

Rīga, 27 April 2017

## **Corporate Governance Report 2016**

Joint stock company (akciju sabiedrība) "Moda kapitāls", uniform registration No. 40003345861 (hereinafter referred to as the Company); the Corporate Governance Report 2016 has been elaborated in compliance with requirements of Section 56.2, Paragraph three of the Financial Instrument Market Law.

### **Information on the key elements of internal control and risk management system of the capital company that are applied in drawing up a financial report.**

#### **Internal control**

Objective of the internal control is to be reasonably make sure that the Company's assets are secured against losses and unsanctioned management and use, that its operational risks are monitored and managed on a regular basis, that the amount of the Company's capital is sufficient for covering actual and possible operational risks, that transactions comply with the procedure set in the Company and are correctly recorded, as well as that the Company acts reasonably, with caution, and effectively, in full compliance with requirements of laws.

Management of the Company is responsible for development, introduction, and implementation of an overall internal control system for drawing up and true presenting of financial reports. Sincerity and impartiality of information, which is included in the Company's financial reports, are subject to accounting methods according to internal normative requirements of the Company.

Monitoring of the internal control system within the Company is performed by the Council, and at the same time it also monitors activities of the Board in creation of the internal control system and in provision of effective functioning thereof.

The Accounting policy introduced in the Company has been elaborated in compliance with the regulative normative acts of accounting organisations, and its aim is to ensure true, duly, comparative, clear, and full accounting and presentation of the transactions made.

Procedure of drawing up the financial report complies with the normative requirements set in the Company.

The Company's financial reports are independently audited, when independent auditors provide their opinion on whether the information, which is included in the financial reports, provides a clear and true notion about financial condition of the Company and whether it complies with International Financial Reporting Standards that are approved in the European Union.

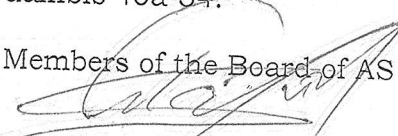
#### **Risk management.**

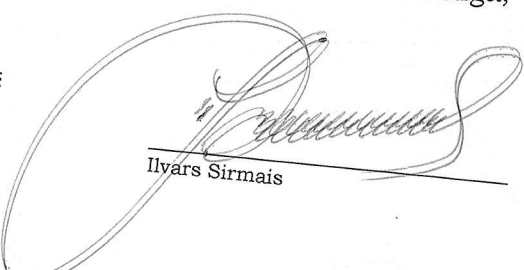
Information of the Risk Management System of the Company is available at the central office in Rīga, Ganību dambis 40a-34.

The Company's Corporate Governance Report 2016 is available on its website, [www.lombardsmoda.lv](http://www.lombardsmoda.lv), under

Financial Report 2016 of the Company is available at the central office in Rīga, Ganību dambis 40a-34.

Members of the Board of AS "Moda kapitāls

  
Guntars Zvinis

  
Ilvars Sirmāis