



Baltic International Bank

## The 2017 Corporate Governance Statement

JSC Baltic International Bank, reg. No 40003127883 (here referred to as the Bank) has prepared this 2017 Corporate Governance Statement in accordance with the requirements of Article 56.<sup>2</sup> (3) of the Financial Instruments Market Act [*Finanšu instrumentu tirgus likums*] of the Republic of Latvia.

### Information about the key components of the entity's internal control and risk management system (ICRMS) used in preparing the financial statements.

#### Internal control

The purpose of the ICRMS is to provide reasonable assurance that the Group's and the Bank's assets are hedged against loss and unauthorised possession and use, operational risks are continuously identified, supervised and managed, capital charges against risks inherent in the business are sufficient, transactions are executed in the manner prescribed by the Group and the Bank and are accounted for appropriately. The Group and the Bank operate reasonably, prudently and effectively and fully comply with the requirements of the applicable laws, regulations and other legal instruments.

The Group's and the Bank's management is responsible for establishing, implementing and maintaining the ICRMS in respect of the preparation and fair, understandable and complete presentation of the financial statements as well as it ensures effective functioning of ICRMS. This responsibility is exercised by choosing and applying the appropriate accounting methods as described in the internal regulatory documents.

The Group's and the Bank's Internal Audit Function supervises the ICRMS in accordance with legal acts, professional standards of internal auditors and internal regulatory documents which informs the Council about results of supervision. The Council oversees how the Board ensures the implementation of the ICRMS and the effectiveness and efficiency thereof. The Bank has established the Audit Committee responsible, among other things, for supervising the effectiveness and efficiency of the ICRMS. The Audit Committee supervises preparing of the Group's and the Bank's financial statements in accordance with requirements of the Financial Instruments Market Act [*Finanšu instrumentu tirgus likums*].

The Group and the Bank have accounting system and the Accounting Policy in place. The purpose of the Policy is to set forth the fundamental principles for accounting of operations / transactions, financial assets and financial liabilities (the movement and existence thereof) as well as economic (business) operations and reflection thereof in a manner to ensure fairness, timeliness, relevance, reliability, comparability, consistency, completeness and understandability of the accounting information. In addition, the Group and the Bank have in place internal regulatory documents which prescribe the manner whereby the financial statements are prepared.

The Group's and the Bank's financial statements are audited by the independent auditors. The independent auditors provide the Independent Auditors' Report wherein they express their opinion about whether the financial statements give a true and fair view of the Group's and the Bank's financial position, of their financial performance and of their cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

### **Risk management**

To read information about the components of the risk management system, please refer to JSC "Baltic International Bank" 2017 Annual Report and Information disclosure statement posted on the Bank's website [www.bib.eu](http://www.bib.eu).

JSC "Baltic International Bank" 2017 Annual Report is available for public viewing at the Bank's premises in Riga (Kalēju iela 43 and Grēcinieku iela 6). Alternatively, please visit the Bank's website [www.bib.eu](http://www.bib.eu).

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Alons Nodelmans

Member of the Management Board, procurator

