

**TRASTA KOMERCBANKA  
INTERIM CONDENSED FINANCIAL STATEMENTS  
AND CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 DECEMBER 2015**

**(prepared according to FCMC Regulations  
On the Preparation of Public Quarterly Reports of Banks)**

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## MANAGEMENT REPORT OF THE BANK (GROUP HOLDING COMPANY)

In the 4th quarter of 2015, the Bank continued to work investing money in its business development according to the new business model. Taking in account the growing requirements of the supervisory authority of Latvia and the EU authorities in the field of the Prevention of Money Laundering and Terrorism Financing (AML Policy), and following the plan of its internal restructuring *Trasta komercbanka* decided to improve the internal control system. To this end, the Bank has invested in both IT and human resources, has tightened client supervision, as well as has improved the processes of identification and prevention of possible AML risks. Several young professionals with wide experience in this field and relevant international certificates have started to work in the Bank's AML team. A number of AML risk prevention related processes, such as risk assessment, monitoring and prevention; assessment and approval of clients, have been improved and enhanced.

Just like in the previous quarters of 2015, one of the priorities in the work of the Bank is the introduction of new technologies. In the 4-th quarter, the CRM system was launched, which will be further developed in 2016.

The Bank's assets in the 4th quarter of 2015 amounted to EUR 432.12 million, which is by EUR 148.99 million less than the final figure of 2014. Accordingly, by the end of the reporting period, the volume of attracted deposits was EUR 343.53 million, but the Bank's loan portfolio reached EUR 96.31 million. The Bank ended the 4th quarter of 2015 at a loss of EUR 4.66 million. Thanks to the prudent dividend payout policy in the pre-crisis years, now the Bank has at its disposal the capital reserves of retained earnings in the amount of EUR 10.9 million. The Bank's capital and reserves as at 31 December 2015 amounted to EUR 37.34 million.

In order to strengthen the capital base, in July 2015, the Bank decided to increase its share capital by EUR 15 000 000, issuing additionally 15 000 000 voting shares with the nominal value and sale price of EUR 1.00 per share. As a result of the fifteenth share issue, the share capital of AS TRASTA KOMERCBANKA will amount to EUR 35 641 316 and consist of 35 641 316 registered shares. The due date by which the shares must be paid up is 10 March 2016.

The Bank's consolidation group consists of the subsidiary companies: "TKB Līzings" and its subsidiary "TKB Leasing Tajikistan", "TKB LU" and "Project 1"; and also "Heckbert C7 Holdings" and its subsidiary „Ferrous Kereskedelmi KFT”. The amount of Group's assets as at the end of the reporting period was EUR 420.96 million, which is by EUR 153.17 million less than the final figure of 2014. The Group ended the 4th quarter of 2015 at a loss of EUR 6.21 million.

The management confirms that the consolidated financial statements and the separate financial statements set out on pages 4 to 26 for the period from 1 January 2015 to 31 December 2015 have been prepared consistently applying relevant accounting methods and the management's judgments and estimates in relation to the preparation of these statements are reasonable and prudent. The management confirms that the applicable International Financial Reporting Standards have been used in the preparation of the financial statements and that these financial statements have been prepared on a going concern concept basis. The purpose of the statements is to present comprehensive information regarding the financial standing of the Bank and the Group, performance results, and the Bank's activities -related risks.

### Events after balance sheet date

The Financial and Capital Market Commission (FCMC) on 22.01.2016 decided to impose restrictions on the activities of the Bank, forbidding it from performing debit transactions in any currency, including through online banking, ATMs and by cash, with clients in the amount that exceeds EUR 100 000 per depositor.

The Bank is working strenuously to eliminate the shortcomings in its work identified by the FCMC, the Bank continues to work in the ordinary and usual course, provides services and fulfils obligations to customers, complying with the restrictions of the FCMC requirements. The Bank is a solvent entity which continues to provide services to customers within the scope of the restrictions applied by the FCMC (up to EUR 100 000).

This financial report for the 4th quarter of 2015 has not been audited and it has been prepared based on unaudited financial statements for this period.

This financial report was approved by the Board of the Bank on February 22, 2016 and it is available on the Bank's website at [www.tkb.eu](http://www.tkb.eu).

On behalf of the Bank's management:



Gundars Grieze  
Chairman of the Board  
Riga,  
February 22, 2016

**PROFIT AND LOSS STATEMENTS**

EUR '000	Note	<u>The Group</u>		<u>The Bank</u>	
		<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Interest revenue		6 731	9 019	6 761	9 008
Interest expense		(3 232)	(2 744)	(3 232)	(2 744)
Dividends		0	0	0	0
Commission income		7 952	12 366	7 923	12 281
Commission expense		(1 185)	(1 327)	(1 183)	(1 324)
Net realized profit/loss on financial assets and liabilities at amortized cost		0	0	0	0
Net realized losses on available for sale financial assets		(13)	(67)	(13)	(67)
Net gains from trading financial assets		95	1 264	95	1 264
Net profit / loss on financial assets and financial liabilities at fair value through profit or loss statement		(203)	0	(203)	0
Changes in fair value due to risk minimization accounting		0	0	0	0
Net losses/gains from foreign currency trading and revaluation		1 166	1 381	1 407	1 798
Property, plant and equipment, investment property and intangible assets derecognition profit / loss		(172)	0	(184)	0
Other income		537	592	291	184
Other expenses		(850)	(2 054)	(503)	(530)
Administrative expenses		(14 119)	(13 488)	(13 567)	(13 313)
Depreciation		(894)	(898)	(883)	(888)
Result of forming reserves, net	9	(1 215)	(17 135)	(1 010)	(16 990)
Impairment losses		(588)	(589)	(220)	(1 194)
<b>Profit/(loss) before corporate income tax</b>		<b>(5 990)</b>	<b>(13 680)</b>	<b>(4 521)</b>	<b>(12 515)</b>
Corporate income tax		(215)	(329)	(142)	(238)
<b>Profit/loss for the period</b>		<b>(6 205)</b>	<b>(14 009)</b>	<b>(4 663)</b>	<b>(12 753)</b>

**BALANCE SHEET**

EUR '000	Note	The Group		The Bank	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
Cash and balances due from central banks		49 395	8 817	49 395	8 817
Due from credit institutions on demand	10	27 949	184 375	27 924	184 324
Held for trading financial assets	12 (1)	4 698	1 557	4 698	1 557
Financial assets classified at fair value through profit and loss statement	12 (2)	0	0	0	0
Available for sale financial assets	12 (3)	186 284	132 999	186 284	132 999
Loans and receivables	13	83 798	87 477	96 309	98 826
Held to maturity investments	11	9 565	106 942	9 565	106 942
Interests risk protected portfolio share' s fair value changes		0	0	0	0
Accrued income and deferred expenses		418	293	244	252
Property and equipment		9 808	10 369	9 767	10 314
Long-term projects costs	14	33 568	10 091	27 538	4 061
Intangible assets		948	366	945	365
Investments in share capital of subsidiary	15	6 916	9 755	14 849	14 849
Corporate income tax assets		601	588	412	412
Other assets	16	7 013	20 504	4 186	17 393
<b>TOTAL ASSETS</b>		<b>420 961</b>	<b>574 133</b>	<b>432 116</b>	<b>581 111</b>
Due to central banks		8 749	3 742	8 749	3 742
Due to credit institutions on demand		3 495	2 204	3 495	2 204
Financial liabilities held for trading		0	5	0	5
Financial liabilities classified at fair value through profit and loss statement		0	0	0	0
Financial liabilities at amortised cost	17	378 807	529 738	378 852	529 758
Financial liabilities resulting from transfer of financial assets		0	0	0	0
Interest risk protected portfolio share' s fair value changes		0	0	0	0
Accrued expenses and deferred income		1 028	1 092	989	1 051
Reserves for potential liabilities		0	0	0	0
Corporate income tax liabilities		1	1	1	0
Other liabilities	18	2 816	2 565	2 686	2 430
<b>TOTAL LIABILITIES</b>		<b>394 896</b>	<b>539 347</b>	<b>394 772</b>	<b>539 190</b>
Equity and reserves		26 065	34 786	37 344	41 921
<b>TOTAL LIABILITIES AND EQUITY AND RESERVES</b>		<b>420 961</b>	<b>574 133</b>	<b>432 116</b>	<b>581 111</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	19	5 112	5 912	5 112	5 912
Commitments to customers	19	3 555	13 201	4 830	15 983

**STATEMENTS OF CHANGES IN EQUITY AND RESERVES AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**(1) The Group**

EUR '000	Share capital	Share premium	Reserve capital and other reserves	Available for sale financial asset revaluation reserves	Foreign exchange translation reserve	Retained earnings	Total	Non-controlling interest	Total equity and reserves
<b>BALANCE AS AT 31 DECEMBER 2013</b>	20 642	158	6 229	21	305	23 769	51 124	4 648	55 772
<i>Net loss for the period</i>		0	0	0	0	(13660)	(13660)	(349)	(14009)
<i>Other comprehensive loss</i>		0	0	127	(5 285)	0	(5 158)	(1 819)	(6 977)
Total comprehensive loss		0	0	127	(5 285)	(13 660)	(18 818)	(2 168)	(20 986)
<b>BALANCE AS AT 31 DECEMBER 2014</b>	20 642	158	6 229	148	(4 980)	10 109	32 306	2 480	34 786
<b>BALANCE AS AT 31 DECEMBER 2014</b>	20 642	158	6 229	148	(4 980)	10 109	32 306	2 480	34 786
<i>Net loss for the period</i>		0	0	0	0	(5 960)	(5 960)	(245)	(6 205)
<i>Other comprehensive loss</i>		0	0	86	(1 976)	0	(1 890)	(626)	(2 516)
Total comprehensive loss		0	0	86	(1 976)	(5 960)	(7 850)	(871)	(8 721)
<b>BALANCE AS AT 31 DECEMBER 2015</b>	20 642	158	6 229	234	(6 956)	4 149	24 456	1 609	26 065

**(2) The Bank**

EUR' 000	Share capital	Share premium	Reserve capital and other reserves	Available for sale financial asset revaluation reserves	Retained earnings	Total equity and reserves	
<b>BALANCE AS AT 31 DECEMBER 2013</b>	20 642	158	5 412	21	28 314	54 547	
<i>Net profit for the period</i>		0	0	0	0	(12 753)	(12 753)
<i>Other comprehensive income</i>		0	0	0	127	0	127
Total comprehensive income		0	0	0	127	(12 753)	(12 626)
<b>BALANCE AS AT 31 DECEMBER 2014</b>	20 642	158	5 412	148	15 561	41 921	
<b>BALANCE AS AT 31 DECEMBER 2014</b>	20 642	158	5 412	148	15 561	41 921	
<i>Net loss for the period</i>		0	0	0	0	(4 663)	(4 663)
<i>Other comprehensive income</i>		0	0	0	86	0	86
Total comprehensive loss		0	0	0	86	(4 663)	(4 577)
<b>BALANCE AS AT 31 DECEMBER 2015</b>	20 642	158	5 412	234	10 898	37 344	

**STATEMENTS OF CASH FLOWS AND CONSOLIDATED STATEMENTS OF CASH FLOWS**

EUR '000	<b>The Group</b>		<b>The Bank</b>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
<b>Cash flow as a result of operating activity:</b>				
Profit/(Loss) before corporate income tax	(5 990)	(13 680)	(4 521)	(12 515)
Amortisation and depreciation	894	898	883	888
Increase/(decrease) in allowance for impairment of loans	2 629	17 055	2 424	16 910
Other assets impairment loss / (gain)	240	530	(40)	594
Foreign currency revaluation (profit) loss	1 203	1 836	1 007	1 145
(Gain)/loss from revaluation of financial assets	259	312	259	903
(Gain)/loss from revaluation of other non-current assets	312	0	259	0
Gain on disposal of other non-current assets	167	(174)	178	0
Gain from partial disposal of subsidiary	0	0	0	0
Gain/(loss) from investment in equity accounted investee	271	1 429	0	0
Loss on disposal of fixed and intangible assets	6	25	6	25
<b>Increase in cash and cash equivalents from operating activities before changes in assets and liabilities</b>	<b>(9)</b>	<b>8 231</b>	<b>455</b>	<b>7 950</b>
Decrease of held for trading financial assets	(3 322)	766	(3 322)	766
(Increase)/decrease in due from credit institutions	7 094	(9 526)	7 094	(9 526)
(Increase)/decrease in loans	954	(3 190)	(3)	(3 548)
(Increase)/decrease in accrued income and deferred expense	(13)	0	120	37
Decrease / (increase) in other assets	1 664	(2 252)	1 701	(1 825)
Decrease in due to credit institutions	806	7 826	806	7 826
(Decrease)/increase in deposits	(156 718)	164 744	(156 693)	164 742
(Decrease)/increase in accrued expenses and deferred income	(68)	127	(66)	98
Increase/(decrease) in other liabilities	359	(515)	364	(309)
<b>(Decrease)/increase in cash and cash equivalents from operating activities before corporate income tax</b>	<b>(149 253)</b>	<b>166 211</b>	<b>(149 544)</b>	<b>166 211</b>
Corporate income tax paid	(228)	(365)	(141)	(261)
<b>(Decrease)/increase in cash and cash equivalents from operating activities</b>	<b>(149 481)</b>	<b>165 846</b>	<b>(149 685)</b>	<b>165 950</b>
<b>Cash flows from investing activities</b>				
Purchase of tangible and intangible fixed assets, net	(922)	(374)	(922)	(350)
(Increase)/decrease in available-for-sale financial assets	(53 414)	(107 388)	(53 414)	(107 388)
(Increase)/decrease in held to maturity investments	(9 203)	0	(9 203)	0
Purchase of investments in share capital of subsidiary	0	0	0	3
Purchase of other non-current assets	(350)	(150)	(350)	(150)
Proceeds from sale of other non-current assets	1 303	582	1 303	0
<b>Decrease in cash and cash equivalents from investing activities</b>	<b>(62 586)</b>	<b>(107 330)</b>	<b>(62 586)</b>	<b>(107 885)</b>

**STATEMENTS OF CASH FLOWS AND CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
<b>Cash flows from financing activities</b>				
Subordinated liabilities issue	12 234	1 480	12 234	1 480
Subordinated liabilities repayment	(3 236)	(2 623)	(3 236)	(2 623)
Issue of debt securities	0	10 047	0	10 047
<b>(Decrease)/increase in cash and cash equivalents from financing activities</b>	<b>8 998</b>	<b>8 904</b>	<b>8 998</b>	<b>8 904</b>

<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(203 069)</b>	<b>67 420</b>	<b>(203 273)</b>	<b>66 969</b>
Cash and cash equivalents at the beginning of the period	277 278	210 647	277 227	210 627
Foreign currency revaluation (loss)/profit	(360)	(789)	(130)	(369)
<b>Cash and cash equivalents at the end of the period</b>	<b>73 849</b>	<b>277 278</b>	<b>73 824</b>	<b>277 227</b>

Cash and cash equivalents are calculated as follows

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Due from credit institutions with a maturity of less than 3 months	27 949	270 665	27 924	270 614
Cash and balances due from the Bank of Latvia and other Central Banks	49 395	8 817	49 395	8 817
Due to credit institutions with a maturity of less than 3 months	(3 495)	(2 204)	(3 495)	(2 204)
<b>CASH AND CASH EQUIVALENTS</b>	<b>73 849</b>	<b>277 278</b>	<b>73 824</b>	<b>277 227</b>



NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

JSC “Trasta Komercbanka” (hereinafter - the Bank) has been registered as a joint stock company, in the Latvian Register of Companies with identification No. LV40003029667, and operates under the legislation of the Republic of Latvia and Credit institution license No.8 issued by the Bank of Latvia. The head office of the Bank is located in Miesnieku Street 9, Riga, Latvia, LV-1050. The Bank provides full scope of banking services; however, the priority of the Bank is exclusive banking services for private individuals and companies.

This financial statements were approved by the Board of the Bank on 22 February 2016.

2 ACCOUNTING AND ASSESSMENT PRINCIPLES

(1) General principles

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 as adopted by European Union and do not include a complete set of financial statements as required by IAS 1 „*Presentation of Financial Statements*”. Therefore, to obtain a complete view of Bank’ s activities, these interim condensed financial statements should be analyzed together with the Group’ s and Bank’s financial statements for the previous reporting year.

The monetary unit used in the financial statements is **the euro (EUR)**, the monetary unit of the Republic of Latvia. All amounts in the financial statements are reported in **thousands of euro (EUR000’s)**.

The Bank maintains its accounts based on appropriate accounting methods and policies which have been applied on a consistent basis. Since the end of the previous reporting year, no other changes in accounting policies have been made.

(2) Consolidation principles

The Bank has consolidated its subsidiaries in the consolidated financial statements according to International Accounting Standard 27. The consolidation was based on control over the subsidiaries arising from the majority of voting rights in the subsidiaries.

(3) Foreign currency exchange rates

		<u>31.12.2015</u>	<u>31.12.2014.</u>
EUR 1 =	USD	1.0887	1.2141
	GBP	0.7339	0.7789
	RUB	80.6736	72.337

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

**3 PERFORMANCE INDICATORS**

Position	31.12.2015	31.12.2014
Return on equity (ROE) (%) <sup>1</sup>	-11.48	-17.82
Return on assets (ROA) (%) <sup>2</sup>	-0.81	-1.81

<sup>1</sup> Ratio on profit/losses (after tax) against the Bank's average amount of capital and reserves.

<sup>2</sup> Ratio on profit/losses (after tax) against the Bank's average amount of assets.

**4 MANAGEMENT OF THE BANK (GROUP HOLDING COMPANY)**

**(1) Paid fixed capital**

As on 31 December 2015, the Bank's paid-up share capital amounted to 20 642 thousand euro, consisting of 20,641,316 ordinary voting shares with the nominal value 1 EUR per share (2014: 20 642 thousand euro).

The total number of shareholders is 42, of which 11 are legal entities and 31 are individuals.

In July 2015, the shareholder meeting passed a resolution to increase the share capital by EUR 15,000 thousand, issuing 15,000,000 shares with the nominal value of EUR 1 per share. Consequently, the Bank's announced capital is EUR 35,642 thousand, which consists of 35,641,316 ordinary shares; each with nominal value of EUR 1. The deadline for subscription to the shares and payment thereof is March 10, 2016.

**List of shareholders:**

Shareholder	Country	Shareholding		Shareholding	
		31 December 2015		31 December 2014	
		%	EUR'000	%	EUR'000
I.Buimisters	Latvia	43.21	8 920	43.21	8 920
SIA "C&R Invest"	Latvia	14.63	3 019	14.63	3 019
C.E.G. Treherne	Great Britain	9.31	1 922	9.31	1 922
GCK Holdings		7.42	1 531	7.42	1 531
Netherlands B.V.	Netherlands				
Rikam Holding S.A.-SPF	Luxembourg	7.29	1 505	7.29	1 505
Figon Co Limited	Cyprus	3.41	703	3.41	703
Another shareholders		14.73	3 042	14.73	3 042

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**
**4 MANAGEMENT OF THE BANK (GROUP HOLDING COMPANY) (continued)**
**(2) Composition of the board and council of the Bank (Group Holding Company)**
**Supervisory Council**

<b>Name, surname</b>	<b>Positions</b>	<b>Election date</b>
Igors Buimisters	Chairman of the Council	24.03.2006, reelected 28.03.2014.
Alfrēds Čepānis	Member of the Council	30.03.1999, reelected 28.03.2014.
Artemiy Yershov	Member of the Council	28.03.2014

During the reporting period no changes in the composition of the Council occurred.

**Management Board**

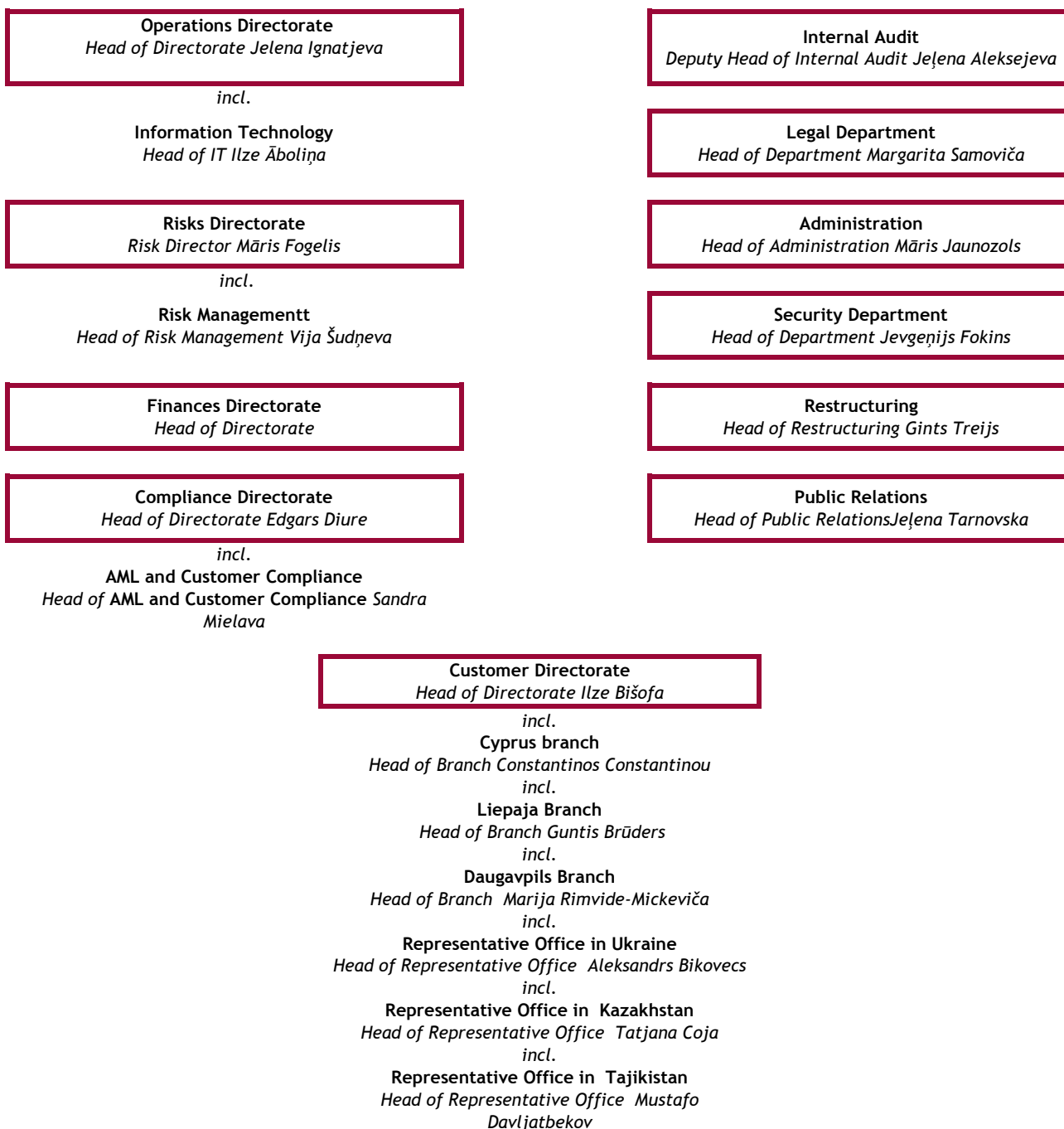
<b>Name, surname</b>	<b>Positions</b>	<b>Election date</b>
Gundars Grieze	Chairman of the Board	28.06.1999, reelected 26.03.2015
Māris Fogelis	Member of the Board	28.06.1999, reelected 26.03.2015
Edgars Diure	Member of the Board	23.03.2006.
Jeļena Ignatjeva	Member of the Board	26.03.2015.

During the reporting period Jeļena Ignatjeva was elected as a member of the Board. Tatjana Konnova and Svetlana Krasovska left the office. In January 2016, the Board member Viktors Ziemeļis left the office. Other changes in the composition of the Board did not occur.

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS  
4 MANAGEMENT OF THE BANK (GROUP HOLDING COMPANY) (continued)**

**(3) Structure of the Bank (Group Holding Company)**

**JSC "TRASTA KOMERCBANKA"**



## NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

### 4 MANAGEMENT OF THE BANK (GROUP HOLDING COMPANY) (continued)

#### (4) Strategy and Objectives of the Bank (Group Holding Company)

The Bank is becoming a leading bank in the region with focus on innovative solutions and individual customer service.

#### Objectives of the Bank:

The Bank's main strategic objective is to ensure the capital adequacy and profit earning.

Bank's business objectives:

- ✓ Capital strengthening
- ✓ Business development:
  - Products
  - Bank customers and markets
  - Sales strategy
- ✓ Expenditure optimization
- ✓ Public image:
  - Development of communication strategy
  - Cooperation with partners
- ✓ TKB digitalization:
  - Business processes automation
  - Branch concept
- ✓ Team building

#### Bank's values:

- ✓ Individual service: we provide individually - tailored service in the private banking segment.
- ✓ Professionalism: we build a highly professional team.
- ✓ Efficiency: all staff have the opportunity to become actively involved in the process of improving the Bank's operations
- ✓ Reliability: we are a reliable bank; it is how our customers see us.
- ✓ Availability: we work for both the private banking and retail customers; we develop our remote banking services.
- ✓ Innovations: we use the state-of-the-art technology solutions.

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

**5 COMPOSITION OF THE CONSOLIDATED GROUP**

The consolidation group of the Bank consists of the Bank, and its subsidiaries: *TKB Līzings and its subsidiary* TKB Leasing Tajikistan and „TKB LU” and its subsidiary „Project 1”; and “Heckbert C7 Holdings” and its subsidiary “Ferrous Kereskedelmi KFT”. The description of “Heckbert C7 Holdings” and “Ferrous Kereskedelmi KFT” is provided in Note 15 herein. Services provided by the above mentioned companies of the Group extend the range of services offered by the Bank.

No	Name of commercial company	Registration place code , registration address	Type of activity of commercial company *	Share in the fixed capital (%)	Voting share in commercial company (%)	Grounds for inclusion in the Group**
1	TKB Līzings, Ltd., LV-40003591059	9 Miesnieku, Riga, LV	LC	100	100	SC
2	CJSC TKB Leasing Tajikistan TJ-0210013797	TJ, Dushanbe, Pr.Rudaki 100, Tajikistan	LC	75.10	75.10	SSC
3	TKB LU LLC UA-15561020000043994	UA, Odesa, Genuezka 24a-321	AC	100	100	SSC
4	Project 1 LLC UA-15561020000044353	UA, Odesa, Genuezka 24a-321	AC	100	100	SSC
5	Heckbert C7 Holdings Limited CY-HE134861	CY, Nicosia, Kritonos 21, Cyprus	AFI	75.36	75.36	SC
6	Ferrous Kereskedelmi KFT HU-01-09-717395	HU, Budapest, 3 Szegedi street, Hungary	AFI	100	100	SSC

\* - CI -credit institutions , EMI - electronic money institution, , IBC - investment brokerage company, IMC- investment management company , PF - pension fund, LC - leasing company , AFI - another financial institution, ASC - ancillary services company, AC - auxiliary company, FMC - financial management company.

\*\* - SC - subsidiary company, SSC - subsidiary of the subsidiary company , PC - parent company, SPC - subsidiary of the parent company , OC - other company.

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**
**6 RISK CONTROL AND MANAGEMENT**

Information on the Bank's risk management policies is provided in the audited financial statements 2014 of AS TRASTA KOMERCBANKA, posted on the Bank's website (www.tkb.eu), Note 41 of the statements (pp.69-76), and in the Information Disclosure Statements of 2014 (pp. 2 to 16), and since this publication of information it has not changed significantly.

**7 SUMMARY REPORT OF EQUITY AND MINIMUM CAPITAL REQUIREMENTS**

ID	Item	COREP ID	The Group		The Bank	
			31.12.2015	31.12.2014	31.12.2015	31.12.2014
1.	<b>Own funds (1.1.+1.2.)</b>	C 01.00 1	19 095	49 130	20 603	58 192
1.1.	Tier 1 capital (1.1.1.+1.1.2.) *	C 01.00 1.1.	8 992	32 346	15 412	41 408
1.1.1.	Common equity tier 1 capital	C 01.00 1.1.1.	8 992	32 346	15 412	41 408
1.1.2.	Additional tier 1 capital	C 01.00 1.1.2.	0	0	0	0
1.2.	Tier 2 capital *	C 01.00 1.2.	10 103	16 784	5 191	16 784
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	C 02.00 1.	208 139	269 790	217 978	276 579
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	C 02.00 1.1.	166 587	231 243	176 255	239 538
2.2.	Total risk exposure amount for settlement/delivery	C 02.00 1.2.	0	0	0	0
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	C 02.00 1.3.	6 008	3 132	4 934	1 950
2.4.	Total risk exposure amount for operational risk	C 02.00 1.4.	35 540	35 415	36 785	35 091
2.5.	Total risk exposure amount for credit valuation adjustment	C 02.00 1.6.	4	0	4	0
2.6.	Total risk exposure amount related to large exposures in the trading book	C 02.00 1.7.	0	0	0	0
2.7.	Other risk exposure amounts	C 02.00 1.8.	0	0	0	0
3.	<b>Capital ratios and capital levels</b>					
3.1.	CET 1 capital ratio (1.1.1./2.*100)	C 03.00 1.	4.32	11.99	7.07	14.97
3.2.	Surplus (+)/Deficit (-) of CET 1 capital (1.1.1.-2.*4.5%)	C 03.00 2.	(374)	20 205	5 603	28 962
3.3.	Tier 1 capital ratio (1.1./2.*100)	C 03.00 3.	4.32	11.99	7.07	14.97
3.4.	Surplus (+)/ deficit (-) of Tier1 capital (1.1.-2.*6%)	C 03.00 4.	(3 556)	16 159	2 333	24 813
3.5.	Total capital ratio (1./2.*100)	C 03.00 5.	9.17	18.21	9.45	21.04
3.6.	Surplus(+)/Deficit(-) of total capital (1.-	C 03.00	2 444	27 547	3 165	36 066

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

	2.*8%)	6.				
4.	<b>Combined buffer requirement</b> (4.1.+4.2.+4.3.+4.4.+4.5.)	C 04.00 27.	0	0	0	0
4.1.	Capital conservation buffer (%)		2.5	2.5	2.5	2.5
4.2.	Institution specific countercyclical capital buffer (%)		0	0	0	0
4.3.	Systemic risk buffer (%)		0	0	0	0
4.4.	Systemical important institution buffer (%)		0	0	0	0
4.5.	Other Systemically Important Institution buffer (%)		0	0	0	0
5.	<b>Capital ratios due to Pillar II adjustments</b>					
5.1.	Own funds requirements related to Pillar II adjustments *	C 04.00 28.	0	(20 282)	0	(29 159)
5.2.	CET1 capital ratio including Pillar II adjustments	C 03.00 7.	4.32	8.23	7.07	9.70
5.3.	Tier 1 capital ratio including Pillar II adjustments	C 03.00 9.	4.32	8.23	7.07	9.70
5.4.	Total capital ratio including Pillar II adjustments **	C 03.00 11.	9.17	10.69	9.45	10.50

\* Information about this decrease is provided in Notes 11, 13, 14 and 15.

\*\* Requirement of the Financial and Capital Market Commission to maintain the minimum capital adequacy ratio not less than 14.7% (2014: not less than 13.0%).

**8 THE BANK LIQUIDITY RATIO**

ID	Position	31.12.2015.	31.12.2014.
1.	<b>Liquid assets (1.1.+1.2.+1.3.+1.4.)</b>	<b>257 832</b>	<b>401 079</b>
1.1.	Cash	1 353	1 499
1.2.	Claims on demand on Central Bank	48 042	7 318
1.3.	Claims on demand on solvent credit institutions	27 363	262 188
1.4.	Liquid securities	181 074	130 074
2.	<b>Current liabilities (with remaining maturity up to 30 days) (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)</b>	<b>335 815</b>	<b>499 853</b>
2.1.	Liabilities to credit institutions	3 495	2 204
2.2.	Deposits	323 859	478 909
2.3.	Issued debt securities	0	0
2.4.	Cash in transit	1 194	1 083
2.5.	Other current liabilities	2 782	2 848
2.6.	Off-balance liabilities	4 485	14 809
3.	<b>Liquidity ratio (1.:2.) (%)</b>	<b>76.78%</b>	<b>80.24%</b>
4.	<b>Minimum liquidity ratio</b>	<b>30%</b>	<b>30%"</b>



**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

**9 RESULT OF FORMING RESERVES, NET**

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
<b>Balance as at 1 January</b>	<b>25 323</b>	<b>21 149</b>	<b>23 691</b>	<b>19 645</b>
<i>incl. for due from credit institutions</i>	863	0	863	0
<i>incl. for loans</i>	24 460	21 149	22 828	19 645
Additional <i>individual</i> allowance	1 428	17 240	1 194	17 087
Change in <i>collective</i> allowance	(16)	18	(16)	18
Release of <i>individual</i> allowances	(197)	(123)	(168)	(115)
Interest on loans, which are recognized as impaired	0	(621)	0	(621)
Write-off credits	(4 306)	(12 881)	(2 775)	(12 864)
Effect of changes in currency exchange rates	1 414	541	1 414	541
<b>Balance as at 31 December</b>	<b>23 646</b>	<b>25 323</b>	<b>23 340</b>	<b>23 691</b>
<i>incl. for due from credit institutions</i>	40	863	40	863
<i>incl. for loans</i>	23 594	24 460	23 288	22 828
<i>incl. securities</i>	12	0	12	0

**10 DUE FROM CREDIT INSTITUTIONS ON DEMAND**

Due from credit institutions registered in the Republic of Latvia	3 588	13 404	3 588	13 404
Due from credit institutions registered in the foreign countries	24 361	170 971	24 336	170 920
	<b>27 949</b>	<b>184 375</b>	<b>27 924</b>	<b>184 324</b>

**11 HELD TO MATURITY INVESTMENTS**

Fixed income securities -	9 203	0	9 203	0
- Government debt securities -				
Investment amount of government debt securities	9 203	0	9 203	0
Other claims on credit institutions -	362	106 942	362	106 942
- With a maturity of up to 3 months -				
Due from credit institutions registered in the foreign countries *	0	86 290	0	86 290
- With a maturity of more than 3 months -				
Due from credit institutions registered in the foreign countries *	402	21 515	402	21 515
Impairment allowances, <i>individually assessed</i>	(40)	(863)	(40)	(863)
	<b>9 565</b>	<b>106 942</b>	<b>9 565</b>	<b>106 942</b>

\* On December 31, 2014, the claims against two Ukrainian banks, Nadra Bank and Deltabank, for a total of 12.8 million euro were included in this item. These banks in February and March 2015 were declared as insolvent. In order to satisfy its claims and recover the money, the Bank entered into transactions that resulted in the replacement of the claims against the aforementioned banks with the ownership to an unfinished construction facility in the centre of Kyiv (Note 14). In connection with these exposures, in 2014, the Bank made adjustment to the capital adequacy calculation (reduction) in the amount of 10 467 thousand euro (Note 7).

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**
**12 (1) HELD FOR TRADING FINANCIAL ASSETS**

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
<b>Fixed income securities</b>	<b>4 694</b>	<b>1 557</b>	<b>4 694</b>	<b>1 557</b>
- <i>Government debt securities -</i>				
<i>Investment amount of government debt securities</i>	1 867	707	1 867	707
<i>Government debt securities revaluation profit/(losses), net</i>	(93)	10	(93)	10
	1 774	717	1 774	717
- <i>Debt securities of other institutions -</i>				
<i>Investment amount of debt securities of other institutions</i>	2 975	813	2 975	813
<i>Revaluation losses of debt securities of other institutions, net</i>	(55)	27	(55)	27
	2 920	840	2 920	840
<b>Equity shares and other non-fixed income securities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Derivatives</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>
	<b>4 698</b>	<b>1 557</b>	<b>4 698</b>	<b>1 557</b>

**12 (2) AVAILABLE FOR FINANCIAL ASSETS**

<b>Fixed income securities</b>	<b>186 252</b>	<b>132 955</b>	<b>186 252</b>	<b>132 955</b>
- <i>Government debt securities -</i>				
<i>Investment amount of government debt securities</i>	186 018	132 591	186 018	132 591
<i>Government debt securities revaluation profit/(losses), net</i>	234	224	234	224
	186 252	132 815	186 252	132 815
- <i>Debt securities of other institutions -</i>				
<i>Investment amount of debt securities of other institutions</i>	215	216	215	216
<i>Revaluation losses of debt securities of other institutions, net *</i>	(203)	(76)	(203)	(76)
<i>Provisions for securities, individually assessed</i>	(12)	0	(12)	0
	0	140	0	140
<b>Equity shares and other non-fixed income securities</b>	<b>32</b>	<b>44</b>	<b>32</b>	<b>44</b>
<i>Investments in equity shares and other non-fixed income securities</i>	32	44	32	44
<i>Changes on revaluation of equity investments, net</i>	0	0	0	0
	<b>186 284</b>	<b>132 999</b>	<b>186 284</b>	<b>132 999</b>

\* In December 2015, the irreversible decrease in the fair value of the debt securities of other issuers (one LV company) in the amount of 203 thousand euros, is reflected through profit and loss (in 2014: none).

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

12 (3) Presented below is the analysis of geographic concentration of financial instruments items:

<u>31 December 2015</u>	<u>Latvia</u>	<u>EU*</u>	<u>USA</u>	<u>Russia</u>	<u>Other countries</u>	<u>Total</u>
Fixed income securities	20 089	20 447	157 296	0	2 317	200 149
- Government debt securities -	20 089	18 965	156 960	0	1 215	197 229
- Debt securities of other institutions -	0	1 482	336	0	1 102	2 920
Equity shares and other non-fixed income securities	0	32	0	0	0	32
	<b>20 089</b>	<b>20 479</b>	<b>157 296</b>	<b>0</b>	<b>2 317</b>	<b>200 181</b>

\* The government debt securities portfolio includes debt securities of different EU (Austria, Finland, Germany, Poland, Czech Republic, France, Romania, Lithuania and Estonia) countries. None of the items of financial instruments of national positions, except Latvia, Austria, Finland, Lithuania and the USA, exceeds 10% of the Bank's equity.

<u>31 December 2014</u>	<u>Latvia</u>	<u>EU*</u>	<u>USA</u>	<u>Russia</u>	<u>Other countries</u>	<u>Total</u>
Fixed income securities	17 688	13 147	103 181	0	496	134 512
- Government debt securities -	17 548	12 774	102 966	0	244	133 532
- Debt securities of other institutions -	140	373	215	0	252	980
Equity shares and other non-fixed income securities	0	44	0	0	0	44
	<b>17 688</b>	<b>13 191</b>	<b>103 181</b>	<b>0</b>	<b>496</b>	<b>134 556</b>

\* The government debt securities portfolio includes debt securities of different EU countries (Austria, Finland, Germany, Poland, Italy and Estonia). None of the items of financial instruments of national positions, except Latvia and the USA, exceeds 10% of the Bank's equity.

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
<b>13 LOANS AND RECEIVABLES</b>				
Private non-financial corporations	83 039	87 702	77 123	78 670
Households	16 215	16 232	16 068	15 825
Financial institutions	7 090	6 251	25 371	25 446
Employees	1 048	1 752	1 035	1 713
<b>Total gross loans</b>	<b>107 392</b>	<b>111 937</b>	<b>119 597</b>	<b>121 654</b>
Impairment allowances, <i>individually assessed</i> *	(23 552)	(24 402)	(23 246)	(22 770)
Impairment allowances, <i>collectively assessed</i>	(42)	(58)	(42)	(58)
	<b>83 798</b>	<b>87 477</b>	<b>96 309</b>	<b>98 826</b>

\* According to the Bank's loan assessment, made by the Financial and Capital Market Commission, the Bank has to make additional provisions in the amount of EUR 11 236 thousand (on 31.12.2014. - EUR 3 473 thousand). In performing its loan assessment, the Bank applies the FCMC Regulations On Assets Quality Assessment and Provisioning which provides for making additional provisions in accordance with international accounting standards. Given that the Bank's assessment of the respective loans does not show any impairment in value, the Bank does not agree with the assessment of the FCMC. According to the FCMC Regulations in such a case the Bank has to perform its capital adequacy calculation adjustment (reduction) for this amount, less the risk-weighting factor that is EUR 10 208 thousand (on 31.12.2014. - EUR 3 132 thousand (Note 7)).

**Loans by types of loans may be specified as follows:**

Mortgage loans	29 911	32 282	28 999	31 061
Commercial loans	31 894	30 874	50 175	50 069
Industrial loans	15 052	11 470	15 052	11 470
Finance lease	5 133	8 248	0	0
Overdrafts	9 587	12 796	9 587	12 796
Reverse REPO	0	0	0	0
Consumer loans	327	377	296	368
Factoring	2 644	2 181	2 644	2 181
Payment card loans	866	791	866	791
Other	11 978	12 918	11 978	12 918
	<b>107 392</b>	<b>111 937</b>	<b>119 597</b>	<b>121 654</b>

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
<b>14</b>	<b>LONG-TERM PROJECTS COSTS</b>			
Land parcels	4 475	2 112	2 635	272
Finished and unfinished construction costs	29 907	7 979	25 717	3 789
Prepayments for unfinished construction	0	0	0	0
Investment property revaluation gain/(loss), net	(814)	0	(814)	0
	<b>33 568</b>	<b>10 091</b>	<b>27 538</b>	<b>4 061</b>

The investment property mentioned in this Note is associated with the facility which served as loan collateral and consisted of land and unfinished construction

In December 2015, the real estate previously classified as held for sale was reclassified to investment property (Note 16). The Bank holds this property not only for sale, but also to earn revenue from its rent, to improve it for the increment in its value, and to wait until its price rises. For the purpose of the investment property accounting the Bank chooses the fair value method. A certified appraiser performed the valuation of the investment property in 2015. The revaluation showed that the total cumulative reduction in the value as of 31 December 2015 was EUR 814 thousand.

In the context of the property assessment made by the Financial and Capital Market Commission, the Bank performed its capital adequacy calculation adjustment (reduction) for the amount reduced by the risk weighting factor - by EUR 4 033 thousand (as of 31.12.2014. - none (Note 7)).

This item includes the ownership to the unfinished construction facility in the centre of Kiev for a total of 12 927 thousand euro, acquired in February and March 2015 by entering into transactions with two insolvent Ukrainian banks, Nadra Bank and Deltabank. The transactions were made based on the current market value assessment of the facility. In connection with this facility, the Bank made adjustment to its capital adequacy calculation (reduction) for the amount of 11 892 thousand euro, which was reduced by the risk weighted factor, (31.12.2014. - was not applied (Note 7))

This Note includes also the object (including the related land plot) in the amount of EUR 6 030 thousand (in 2014: EUR 6 030 thousand) which the Bank has sold to a subsidiary within the Group for further sale. As a result of the sale transaction the Bank received income of EUR 1 899 thousand. Given the fact that this income was gained within the Group, the Group's profit and loss account was adjusted for this income amount and it was excluded from the consolidation. The Bank's equity capital was reduced for the income amount gained from this transaction. (Note 7).

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
<b>15</b>	<b>INVESTMENTS IN SHARE CAPITAL OF SUBSIDIARY</b>			
The Bank has the following investments in the share capital of related companies and associates:				
SIA TKB Līzings				
<i>Investment amount</i>	0	0	996	996
<i>Changes on revaluation of investments, net</i>	0	0	(996)	(996)
SAS Dewon *				
<i>Investment amount</i>	6 916	9 755	14 849	14 849
<i>Changes on revaluation of investments, net</i>	0	0	0	0
	<b>6 916</b>	<b>9 755</b>	<b>14 849</b>	<b>14 849</b>

\* At the end of 2009 the Bank purchased 100% of the share capital of Cyprus Company "Heckbert C7 Holdings", which owns 100% of the share capital of the company "Ferrous Kereskedelmi KFT" (Hungary), which is the owner of 25.085% of the Ukrainian gas company "Dewon" shares. The purpose of this transaction was to obtain control over 25.085% of the share capital of "Dewon". "Heckbert C7 Holdings" and "Ferrous Kereskedelmi KFT" do not perform any other commercial activities, except the holding of "Dewon" shares. On 29 March, 2012, the Bank entered into a transaction for a partial sale on the investment in Cyprus Company "Heckbert C7 Holdings". As a result of this transaction, 24.64% of the Heckbert C7 Holdings shares were sold.

According to the Financial and Capital Market Commission's assessment of this investment, the Bank has to make capital adjustment for the book value of this investment. In 2015 and 2014, independent experts performed fair share assessment of the company "Dewon". The assessment did not show impairment in the fair value which is below the balance sheet value of the investment. Taking into account the independent experts' assessment, the Bank disagrees with the assessment of the FCMC. According to the FCMC assessment, the Bank has to perform its capital adequacy calculation adjustment (reduction) for this amount, less the risk-weighting factor - by EUR 13 661 thousand (as of 31.12.2014 - EUR 13 661 thousand (Note 7)).

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
<b>16 OTHER ASSETS</b>				
Receivables from financial institutions	2 166	3 191	2 166	3 191
Real property hold for sale <sup>1</sup>	2 049	14 199	223	12 118
Spot foreign exchange assets <sup>2</sup>	137	125	137	125
Overpaid value added tax	465	19	461	11
Money in transit <sup>3</sup>	55	0	55	0
Other assets <sup>4</sup>	2 739	3 848	1 479	2 892
	<b>7 611</b>	<b>21 382</b>	<b>4 521</b>	<b>18 337</b>
Impairment loss	(598)	(878)	(335)	(944)
	<b>7 013</b>	<b>20 504</b>	<b>4 186</b>	<b>17 393</b>

<sup>1</sup> The movable and immovable property held for sale is other property possessed by the Bank (as a result of takeover or acquisition), which served as collateral for granted loans (Note 14).

<sup>2</sup> The fair value of *spot* foreign exchange contracts which is disclosed for each contract as asset or liability. The notional value of these contracts reflects the value of basis asset underlying the agreement whose changes in fair value are estimated and the due and payable amounts of cash flow.

<sup>3</sup> The funds, transferred from other correspondent accounts of the Bank, whose crediting has not been confirmed by the correspondent bank yet, are disclosed as money in transit.

<sup>4</sup> Other assets include various claims on debtors in relation to operating activities of the Bank.

**17 FINANCIAL LIABILITIES AT AMORTISED COST**

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Due to credit institutions	0	4 201	0	4 201
Due to customers	343 485	500 203	343 530	500 223
Subordinated liabilities	25 279	15 287	25 279	15 287
Debt securities issued <sup>1</sup>	10 043	10 047	10 043	10 047
	<b>378 807</b>	<b>529 738</b>	<b>378 852</b>	<b>529 758</b>

<sup>1</sup> In December 2014, the Bank completed the issue of subordinated bonds within the scope of the public offer in the amount of EUR 10 million; a total of 10 000 bonds with the nominal value of one bond 1 000 euro. The maturity date of the bonds is December 04, 2021. The bond issue has been registered and included in the NASDAQ OMX Riga debt securities list.

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

**18 OTHER LIABILITIES**

EUR '000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Suspense accounts <sup>1</sup>	1 284	1 102	1 284	1 102
Spot foreign exchange liabilities (Note 16)	33	141	33	141
Money in transit <sup>2</sup>	1 194	1 083	1 194	1 083
Unpaid dividends of previous periods	21	21	21	21
Other liabilities	284	218	154	83
	<b>2 816</b>	<b>2 565</b>	<b>2 686</b>	<b>2 430</b>

<sup>1</sup> Suspense accounts represent payments received by the Bank where the beneficiary is not clearly identified. After clarification they are credited to customer accounts.

<sup>2</sup> The funds, transferred from other correspondent accounts of the Bank, whose crediting has not been confirmed by the correspondent bank yet, are disclosed as money in transit.

**19 OFF-BALANCE SHEET ITEMS**

**Off-balance liabilities**

EUR'000	<u>The Group</u>		<u>The Bank</u>	
	<u>31.12.2015</u>	<u>31.12.2014</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Contingent liabilities	5 112	5 912	5 112	5 912
<i>including guarantees</i>	247	448	247	448
<i>including rent commitments</i>	4 865	5 464	4 865	5 464
Commitments to customers	3 555	13 201	4 830	15 983
<i>including letters of credit</i>	0	309	0	309
<i>including unused credit limits</i>	3 393	12 286	4 668	15 068
<i>including other liabilities <sup>1</sup></i>	162	606	162	606
	<b>8 667</b>	<b>19 113</b>	<b>9 942</b>	<b>21 895</b>

<sup>1</sup> Other liabilities include Bank's liabilities for the acquisition of fixed assets and acquisition of securities as well as future costs related to long-term projects.



**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

**20 THE GROUP'S AND BANK'S TRANSACTIONS WITH RELATED PARTIES**

Related parties are defined as shareholders of the Bank who have a significant influence in the Bank, as well as their spouses, parents and children, the Bank's subsidiaries, chairpersons and members of the council and management board, internal service manager and members and other employees of the Bank, who are authorized to perform planning, management and control activities on behalf of the Bank, or are in charge of these activities, as well as their spouses, parents, children and companies in which the above-mentioned persons have a controlling interest.

The Bank has offered standard services to related parties, such as the settlement of accounts, the purchase and sale of securities, securities management on behalf of clients, and brokerage etc. These transactions are conducted on normal business terms.

(1) Amount of the Group transactions with related persons is presented below

<u>EUR ' 000</u>	<u>Share- holders</u>	<u>Council and board</u>	<u>Subsi- diaries</u>	<u>Equity accounted investees</u>	<u>Other related parties</u> <sup>1</sup>	<u>Total</u>
<b>31.12.2015</b>						
<b>Assets</b>						
Loans	282	1	0	2 388	3 170	5 841
<i>Allowance for loans</i>	<i>(13)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(1)</i>	<i>(14)</i>
<b>Loans, net</b>	<b>269</b>	<b>1</b>	<b>0</b>	<b>2 388</b>	<b>3 169</b>	<b>5 827</b>
<b>Liabilities</b>						
Deposits	2 013	204	0	0	244	2 461
<b>Commitments and guarantees</b>						
Unused credit lines	91	30	0	0	10	131
<b>31.12.2015</b>						
<b>Income statement</b>						
Interest income	19	21	0	72	107	219
Fee and commission income	2	1	0	0	5	8
Interest expense	(39)	(1)	0	0	0	(40)
Release of impairment/ impairment) of loans	1	6	0	0	0	7
Other expenses	(45)	(75)	0	(7)	0	(127)
<b>31.12.2014</b>						
<b>Assets</b>						
Loans	327	385	0	2 141	3 205	6 058
<i>Allowance for loans</i>	<i>(14)</i>	<i>(6)</i>	<i>0</i>	<i>0</i>	<i>(1)</i>	<i>(21)</i>
<b>Loans, net</b>	<b>313</b>	<b>379</b>	<b>0</b>	<b>2 141</b>	<b>3 204</b>	<b>6 037</b>
<b>Liabilities</b>						
Deposits	18	296	0	0	688	1 002
<b>Commitments and guarantees</b>						
Unused credit lines	101	46	0	0	14	161
<b>31.12.2014</b>						
<b>Income statement</b>						
Interest income	22	25	0	240	91	378
Fee and commission income	3	1	0	0	3	7
Interest expense	0	(1)	0	0	0	(1)
Release of impairment/ impairment) of loans	(1)	1	0	0	0	0
Other expenses	(91)	(60)	0	(30)	(7)	(188)

<sup>1</sup> Other related parties are spouses, children of the shareholders and council and board members and companies in which they have a controlling interest.

**NOTES TO THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**
**20 THE GROUP'S AND BANK'S TRANSACTIONS WITH RELATED PARTIES (continued)**

(2) Amount of the Bank transactions with related persons is presented below

<u>EUR '000</u>	<u>Share- holders</u>	<u>Council and board</u>	<u>Subsi- diaries</u>	<u>Equity accounted investees</u>	<u>Other related parties</u> <sup>1</sup>	<u>Total</u>
<b>31.12.2015</b>						
<b>Assets</b>						
Loans	270	1	18 319	2 388	3 170	24 148
<i>Allowance for loans</i>	(13)	0	0	0	(1)	(14)
<b>Loans, net</b>	<b>257</b>	<b>1</b>	<b>18 319</b>	<b>2 388</b>	<b>3 169</b>	<b>24 134</b>
<b>Liabilities</b>						
Deposits	2 013	204	46	0	244	2 507
<b>Commitments and guarantees</b>						
Unused credit lines	91	30	1 274	0	10	1 405
<b>31.12.2015</b>						
<b>Income statement</b>						
Interest income	18	21	597	72	107	815
Fee and commission income	2	1	2	0	5	10
Interest expense	(39)	(1)	0	0	0	(40)
Release of impairment/ impairment) of loans	1	6	0	0	0	7
Other expenses	(45)	(75)	(269)	(7)	0	(396)
<b>31.12.2014</b>						
<b>Assets</b>						
Loans	291	385	19 196	2 141	3 205	25 218
<i>Allowance for loans</i>	(14)	(6)	0	0	(1)	(21)
<b>Loans, net</b>	<b>277</b>	<b>379</b>	<b>19 196</b>	<b>2 141</b>	<b>3 204</b>	<b>25 197</b>
<b>Liabilities</b>						
Deposits	18	296	71	0	688	1 073
<b>Commitments and guarantees</b>						
Unused credit lines	101	46	2 782	0	14	2 943
<b>31.12.2014</b>						
<b>Income statement</b>						
Interest income	18	25	868	240	91	1 242
Fee and commission income	3	1	6	0	3	13
Interest expense	0	(1)	0	0	0	(1)
Release of impairment/ impairment) of loans	(1)	1	0	0	0	0
Other expenses	(91)	(60)	(524)	(30)	(7)	(712)

<sup>1</sup> Other related parties are spouses, children of the shareholders and council and board members and companies in which they have a controlling interest.

**21 EVENTS AFTER BALANCE SHEET DATE**

The Financial and Capital Market Commission (FCMC) on 22.01.2016 decided to impose restrictions on the activities of the Bank, forbidding it from performing debit transactions in any currency, including through online banking, ATMs and by cash, with clients in the amount that exceeds EUR 100 000 per depositor.

The Bank is working strenuously to eliminate the shortcomings in its work identified by the FCMC, the Bank continues to work in the ordinary and usual course, provides services and fulfils obligations to customers, complying with the restrictions of the FCMC requirements. The Bank is a solvent entity which continues to provide services to customers within the scope of the restrictions applied by the FCMC (up to EUR 100 000).

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