

**Quarterly Financial Statements  
for the period ended December 31, 2017**

Appendix 1  
of the Financial and Capital Market Commission Regulation Nr. 145 of 15.09.2006.

**Balance Sheet**  
as of December 31, 2017  
(Last date of the reporting period)

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Name of the Item	Bank; Reported period	Bank; Previous financial year *
Cash in Hand and Demand Claims on Central Banks	103,839	71,817
Demand Claims on Credit Institutions	21,135	32,949
Trading securities	3	2
Securities designated at fair value through profit or loss	-	-
Investment securities available-for-sale	32,477	53,283
Loans and advances to customers	98,853	113,532
for reference: impairment allowance	19,650	17,210
Held-to-maturity investments	8,240	26,357
Changes in fair value of portfolio part hedged against percentage risk	-	-
Prepayments and Accrued Income	138	150
Property and equipment	974	1,109
Investment properties	-	-
Intangible assets	28	-
Investments in subsidiaries	-	-
Tax receivables	-	-
Other Assets	9,178	3,980
<b>Total assets</b>	<b>274,865</b>	<b>303,179</b>
Liabilities to Central Banks	-	5
Demand Liabilities to Credit Institutions	-	-
Held-for-trading financial liabilities	-	-
Financial liabilities at fair value with changes in fair value in net profit or loss	-	-
Financial liabilities at amortised cost	254,808	276,733
Financial liabilities after transferring of financial assets	-	-
Changes in fair value of portfolio part hedged against percentage risk	-	-
Deferred Income and Accrued Expenses	893	-
Provisions for Liabilities and Charges	168	152
Deffered tax liabilities	70	71
Other liabilities	3,537	9,551
<b>Total liabilities</b>	<b>259,476</b>	<b>286,512</b>
Shareholders' equity	15,389	16,667
<b>Total liabilities and shareholders' equity</b>	<b>274,865</b>	<b>303,179</b>
Off-Balance-Sheet Items		
Contingent Liabilities	756	937
Off-Balance-Sheet Commitments to Customers	4,354	2,092

\*) audited

**Income Statement**  
as of December 31, 2017  
(Last date of the reporting period)

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Name of the Item	Bank; Reported period	Bank; Previous financial year appropriate period *
Interest income	4,020	5,759
Interest expense	(1,587)	(1,428)
Dividend income	-	-
Fee and commission income	6,651	5,288
Fee and commission expense	(2,067)	(1,749)
Net profit/(loss) from financial assets and financial liabilities at amortised cost	-	-
Net profit/(loss) from available-for-sale investments	24	1,049
Net profit/(loss) from held-for-trading investments	(1)	1
Net profit/(loss) from financial liabilities at fair value with changes in fair value in net profit or loss	-	-
Changes in fair value in hedge accounting	-	-
Profit/(loss) on foreign exchange trading and on foreign exchange revaluation	2,620	1,199
Profit/ (loss) from derecognising of property, plant and equipment, investment properties and intangible assets	-	-
Other income	38	36
Other expense	(124)	(81)
Administrative expense	(8,895)	(8,242)
Depreciation	(307)	(248)
Allowances for credit losses	(2,726)	(5,796)
Value impairment losses	-	-
<b>Profit before corporate income tax</b>	<b>(2,354)</b>	<b>(4,212)</b>
Corporate income tax	-	-
<b>Net profit for the period</b>	<b>(2,354)</b>	<b>(4,212)</b>

\*) audited

**Bank's profitability ratios**  
as of December 31, 2017  
(Last date of the reporting period)

Name of the Item	Previous financial year appropriate period (audited)	Previous financial year appropriate period
Return on equity (ROE) (%)	-12.13	-17.49
Return on assets (ROA) (%)	-0.78	-1.35

\*) audited

**Consolidated group**  
as of December 31, 2017  
(Last date of the reporting period)

Nr.	The name of the commercial company	Registration place code, address	Company type *	Portion of a holding in share capital (%)	Portion of voting rights in the company (%)	Motivation for inclusion in the group**
1	AS "MTB Finance"	LV, Rīga, Elizabetes 57	CFI	100	100	MS

\*BNK – bank, APS – insurance company, PAP – reinsurance company,  
APP – insurance management company, IBS – investment brokerage company,  
IPS – investment management company, PFO – pension fund, CFI – other financial institution,  
FPS – financial management company, CKS – other commercial company.  
\*\* MS – subsidiary; KS – joint venture; MAS – parent company.

### Summary report of equity and minimum capital requirements

as of December 31, 2017  
(Last date of the reporting period)

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Nr.	Name of the Item	Bank; Reported period
1	<b>Own funds (1.1.+1.2.)</b>	16,249
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	14,177
1.1.1.	Common equity Tier 1 capital	14,177
1.1.2.	Additional Tier 1 capital	-
1.2.	Tier 2 capital	2,072
2	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	129,591
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	113,532
2.2.	Total risk exposure amount for settlement/delivery	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	298
2.4.	Total risk exposure amount for operational risk (OpR)	15,761
2.5.	Total risk exposure amount for credit valuation adjustment	-
2.6.	Total risk exposure amount related to large exposures in the trading book	-
2.7.	Other risk exposure amounts	-
3	<b>Capital ratios and capital levels</b>	-
3.1.	CET1 Capital ratio (1.1.1./2.*100)	10.94
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	8,345
3.3.	T1 Capital ratio(1.1./2.*100)	10.94
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	6,402
3.5.	Total capital ratio (1./2.*100)	12.54
3.6.	Surplus(+)/Deficit(-) of total capital(1./2.*100)	5,882
4	<b>Capital buffers (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	2.50
4.1.	Capital conservation buffer (%)	2.50
4.2.	Institution specific countercyclical capital buffer (%)	-
4.3.	Systemic risk buffer (%)	-
4.4.	Systemical important institution buffer (%)	-
4.5.	Other Systemically Important Institution buffer (%)	-
5	<b>Capital ratios due to Pillar II adjustments</b>	-
5.1.	Own funds requirements related to Pillar II adjustments	-
5.2.	CET1 capital ratio including Pillar II adjustments	10.94
5.3.	T1 capital ratio including Pillar II adjustments	10.94
5.4.	Total capital ratio including Pillar II adjustments	12.54

### Liquidity ratio calculation

as of December 31, 2017  
(Last date of the reporting period)

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№	Name of the Item	Bank; Reported period
1	<b>Liquid assets (1.1.+1.2.+1.3.+1.4.)</b>	161,873
1.1.	Cash	4,124
1.2.	Deposits with the Bank of Latvia	99,421
1.3.	Claims on Credit Institutions	19,778
1.4.	Liquid securities	38,550
2	<b>Current Liabilities (maturity within 30 days) (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)</b>	201,312
2.1.	Liabilities to Credit Institutions	0
2.2.	Deposits	193,224
2.3.	Issued Debt Securities	-
2.4.	Items in Transit	2,161
2.5.	Other Current Liabilities	1,588
2.6.	Off-Balance Sheet Items	4,339
3	<b>Liquidity Ratio (1.:2.) (%)</b>	80.41
4	<b>Minimum Liquidity Ratio</b>	50%

**Additional information:**

1. As at 31 December 2017 breakdown of the securities portfolio of the Bank by countries, where the total book value of the securities exceeds 10% of the Bank's Own Funds.

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Issuer state	Total	% of the Bank's Own Funds	incl. Central Government	% of the Bank's Own Funds	Other issuers
US	29,108	179%	29,108	179%	-
LV	5,407	33%	5,407	33%	-
LT	2,656	16%	2,656	16%	-
Other countries	1,379	8%	1,379	8%	-
<b>Total securities portfolio</b>	<b>38,550</b>	<b>X</b>	<b>38,550</b>	<b>X</b>	<b>-</b>

During the 4th quarter of the year 2017 provisions for financial assets at amortized cost have not been made.

As at 31 December 2017 the market value of the financial assets at amortized cost amounted EUR 6 603 thousand.

During the 4th quarter of the year 2017 has not been recognized an impairment for available for sale financial assets.

2. In the reporting period auditors have not audited AS "Meridian Trade Bank" Bank Financial Statements.

3. The Information on risks, associated with the activities of AS „Meridian Trade Bank” (hereinafter referred to as the Bank), was published in the Annual report for the year ended 31 December 2016 on pages 28-82 ([https://www.mtbank.eu/static/uploaded\\_files/IFRS%20Signed%20EN.PDF](https://www.mtbank.eu/static/uploaded_files/IFRS%20Signed%20EN.PDF)) and in the Information Disclosure Statement for the year 2016 on pages 1-25 ([https://www.mtbank.eu/static/uploaded\\_files/information\\_disclosure\\_2016.pdf](https://www.mtbank.eu/static/uploaded_files/information_disclosure_2016.pdf)) and has not changed since publishing.

4. In the reporting period the shareholders structure has not been changed. Latest information about shareholders of the Bank is published on the Bank's home page in the section "About bank" (subsections "Management" -[http://www.mtbank.eu/en\\_LV/about/management/](http://www.mtbank.eu/en_LV/about/management/)).

5. Management of the Bank has been changed in the reporting period. Svetlana Dzene resigned from the Board. Andris Dzenis and Mihails Ganevs resigned from the Council. The latest information about management of the Bank is published on the Bank's home page in the section "About bank" (subsections "Management" - [http://www.mtbank.eu/en\\_LV/about/management/](http://www.mtbank.eu/en_LV/about/management/))

6. In the reporting period Bank's structure has not been changed. With a view of optimizing its branch retail network, Bank took the decision to close one customer service center at the Perses street. Information on organizational structure of the Bank is published in the Annual report for the year ended 31 December 2016 on p.16. and on the Bank home page in the section "About bank" (subsection "Structure" - "[http://www.mtbank.eu/static/uploaded\\_files/documents/latvija/struktura\\_eng.pdf](http://www.mtbank.eu/static/uploaded_files/documents/latvija/struktura_eng.pdf)").

7. The information on strategy of the Bank's business activities and goals is published on the Bank's home page in the section "About bank" (subsection "History and Mission" - [http://www.mtbank.eu/en\\_LV/about/history/](http://www.mtbank.eu/en_LV/about/history/)) and in the Annual report for the year 2016 on page 3, and has not been changed significantly since publishing.

8. The information about Remuneration policies and practices of the Bank is published in the Information Disclosure Statement for the year 2016 on pages 11 - 14, and has not been changed significantly since publishing.