



# REMUNERATION POLICY IN 2011

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In accordance with the provisions of Financial and Capital Market Commission regulations No. 61, "Normative regulations on disclosure of information and corporate transparency", section 28, and in observance of the principles of protecting personal data, Baltikums Bank hereby discloses information about the Bank's Remuneration Policy in 2011.

## THE BANK HAS ESTABLISHED THE FOLLOWING REMUNERATION SYSTEM STRUCTURE:

- ▶ The Council determines and approves the guidelines of the Remuneration Policy, monitors implementation of the Remuneration Policy, determines remuneration for members of the Bank's Board, other positions affecting its risk profile, and positions for which remuneration is equal to or higher than the lowest remuneration specified for any member of the Board or other position affecting the company's risk profile. It regularly (no less than once per year) revises the guidelines of the Remuneration Policy to ensure that they are consistent with the Bank's current activity and development strategy, as well as changes in external factors;
- ▶ Remuneration for the Bank's Council and the head and employees of the Internal Audit Department is determined by the Bank's Meeting of the Shareholders;
- ▶ The Board of the Bank is responsible for observing the guidelines specified in the Remuneration Policy by the Council, developing a system of remuneration and related documents accordingly. Issues concerning remuneration of Bank personnel are addressed in the Personnel Policy, Remuneration Policy and Remuneration System Regulations;
- ▶ The Human Resource Department routinely monitors observance of the specified key principles of the Remuneration Policy at the Bank and the relevance of these principles. If necessary, the department suggests amendments to the Remuneration Policy and other documents related to personnel and remuneration.

The Bank's Remuneration Policy is consistent with the Bank's strategy and values and is intended to determine the Bank's employee remuneration guidelines that would be based on the Bank's development strategy and operational results and be consistent with the specifics of the Bank's activity and its risk profile. The remuneration system developed by the Bank is directed at motivating personnel and promoting employee development, as well as providing employees with an adequate evaluation regarding the results and achievements of their work, and ensuring adequate compensation for work that is done in due quality.

The remuneration system applied at the Bank in 2011 envisaged only a fixed part of remuneration (a salary determined on the basis of a competitive monthly salary figure for each employee depending on their position, one-time bonuses and additional payment as specified in the Bank's remuneration system), without determining a variable part of remuneration that would depend on operational results. Employee remuneration at the Bank is specified at such a level as to ensure long-term development of the Bank's business, allow it to attract highly qualified specialists, retain its current personnel and stimulate their professional growth, as well as avoid taking unnecessary risks.

In the present economic situation, the Board of the Bank does not see a need for introducing and applying a variable part of remuneration. Therefore, the Bank does not have financial and non-financial indicators and methodologies in place for evaluating and identifying positions that affect its risk profile.

The relevance of employee remuneration is reviewed annually.

In June 2011, employees were paid a one-time bonus for their contribution to the results of the Bank's operations. The procedure for paying one-time bonuses is specified in the Remuneration System Regulations. Employees' work experience at the Bank was considered when determining the amount of these one-time bonuses. No other variable remuneration has been paid.

In 2011, one employee in a position that affected the institution's risk profile was terminated, and was paid a termination compensation of LVL 26 thd.

## Bank information about remuneration by types of activity in 2011 (thd. LVL)

2011	Fixed part		Variable part	
	Amount	Number	Amount	Number
Board	151	5	36	5
Internal control system	345	24	9	20
Financing	91	5	3	5
Other positions affecting the company's risk profile	241	13	1	10

## Bank information about remuneration by groups of positions in 2011 (thd. LVL)

2011	Fixed part		Variable part	
	Amount	Number	Amount	Number
Board	151	5	37	5
Other positions affecting the company's risk profile	677	42	14	35