



REMUNERATION POLICY IN 2013

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In accordance with the provisions of clause 28 of FCMC regulation No. 61, "Normative regulations on disclosure of information and transparency of institutions" and in observance of principles for protection of personal data, Baltikums Bank AS (the Bank) discloses data on the Bank's and Group's Remuneration Policy in 2013.

THE BANK HAS ESTABLISHED ITS REMUNERATION STRUCTURE AS FOLLOWS:

- ▶ The Council specifies and approves the Bank's Remuneration Policy guidelines, supervises implementation of the Remuneration Policy, specifies remuneration for members of the Board of the Bank and other positions that affect its risk profile, as well as for employees whose remuneration is equal to or higher than the lowest amount of remuneration for any of the members of the Board or officials whose duties affect the risk profile of the Bank. The Bank regularly (no less than one per year) revises the Remuneration Policy guidelines to ensure conformance to its current activities and development strategy, as well as to changes in external factors.
- ▶ Remuneration for the Council of the Bank and for the head and employees of the Internal Audit Department is specified by the Bank's Shareholders' Meeting.
- ▶ The Board is responsible for observing the Remuneration Policy guidelines, developing an adequate remuneration system and approving related documents. Matters of remuneration for the Bank's personnel are stipulated in the Human Resources Policy, Remuneration Policy, and Remuneration System Rules.
- ▶ The Human Resources Department ensures everyday monitoring of compliance with the Remuneration Policy guidelines at the Bank. If necessary, it initiates amendments to the Remuneration Policy and other documents that concern human resources and remuneration.

Remuneration for the Members of the Board of the Group is specified by the Council.

The Bank's and the Group's Remuneration Policy conforms to the Bank's operational strategy and values. It aims to specify guidelines for employee remuneration that are grounded in the Bank's and Group's development strategy and operational performance and that conform to the Bank's operational specifics and risk profile. The remuneration system developed at the Bank and the Group is aimed at motivating personnel and promoting employee development, ensuring adequate performance assessment of employees and appropriate remuneration for work that is done properly.

The remuneration system at the Bank and the Group in 2013 only stipulated constant remuneration (a base salary consisting of a competitive monthly rate for each employee according to their position, with one-off bonuses and benefits specified in the Bank's remuneration system) without specifying a variable part of remuneration depending on operational performance. One-off bonuses were paid to some employees in 2013 for their support and contributions to achieving the Bank's operational performance in 2012, as well as for participation in various projects

Remuneration for Bank employees is set at an adequate level to ensure long-term development of the Bank's business, attract highly qualified specialists, retain personnel and encourage employees' professional growth, as well as to avoid assuming unnecessary risks.

The adequacy of employee remuneration is reviewed annually.

The adequacy of employee remuneration is re-evaluated annually.

In 2013, the Bank's relations with 8 employees whose positions affected the institution's risk profile were terminated, including 1 member of the Board. Severance was paid to 1 employee. 1 employee in a position affecting the institution's risk profile was terminated in accordance with Section 2195 of Civil Law.

No bonuses were paid at the Bank's subsidiaries. AS "Baltikums Asset Management" was liquidated, terminating its members of the board.

Information about remuneration at the Bank, grouped by type of activity in 2013 (ths. LVL (ths. EUR))

2013	Constant remuneration			Variable remuneration		
	Total, ths. LVL	Total, ths. EUR	Number of employees	Total, ths. LVL	Total, ths. EUR	Number of employees
Board	220	313	5	0.05	0.071	1
Internal control system	571	812	46	33	47	27
Lending	127	181	8	14	20	6
Other positions affecting the institution's risk profile	527	750	22	11	16	7

Information about remuneration at the Group, grouped by type of position in 2013 (ths. LVL (ths. EUR))

2013	Constant remuneration			Variable remuneration		
	Total, ths. LVL	Total, ths. EUR	Number of employees	Total, ths. LVL	Total, ths. EUR	Number of employees
Board	223	317	7	0.05	0.071	1
Internal control system	571	812	46	33	47	27
Lending	127	181	8	14	20	6
Other positions affecting the institution's risk profile	527	750	22	11	16	7

Baltikums Bank AS reports that the Bank and the Group did not have any employees in 2013 that would be considered highly paid employees in accordance with clause 17.1 of the Financial and Capital Market Commission's regulation No. 171.