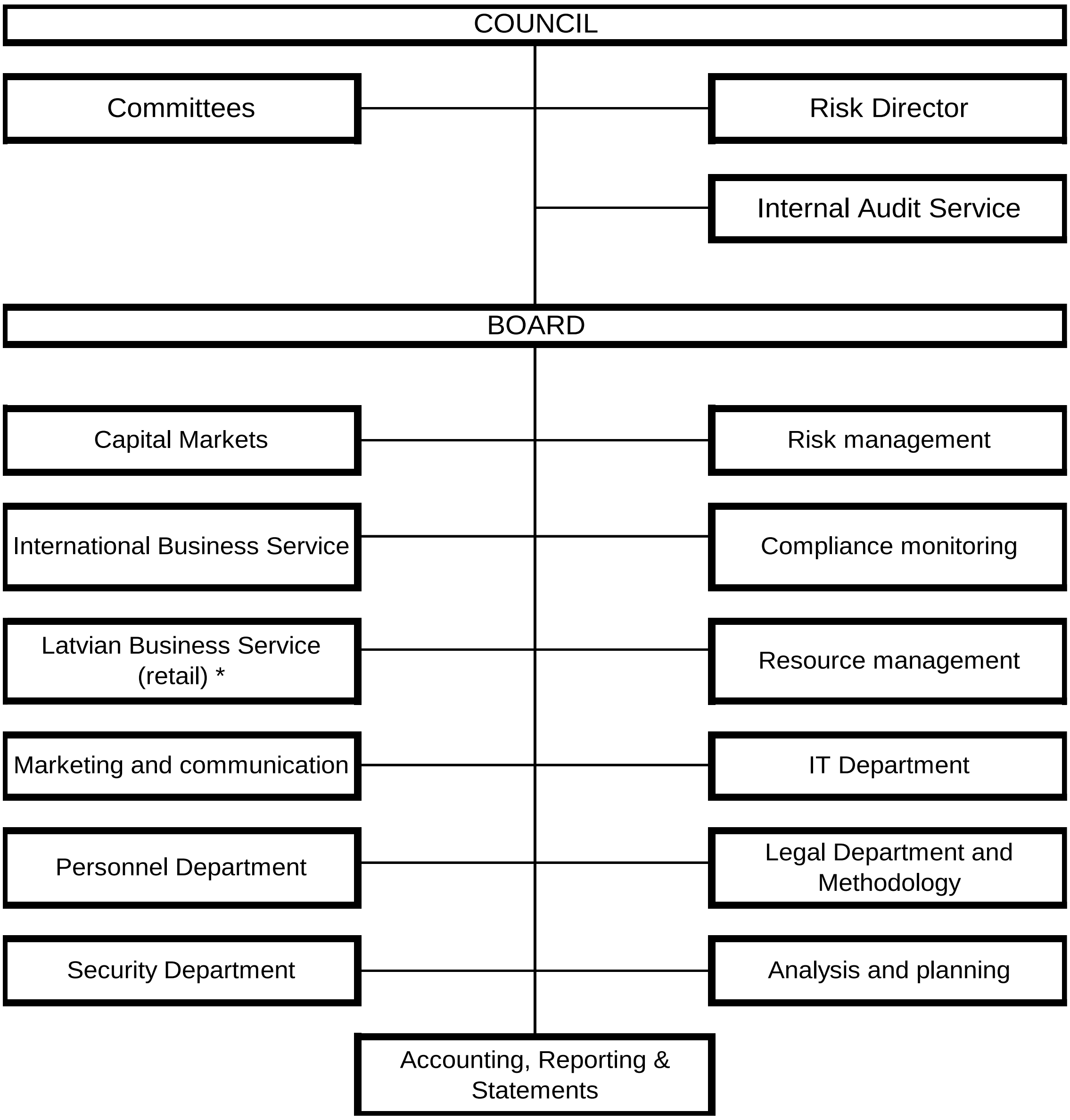
Chairman of the Management Board OLIVER RONALD BRAMWELL

Members of the Management Board ALEXEY KUTYAVIN

ANNA VERBICKA

DMITRY KALMYKOV

JSC PNB Banka organizational structure



* Branch list please see https://pnbbanka.eu/en/map_of_branches

PNB Banka

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Consolidation Group Composition

31 December 2018

Ser No.	Name of company	Registration number	Country of domicile, registration address	Company type*	Portion of a holding in share capital (%)	Portion of voting rights in the company (%)	Motivation for inclusion in the group**
1	"Norvik" liquidation Universal Credit Organisation CJSC	NR. 14	AM, Yerevan, 12 Saryan Str.	OFI	100	100	SC
2	"Norvik IPS AS SIF Nākotnes Īpašumu Fonds"	40003411599	LV, Rīga, E. Birznieka-Upīša 21	SPC	100	100	SC
3	"Norvik Banka UK" Limited	8940522	GB, London, 46/48 Grosvenor Gardens, 1st floor	OFI	100	100	SC
4	IPAS "PNB Asset Management"	40003411599	LV, Rīga, E. Birznieka-Upīša 21	IMC	100	100	SSC
5	SIA "Sport Leasing"	40203018685	LV, Rīga, E. Birznieka-Upīša 21	LC	100	100	SC
6	Calleri Limited	120273C	IM, IM15PD, Fort Anne Douglas	SPC	100	100	SC

* BNK – bank, EMI – electronic money institution, IBC – investment brokerage company, IMC – investment management company, PF – pension fund, LC – leasing company, OFI – other financial institution, SPC – supporting company,

FMC – financial management company, MFMC – mixed financial management company.
** SC – subsidiary company; SSC – subsidiary of the subsidiary company; PC – parent company, SP – subsidiary of the parent company, OC – other company."

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Balance sheet

31 December 2018

EUR'000

Ser No.	Item	Reporting period		Preceding reporting year	
		Bank	Group	Bank	Group
		Non-audited	Non-audited	Audited	Audited
1	Cash and demand deposits with the central bank	103 024	103 027	131 977	131 978
2	Demand deposits with credit institutions	2 304	2 461	40 180	40 346
3	Financial assets designated at fair value through profit or loss	3 010	3 010	384	384
4	Financial assets at fair value through other comprehensive income *	213 641	168 789	318 249	228 234
5	Financial assets at amortised cost	197 511	202 947	243 933	250 877
6	Derivatives – Hedge accounting	0	0	0	0
7	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
8	Investments in subsidiaries, joint ventures and associates	0	0	0	0
9	Tangible assets	41 372	52 287	43 451	43 484
10	Intangible assets	1 201	1 615	1 115	1 527
11	Tax assets	0	55	0	114
12	Other assets	10 173	10 844	9 359	10 580
13	Non-current assets and disposal groups classified as held for sale	4 551	5 282	445	206 186
14	**Total assets (1.+....+13.)**	**576 787**	**550 317**	**789 093**	**913 710**
15	Liabilities to central banks	0	0	0	0
16	Demand liabilities to credit institutions	35	35	2 062	2 059
17	Financial liabilities designated at fair value through profit or loss	87	87	1 199	1 199
18	Financial liabilities measured at amortised cost	515 958	493 930	720 698	677 769
19	Derivatives – Hedge accounting	0	0	0	0
20	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
21	Provisions	800	895	812	895
22	Tax liabilities	0	24	0	73
23	Other liabilities	10 768	11 145	3 410	3 610
24	Liabilities included in disposal groups classified as held for sale	0	0	0	172 379
25	**Total liabilities (15.+...+24.)**	**527 648**	**506 116**	**728 181**	**857 984**
26	Capital and reserves	49 139	44 201	60 912	55 726
27	**Total capital and reserves and liabilities (25.+26.)**	**576 787**	**550 317**	**789 093**	**913 710**
28	**Commitments and contingencies**	**3 278**	**3 275**	**6 805**	**6 802**
29	Contingent liabilities	1 533	1 533	3 474	3 474
30	Liabilities to customers	1 745	1 742	3 331	3 328

* including participation in the share capital of the related, associated undertakings and closed investment fund (which is the Bank's auxiliary) at the end of period amounted 136 896 EUR'000, in the previous year-end – 175 690 EUR'000.

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Profit / Loss Statement and other comprehensive income

31 December 2018

EUR'000

Ser No.	Item	Reporting period		Respective period of the preceding reporting year	
		Bank	Group	Bank	Group
		Non-audited	Non-audited	Audited	Audited
1	Interest income	9 415	9 485	15 348	15 395
2	Interest expense	(6 486)	(6 425)	(8 072)	(7 884)
3	Dividend income	2 111	16	2 897	57
4	Fee and commission income	27 251	28 294	26 040	28 070
5	Fee and commission expenses	(5 292)	(5 294)	(4 266)	(4 270)
6	Gains or losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/–)	(3 613)	(25 810)	1 469	(9 596)
7	Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net (+/–)	7 602	7 598	(2 789)	(2 815)
8	Gains or losses from hedge accounting, net (+/–)	0	0	0	0
9	Exchange differences [gain or loss], net (+/–)	119	121	13 252	13 247
10	Gains or losses on derecognition of non financial assets other than held for sale, net (+/–)	(4)	(4)	0	0
11	Other income	2 828	2 898	1 979	1 469
12	Other expense	(879)	(889)	(1 365)	(1 422)
13	Administrative expenses	(32 974)	(35 042)	(33 438)	(35 775)
14	Depreciation and amortization	(2 487)	(2 499)	(2 229)	(2 251)
15	Profit or loss recognized as a result of changes in the contractual cash flows of a financial asset (–/+)	0	0	0	0
16	Provisions or reversal of provisions (–/+)	(108)	(108)	(8 078)	(8 811)
17	Impairment or reversal of impairment (–/+)	(2 122)	9 367	(44 079)	(15 293)
18	Negative goodwill recognised in profit or loss	0	0	0	0
19	Share of the profit or (-) loss of investments insubsidaries, joint ventures and associates accounted for using the equity method	0	0	0	0
20	Profit or loss from non-current assets and disposal groups classified as held for sale (+/–)	0	299	0	(5 809)
21	Profit or loss before tax (+/–)	(4 639)	(17 993)	(43 331)	(35 688)
22	Income tax	(460)	(410)	(583)	(555)
23	**Profit/loss of the reporting period (+/–)**	**(5 099)**	**(18 403)**	**(43 914)**	**(36 243)**
24	Other comprehensive income for the year (+/–)	(5 876)	8 769	10	(6 661)

Independent auditors have not audited Bank's financial statements during the reporting period.

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Total capital and capital requirement calculation report

31 December 2018

EUR'000

Ser No.	Item	Reporting period	
		Bank	Group
1	**Own funds (1.1.+1.2.)**	**66 153**	**60 846**
1.1	Tier 1 capital (1.1.1.+1.1.2.)	42 915	37 608
1.1.1.	Common equity Tier 1 capital	42 915	37 608
1.1.2.	Additional Tier 1 capital	0	0
1.2.	Tier 2 capital	23 238	23 238
2	**Total risk exposure amount**	**494 998**	**489 295**
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	410 673	403 188
2.2.	Total risk exposure amount for settlement/delivery	0	0
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	615	3 434
2.4.	Total risk exposure amount for operational risk	83 636	82 599
2.5.	Total risk exposure amount for credit valuation adjustment	74	74
2.6.	Total risk exposure amount related to large exposures in the trading book	0	0
2.7.	Other risk exposure amount	0	0
3	**Capital ratios and capital levels**		
3.1	Common equity Tier 1(CET1) capital ratio (1.1.1./2.*100)	8.67%	7.69%
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	20 640	15 590
3.3.	Tier1 Capital ratio (1.1./2.*100)	8.67%	7.69%
3.4.	Surplus(+)/Deficit(-) of Tier1 capital (-) (1.1.-2.*6%)	13 215	8 250
3.5.	Total capital ratio (1./2.*100)	13.36%	12.44%
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	26 553	21 702
4	**Capital buffers (4.1.+4.2.+4.3.+4.4.+4.5.+4.6.)**	**12 588**	**12 478**
4.1.	Capital conservation buffer	12 375	12 232
4.2.	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State	0	0
4.3.	Institution specific countercyclical capital buffer	213	246
4.4.	Systemic risk buffer	0	0
4.5.	Other Systemically Important Institution buffer	0	0
5	**Capital ratios including adjustments**		
5.1.	Asset value adjustments for prudential purposes	0	0
5.2.	CET1 capital ratio including p. 5.1 adjustments	8.67%	7.69%
5.3.	Tier1 capital ratio including p. 5.1 adjustments	8.67%	7.69%
5.4.	Total capital ratio including p. 5.1 adjustments	13.36%	12.44%

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Information on equity and capital adequacy ratios

31 December 2018

EUR'000

Ser No.	Item	Reporting period	
		Bank	Group
1.A	Own funds if the transitional period of IFRS 9 would not apply	64 969	59 661
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	41 731	36 424
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	41 731	36 424
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	493 754	488 052
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	8.45%	7.46%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	8.45%	7.46%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	13.16%	12.22%

Liquidity coverage ratio calculation

31 December 2018

EUR'000

Ser No.	Item	Reporting period	
		Bank	Group
1.	Liquidity buffer	162 009	162 009
2.	Net liquidity outflow	56 554	55 126
3.	Liquidity coverage ratio (%)	286	294

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Performance Indicators of the Bank

31 December 2018

Item	Reporting period		Respective period of the preceding reporting year	
	Bank	Group	Bank	Group
Return on equity (ROE) (%)	(9.34)	(37.61)	(46.87)	(40.95)
Return on assets (ROA) (%)	(0.85)	(3.26)	(5.20)	(3.76)

Information about the total financial instruments (excluding derivatives) the book value breakdown by the countries of which representatives of the securities issued by a net book value more than 10 percent of the bank's equity

31 December 2018

Country	Financial assets at fair value through profit or loss (EUR`000)	Financial assets at fair value through other comprehensive income* (EUR`000)	Total book value (EUR`000)	% from Bank`s equity
Sweden	**0**	**13 105**	**13 105**	**19.81**
incl. central government	0	13 105	13 105	19.81
USA	**0**	**31 124**	**31 124**	**47.05**
incl. central government	0	25 952	25 952	39.23
Latvia	**2 933**	**15 155**	**18 088**	**27.34**
incl. central government	0	15 155	15 155	22.91

* Excluding participation in the share capital of associated and related undertakings