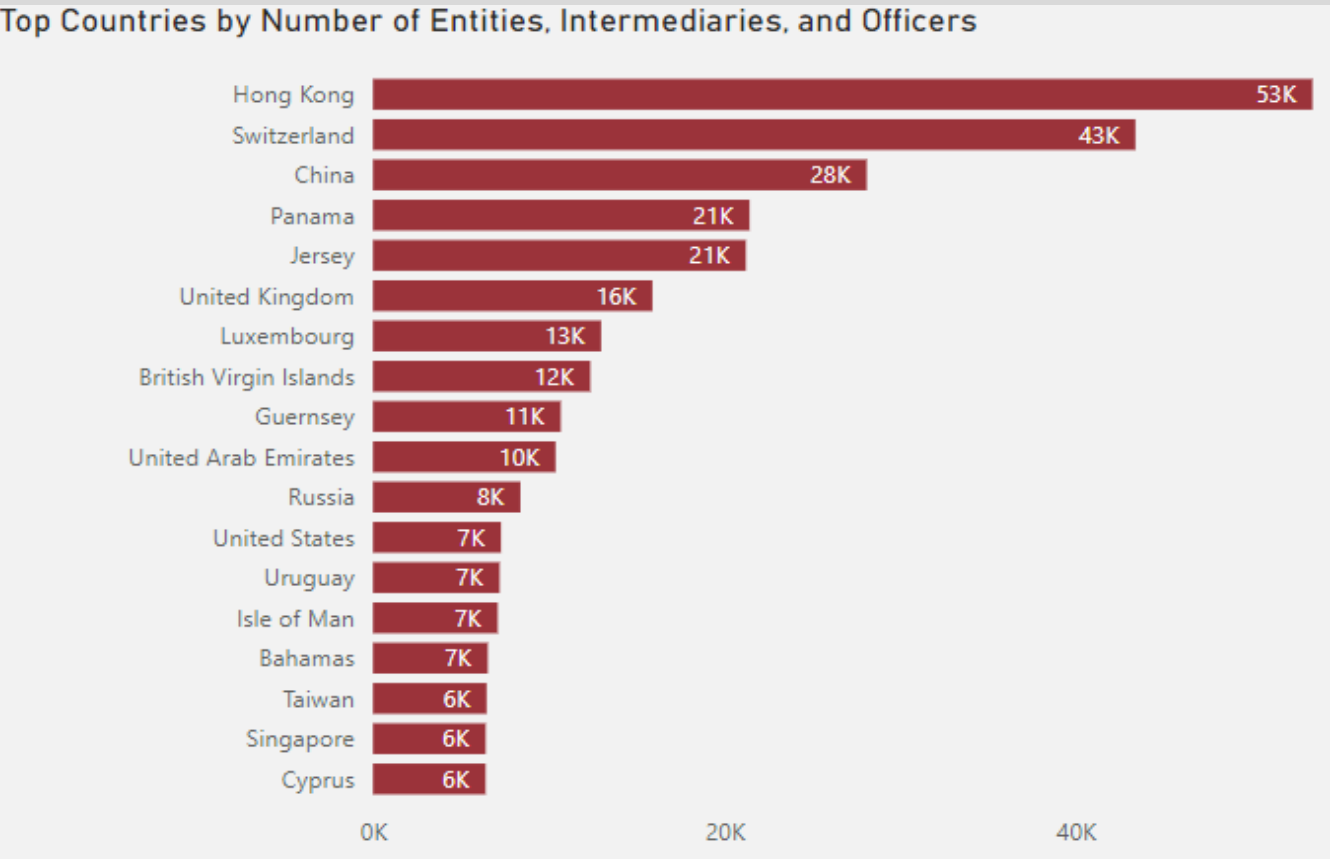


RISK ASSESSMENT FOR “X COMPANY” IN THE BALTIC AND CIS REGIONS BASED ON PANAMA PAPERS DATA

The purpose of this report is to conduct a comprehensive risk assessment for “X Company” operating in the Baltic and CIS markets, leveraging data from the Panama Papers. The report examines key risk areas, including credit, operational, legal, reputational, and systemic risks, to inform senior management of potential challenges and offer strategic risk management recommendations.

Data analysis was conducted using *Google BigQuery* (SQL queries) and *Power BI* tools. The report is based on Panama Papers data sourced from the *ICIJ Offshore Leaks* database, providing a robust foundation for insights and decision-making.

Overview of the Situation



Main insights:

Credit Risk: The high concentration of entities in jurisdictions such as Hong Kong, Switzerland, and Panama poses significant credit risk. These entities may be involved in tax evasion or legal issues that could impair their ability to repay loans or meet contractual obligations, affecting the quality of the credit institution’s loan portfolio.

Reputational Risk: The Panama Papers leak revealed numerous entities operating in offshore jurisdictions associated with potentially illicit activities or a lack of transparency. Credit institutions that maintain business relationships with these entities may suffer significant reputational damage, particularly if these entities become involved in scandals or legal investigations.

Regulatory and Compliance Risk: Entities operating in jurisdictions highlighted by the Panama Papers may face tightened regulatory scrutiny. This increases regulatory risk for the credit institution, particularly if it engages in financial transactions with these entities.

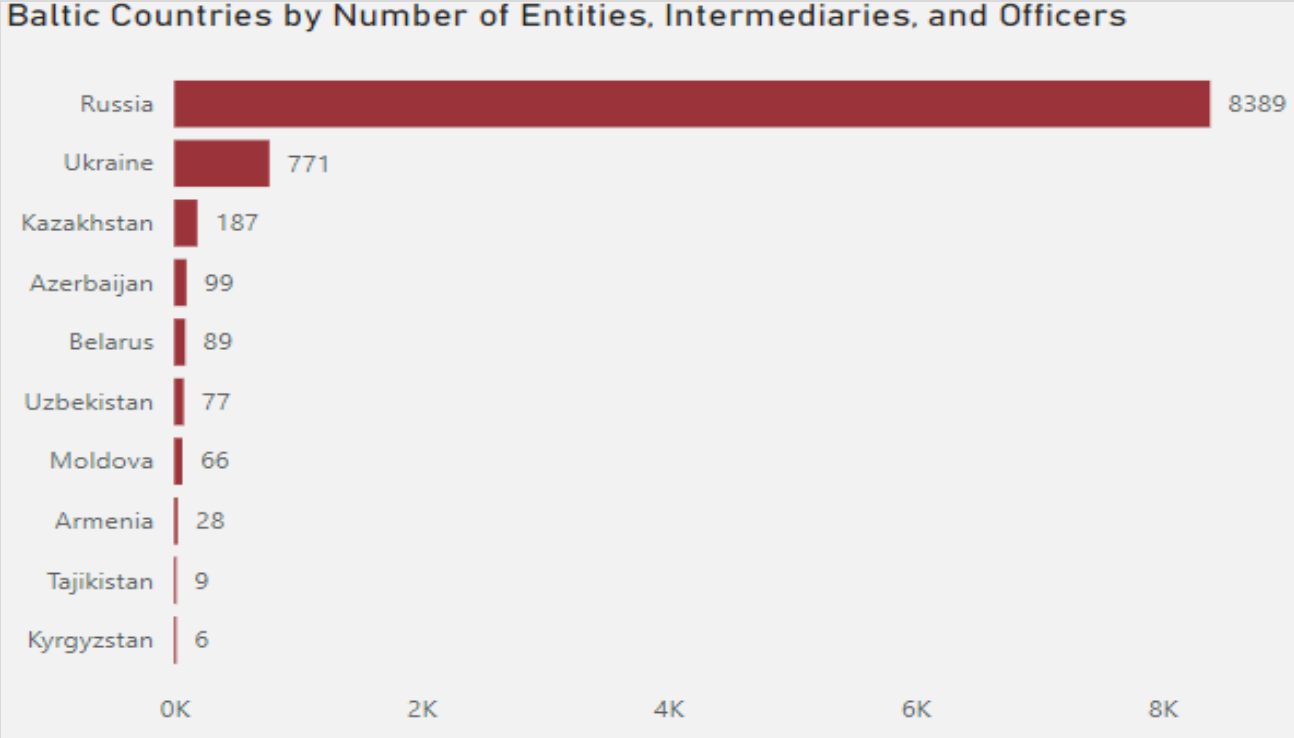
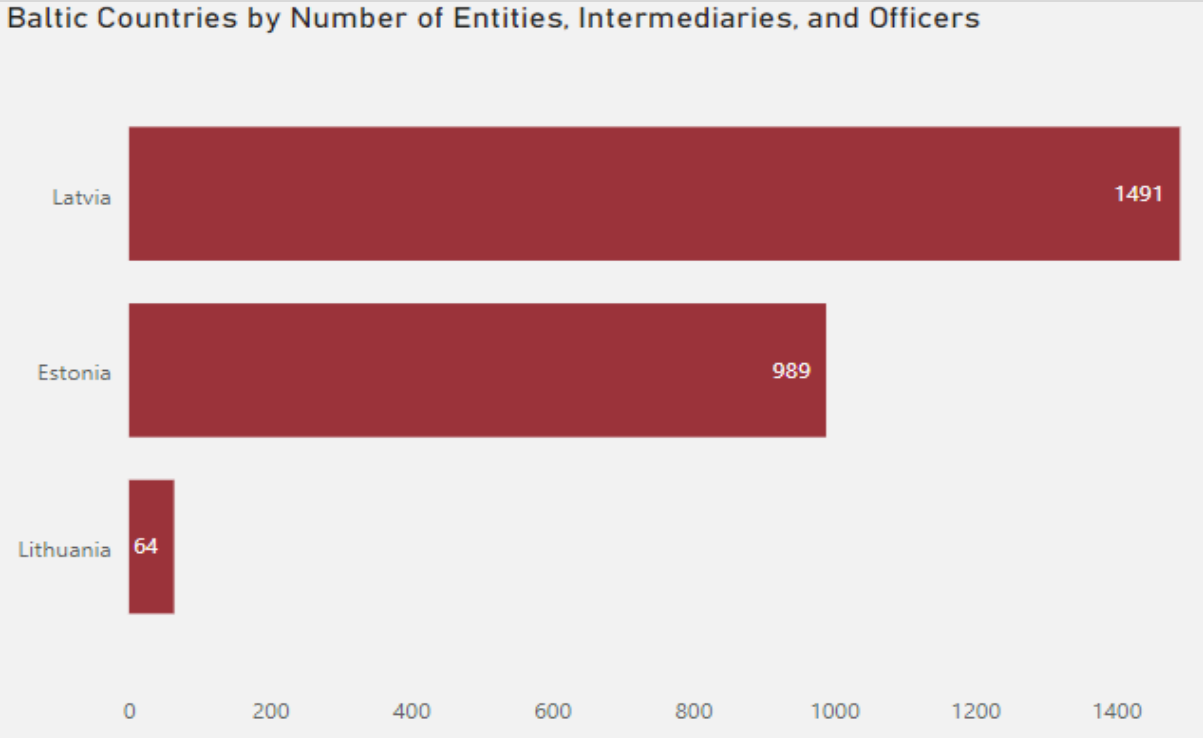
Recommendations:

Tighten Credit Screening: It is recommended to implement stricter credit screening for entities operating in high-risk jurisdictions mentioned in the Panama Papers, especially considering their potential involvement in illicit activities or tax evasion.

Enhance Reputation Protection: Review and assess all business relationships with entities mentioned in the Panama Papers to mitigate potential reputational risks. It is advisable to limit or terminate relationships with entities that could jeopardize the institution’s reputation.

Strengthen Regulatory Compliance: The credit institution should continuously monitor regulatory changes in jurisdictions highlighted by the Panama Papers and ensure compliance with international laws and regulations. It is recommended to review and update compliance procedures to avoid associations with high-risk entities.

Risk Assessment of Baltic and CIS Countries in the Context of X Company



Main insights:

Latvia and Estonia Risk Due to Offshore Activities: In the analysis of the Baltic countries, Latvia (1491 entities) and Estonia (989 entities) stand out as having the highest number of entities associated with the Panama Papers. This concentration suggests a higher credit risk for “Worldwide Company,” especially if these entities are involved in potentially illegal or high-risk offshore activities.

Russia’s Dominance and Potential Risks: In the CIS countries, Russia dominates with 8.4K entities mentioned in the Panama Papers leak. This indicates significant credit, reputational, and regulatory risks for “Worldwide Company” if its operations are connected to these entities. The risks are further amplified by Russia’s political and economic context, which could affect the financial stability of these entities.

Lower Risk in Other CIS Countries: In other CIS countries, such as Kazakhstan, Azerbaijan, and Belarus, the number of entities is much lower. While this may indicate lower risk in these regions, it is crucial to monitor any entities mentioned in the Panama Papers leak, as they could be associated with higher reputational or regulatory issues.

Recommendations:

Conduct In-Depth Analysis of Entities from Latvia and Estonia: It is recommended to conduct a more detailed credit screening of entities operating in Latvia and Estonia, particularly those mentioned in the Panama Papers. This will help identify potential sources of credit and reputational risk.

Strengthen Monitoring of Operations in Russia: Given the high risks associated with Russian entities, it is recommended to enhance the monitoring of these entities' operations and regularly review their credit ratings to ensure timely responses to any changes.

Caution When Dealing with Other CIS Countries: While the risk from other CIS countries appears lower, it is important to remain vigilant and monitor any entities that may pose a risk due to their mention in the Panama Papers leak.

Status Distribution Analysis for the Baltic and CIS Countries

Country	Active	Bad debt account	Changed agent	Defaulted	Dissolved	In liquidation	Inactivated	Relocated in new jurisdiction	Resigned as agent	Total
Latvia	301		10	1050	13	2			4	1380
Estonia	259		12	557	31		13		4	880
Lithuania	1	1	1	30						33
Total	561	1	23	1637	44	2	13		4	2293

Country	Active	Bad debt account	Changed agent	Defaulted	Discontinued	Dissolved	In liquidation	In transition	Inactivated	Resigned as agent	Total
Russia	758	9	117	3036		228	3	6	30	10	4197
Ukraine	73	4	3	185		5	1	1	1	1	274
Belarus	3			11					1	1	16
Azerbaijan	2			6							8
Uzbekistan	4			1							5
Kazakhstan	3			1							4
Moldova	2										2
Total	845	13	120	3240		233	1	7	32	12	4506

Main insights:

High Proportion of Entities with "Defaulted" Status: In the Baltic countries, Latvia and Estonia present significant risks with 1050 and 557 entities, respectively, marked as "Defaulted." In the CIS region, Russia stands out with 3036 "Defaulted" entities. This indicates a high credit risk, as entities with a "Defaulted" status may be unable to meet their financial obligations.

High Number of Active Entities: Russia has a substantial number of active entities (758), suggesting a significant number of potential business relationships. However, given the large number of "Defaulted" entities, these relationships could be associated with increased risk.

Liquidation and Other Operational Issues: Both the Baltic and CIS countries have a notable number of entities that have been liquidated or have encountered other operational issues, such as inactivation or status changes ("In liquidation," "Inactivated"). This highlights additional risks related to the stability and continuity of these entities.

Reputational and Regulatory Risk: In the context of the Panama Papers leak, the high number of "Defaulted" and "Dissolved" entities poses a reputational risk for “Worldwide Company,” especially if these entities are linked to offshore structures and potentially illicit activities.

Recommendations:

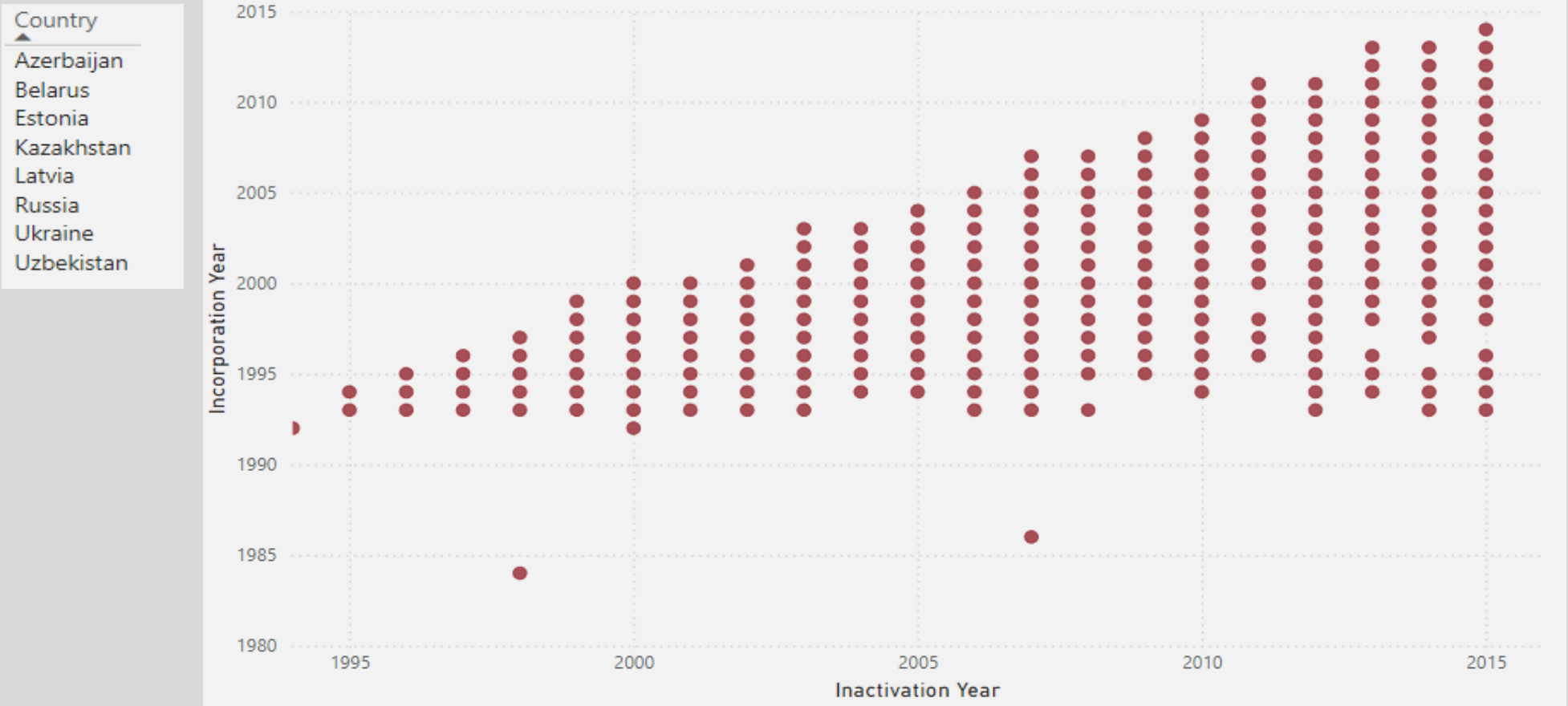
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Analysis of the Time Period Between Incorporation Date and Inactivation Date for Baltic and CIS Countries



Main insights:

Frequency of Companies Becoming Inactive:

The scatter plot shows that many companies become inactive within 5-10 years of their incorporation. This suggests that a significant portion of companies have a relatively short operational lifespan before ceasing their activities. This pattern is particularly evident in companies incorporated after 2000. While some companies have operated longer, many still became inactive relatively quickly, especially in recent years. This may indicate an unstable business model or an inability to adapt to changing market conditions.

Relation to Credit Risk:

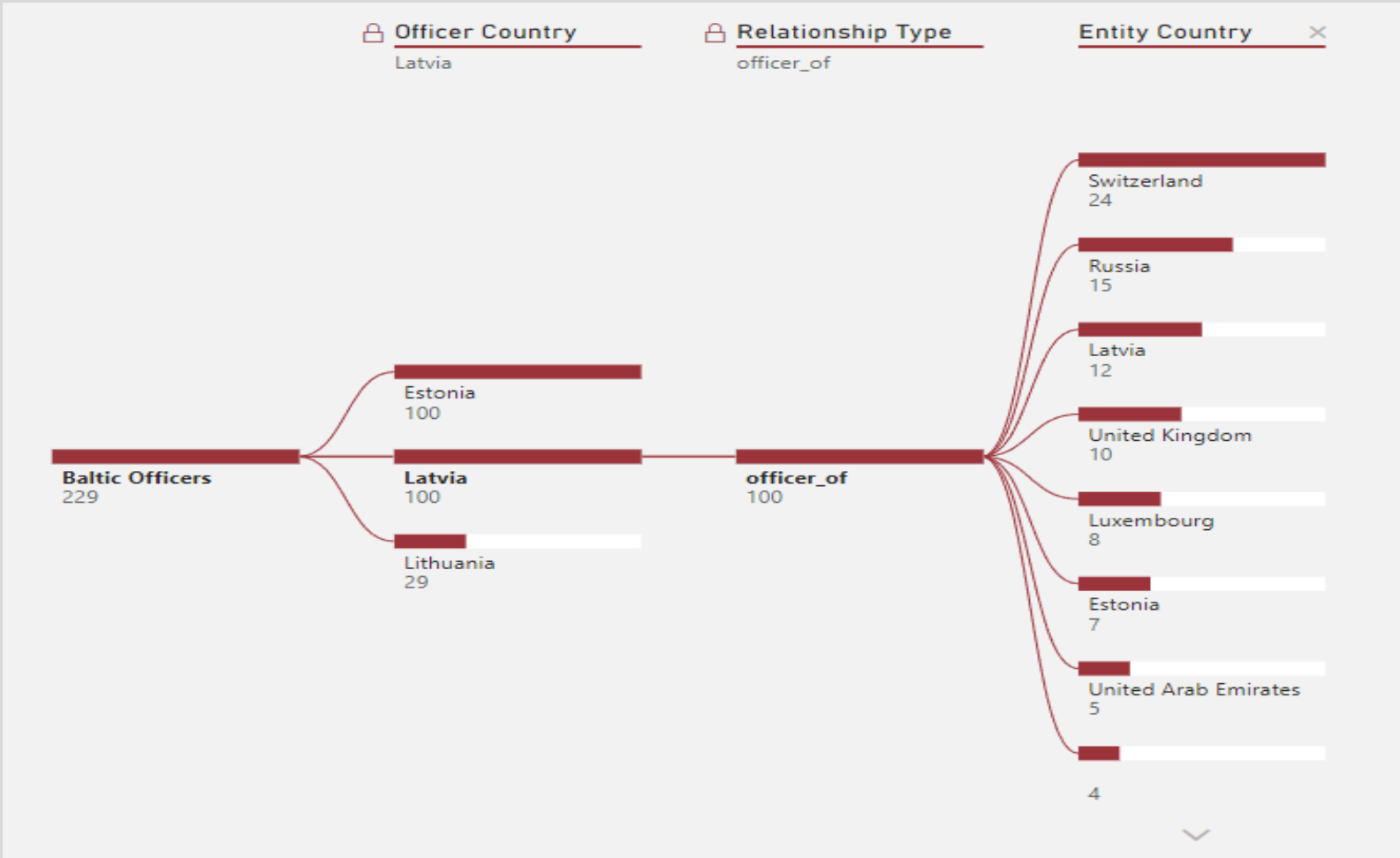
Companies that become inactive within a short period pose a higher credit risk. This could indicate that these companies were established for short-term projects or lacked a sustainable business model. Such companies may have fewer resources to repay loans or fulfill other financial obligations. The frequent occurrence of companies becoming inactive suggests a higher likelihood of encountering credit problems, especially when dealing with newer or less stable companies. This is particularly important for assessing credit institution risk, as inactive companies may be unable to meet their financial commitments.

Potential Risk Factors:

Companies that become inactive quickly may be linked to illegal activities or offshore business models exposed by the Panama Papers leak. This is especially relevant for credit institutions, which need to assess the risks associated with such companies. Additionally, the frequent occurrence of companies becoming inactive may indicate potential market or regulatory challenges in certain regions, which could affect the operations of credit

Analysis of Relationships Between Officers and Entities in the Baltic and CIS Countries

EntityCountry	Estonia	Latvia	Lithuania	Total
Estonia	69	13		82
Switzerland	19	28	7	54
Russia	1	18	4	23
Latvia		13	4	17
Luxembourg	9	8		17
United Kingdom	2	12	1	15
United Arab Emirates	1	7	6	14
Hong Kong	1	2	6	9
Cyprus	4	2		6
Ireland		5		5
Ukraine	1	2		3
United States		3		3
Bahamas			2	2
Belize	2			2
Czech Republic	1		1	2
Panama			2	2
Colombia			1	1
France		1		1
Liechtenstein	1			1
Malta	1			1
Mauritius			1	1
Saint Kitts and Nevis		1		1
Thailand	1			1
Total	113	115	35	263



Main insights:

Intensity of Connections in Estonia:

Officers based in Estonia have the highest number of connections with entities registered in various countries, including Estonia itself (82 connections), Switzerland (54 connections), and Russia (23 connections). Considering the Panama Papers leak, this poses a significant reputational risk, as many of these entities may be linked to offshore structures or activities that could negatively impact the credit institution's reputation.

Significant Connections in Latvia:

Officers based in Latvia also maintain substantial connections with foreign entities, particularly those registered in Switzerland (28 connections), the United Kingdom (12 connections), and Russia (18 connections). These connections could increase the risk of involvement in transactions with entities mentioned in the Panama Papers, especially if these transactions have suspicious or unclear elements.

Limited Connections with Foreign Entities in Lithuania:

While officers based in Lithuania have fewer connections with foreign entities, their links with key jurisdictions such as Switzerland, the United Kingdom, and Russia still pose potential risks. The lower number of connections may suggest a lower overall threat, but any ties to entities mentioned in the Panama Papers should be carefully

Connections with Offshore and High-Risk Jurisdictions:

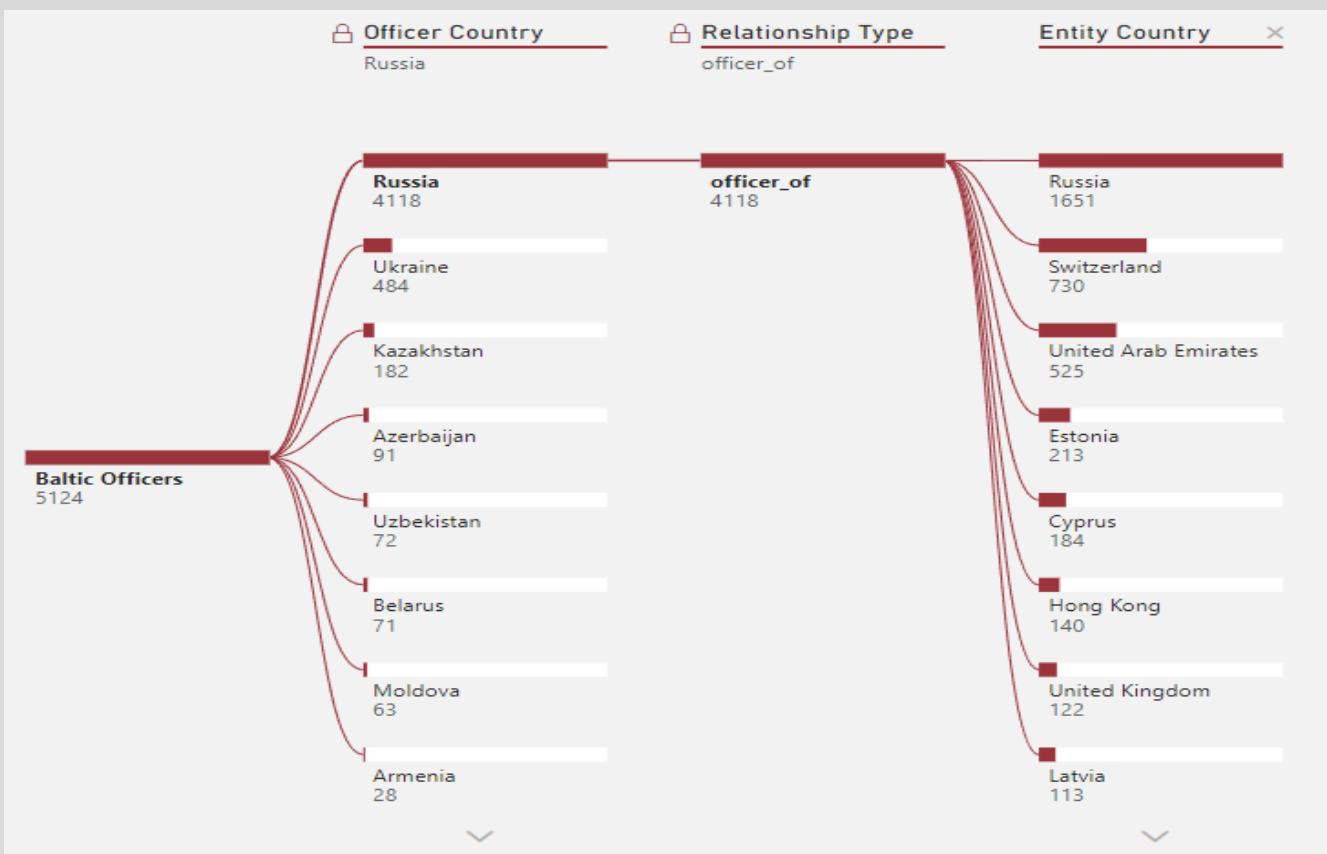
Officers with ties to entities registered in offshore and high-risk jurisdictions such as the Bahamas, Belize, or Panama may pose a significant threat to "Worldwide Company's" reputation. This is especially critical given that the Panama Papers leak exposed numerous illegal financial activities associated with such entities.

Potential Links to Illicit Activities:

A large number of connections with entities registered in Russia and Switzerland may indicate that officers could be involved in international transactions with potentially illicit or suspicious elements. These connections could present a major reputational risk and attract regulatory scrutiny, making it essential to ensure that all such relationships are thoroughly

EntityCountry	Armenia	Azerbaijan	Belarus	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Ukraine	Uzbekistan	Total
Russia	14	4	13	48	2	38	1772	1	86	13	1991
Switzerland	5	20	7	55	1		829	1	79	4	1001
United Arab Emirates	3	8	10	18	1	12	554		124	9	739
Estonia		4	11	2		1	243		7	1	269
Cyprus		2	4	4		3	202		34	3	252
Latvia	1	17	1	15	2	7	122	3	17	27	212
United Kingdom		12	1	3		7	136	2	47		208
Hong Kong	1	12		15	1	2	155		12	1	199
Jersey		2	1	2			68		22		95
Isle of Man			1				80			1	82
Luxembourg		2	1	5			66		5	3	82
Bahamas				1			70		6		77
United States			7	16			43		1		67
Seychelles		1		2			39	2		14	58
Ukraine						1	15		36		52
Liechtenstein				2			36		2		40
China			2	1			20		3		26
Malta	2	2	2				9		11		26
Monaco	1		10			2	6				19
British Virgin Islands						1	9		6		16
Gibraltar		1					15				16
Panama			2	3			11				16
Guernsey		2		1			10			2	15
Samoa			2				5		8		15
Singapore		1		1			9		3		14

*Note: The visualization provided only includes a portion of the largest data points, focusing on the most significant connections to highlight key risks and trends. This selection helps to prioritize the most critical areas for further investigation and risk management.



Main insights:

Intensity of Connections in Russia:

Officers based in Russia have a significant number of connections with entities registered in various countries, especially within Russia itself (1772 connections), Switzerland (829 connections), and the United Arab Emirates (124 connections). This poses a substantial reputational risk, particularly considering potential ties to offshore activities exposed by the Panama Papers leak.

Kazakhstan's Connections with Switzerland and the UAE:

Officers in Kazakhstan maintain significant connections with entities in Switzerland (55 connections) and the United Arab Emirates (18 connections). These connections could present a risk, especially if these entities are linked to opaque activities commonly associated with offshore financial centers.

Ukraine and Other CIS Countries' International Links:

Ukraine, along with other CIS countries such as Belarus and Moldova, has connections with various international entities, including those registered in the United Kingdom, Cyprus, and Hong Kong. These connections could indicate potential risks in international transactions, particularly if these entities were involved in activities revealed by the Panama Papers.

High-Risk Jurisdictions:

Officers from CIS countries have connections with entities in various high-risk jurisdictions, including the Bahamas, Panama, and the United Arab Emirates. These jurisdictions are well-known for their offshore structures, often linked to tax evasion or other opaque activities.

Links to High-Risk Jurisdictions:

The significant number of connections between CIS country officers and entities in jurisdictions such as Switzerland, the UAE, and the Bahamas could pose a substantial reputational risk. Given the revelations from the Panama Papers, these connections may signal potential involvement in illicit financial flows or other non-transparent activities.

Potential Ties to Illicit Activities:

Connections with entities operating in offshore zones or high-risk jurisdictions might indicate that officers could be involved in illicit international transactions. These connections pose a significant reputational risk that requires careful assessment and ongoing monitoring.

Recommendations:

Strengthening Monitoring of International Connections:

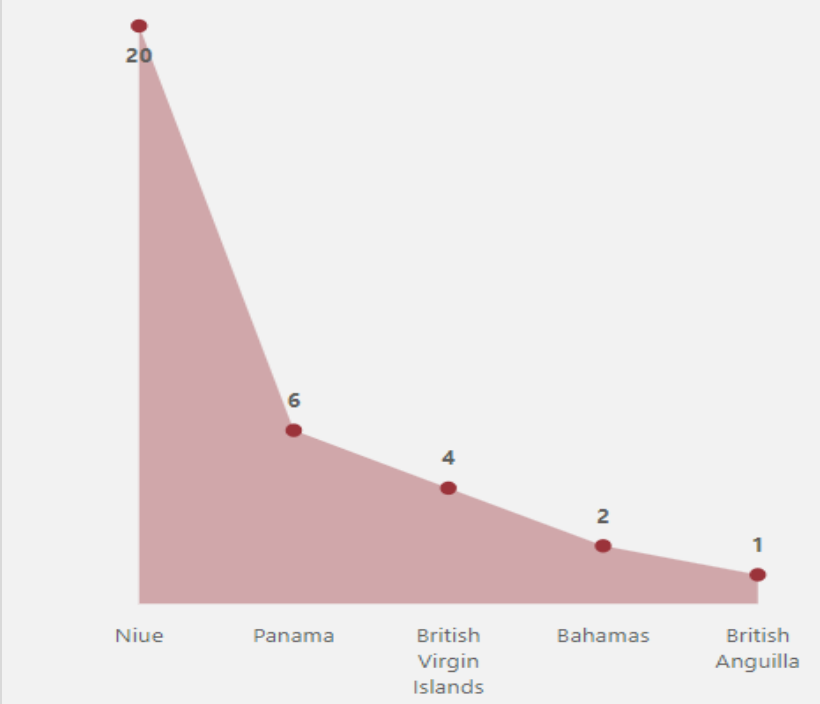
It is recommended to closely monitor officers from CIS countries who have substantial connections with high-risk jurisdictions. This includes paying extra attention to their ties with entities that may have been involved in the Panama Papers leak.

Risk Management and Enhanced Due Diligence:

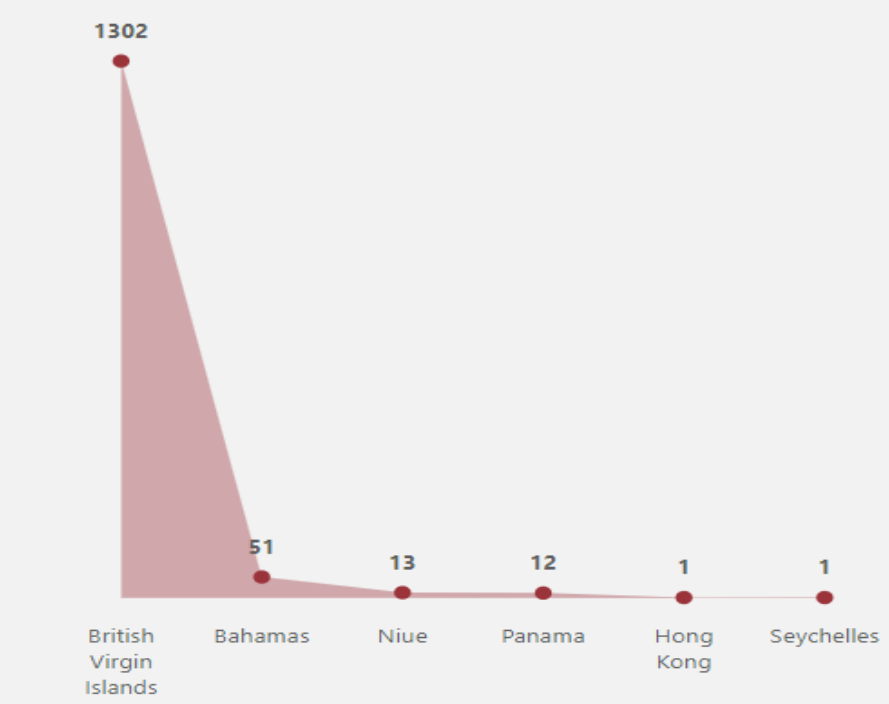
"Worldwide Company" should implement strict measures to thoroughly vet all connections between CIS country officers and international entities, particularly those operating in high-risk jurisdictions. This is essential to mitigate reputational and regulatory risk exposure.

Jurisdiction Distribution in Baltic and CIS Countries

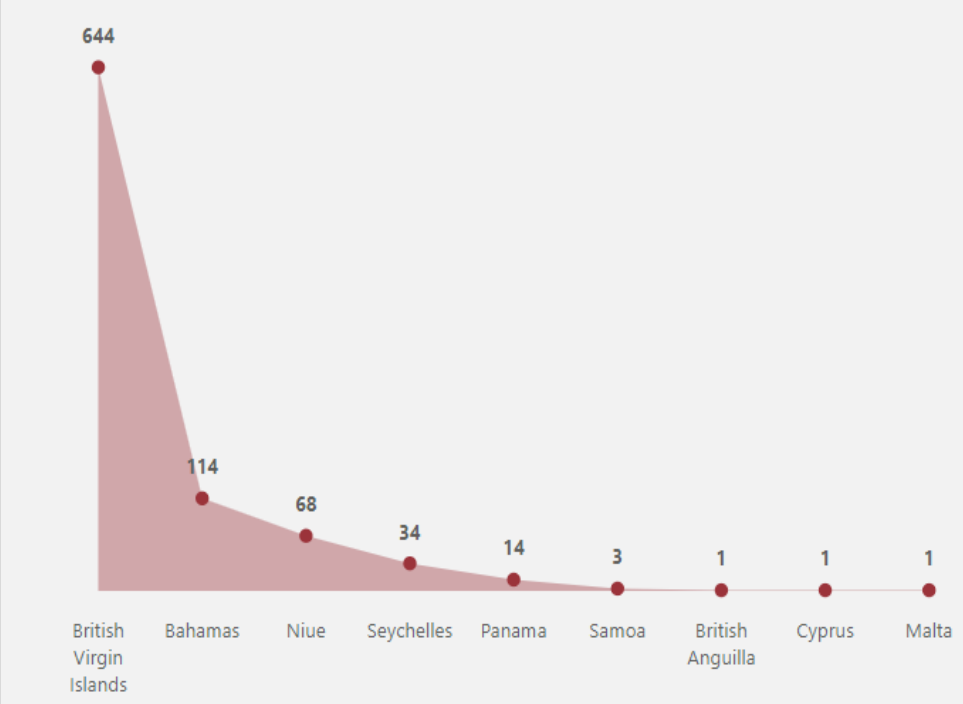
Lithuania Entities



Latvia Entities



Estonia Entities



Main insights:

High Concentration of Entities in Offshore Jurisdictions:

Both Latvia and Estonia have a significant number of entities registered in the British Virgin Islands, the Bahamas, and Panama. These offshore zones are known for their weak regulatory environments and financial secrecy, posing reputational and regulatory risks for "Worldwide Company."

Significant Ties to the British Virgin Islands:

A particularly large number of entities from Latvia and Estonia are registered in the British Virgin Islands, a jurisdiction prominently featured in the Panama Papers for its role in facilitating tax evasion and financial secrecy. This presents a significant risk for the credit institution, especially regarding potential legal violations.

Lower but Still Notable Risk in Lithuania:

While Lithuania has fewer connections to offshore jurisdictions, there is still some risk associated with entities registered in Niue and Panama. These connections should be closely monitored to prevent potential reputational and regulatory issues.

Increase Focus on High-Risk Jurisdictions:

Pay close attention to the connections with jurisdictions known for their weak regulatory environments. Regularly review transactions and assess potential violations, such as tax evasion or money laundering.

Country	Entities	Jurisdiction
Russia	2295	British Virgin Islands
Russia	1335	Bahamas
Russia	366	Niue
Ukraine	150	British Virgin Islands
Russia	94	Panama
Ukraine	82	Bahamas
Russia	73	British Anguilla
Ukraine	34	Panama
Russia	21	Seychelles
Belarus	14	British Virgin Islands
Russia	5	Samoa
Ukraine	5	Seychelles
Uzbekistan	5	British Virgin Islands
Azerbaijan	4	Bahamas
Azerbaijan	4	British Virgin Islands
Kazakhstan	4	British Virgin Islands
Russia	3	Belize
Russia	3	Hong Kong
Moldova	2	British Virgin Islands
Russia	2	Uruguay
Ukraine	2	Niue
Belarus	1	Hong Kong
Belarus	1	Panama
Ukraine	1	British Anguilla
Total	4506	

Main insights:

High Concentration of Entities in the British Virgin Islands:

A large portion of entities from CIS countries are registered in the British Virgin Islands, particularly from Russia (2295 entities) and Ukraine (150 entities). This jurisdiction, heavily mentioned in the Panama Papers leak, is known for financial secrecy and tax evasion opportunities, which poses significant reputational and regulatory risks.

Significant Ties to the Bahamas and Panama:

The Bahamas and Panama are also popular jurisdictions among CIS country entities, especially in Russia (1335 entities in the Bahamas and 94 entities in Panama) and Ukraine (82 entities in the Bahamas and 34 entities in Panama). These jurisdictions are also associated with non-transparent financial activities, which can present serious challenges for a credit institution.

Smaller but Still Significant Links to Other Offshore Zones:

Entities from Belarus, Uzbekistan, Azerbaijan, and other CIS countries are also registered in other offshore zones such as the Seychelles, Samoa, Belize, and Hong Kong. While the number of these entities is smaller, they still pose certain risks due to the nature of their activities and the reputation of the jurisdictions.

Reputational and Regulatory Risk:

The large number of entities registered in offshore jurisdictions, especially in the British Virgin Islands, the Bahamas, and Panama, could pose significant reputational and regulatory challenges for "Worldwide Company." Given the information revealed by the Panama Papers, these connections may indicate potential illegal activities, including tax evasion or money laundering.

Credit Risk:

Entities registered in these jurisdictions may be used for financial operations that carry a high credit risk. Special attention should be paid to transactions with these entities to ensure that "Worldwide Company" avoids potential losses or legal issues.

Assessment of Intermediaries' Status and Risk Identification

Country	Number Of Intermediaries	Status
Russia	37	ACTIVE
Russia	23	SUSPENDED
Russia	8	UNRECOVERABLE ACCOUNTS
Ukraine	8	ACTIVE
Latvia	6	ACTIVE
Estonia	5	ACTIVE
Latvia	5	SUSPENDED
Ukraine	4	SUSPENDED
Russia	3	PROSPECT
Belarus	2	ACTIVE
Estonia	2	SUSPENDED
Lithuania	2	SUSPENDED
Russia	2	INACTIVE
Estonia	1	PROSPECT
Estonia	1	UNRECOVERABLE ACCOUNTS
Kazakhstan	1	ACTIVE
Moldova	1	ACTIVE
Ukraine	1	UNRECOVERABLE ACCOUNTS
Total	112	

Main insights:

High Number of Active Intermediaries:

There is a significant presence of active intermediaries in the Baltic and CIS regions, particularly in Russia, Latvia, Estonia, and Ukraine. Russia stands out with 37 active intermediaries, indicating substantial intermediary activity in these regions, which could significantly impact "Worldwide Company's" credit risk profile, especially in relation to international financial transactions.

Prevalence of Suspended Intermediaries:

A notable number of intermediaries with "SUSPENDED" status are found in Russia (23), Latvia (5), Ukraine (4), and Estonia (2). These intermediaries pose additional risks as suspended operations may indicate regulatory challenges or operational opacity, potentially affecting "Worldwide Company's" operations and reputation.

Intermediaries with "UNRECOVERABLE ACCOUNTS" Status:

Intermediaries with "UNRECOVERABLE ACCOUNTS" status are present in Russia, Estonia, and Ukraine. This status suggests serious financial difficulties, potentially leading to an inability to meet financial obligations. This presents a significant credit risk for "Worldwide Company," as these intermediaries may become unreliable business partners.

Risk Assessment:

Credit and Financial Risk:

Intermediaries with "UNRECOVERABLE ACCOUNTS" and "SUSPENDED" statuses could pose substantial financial risks to "Worldwide Company." These intermediaries may fail to meet their financial obligations, directly impacting the bank's liquidity and profitability.

Operational Risk:

The involvement of active intermediaries in international financial operations could heighten operational risk, particularly if these intermediaries do not fully comply with international regulatory requirements. This could result in significant financial and legal consequences if the bank is not adequately prepared to manage these risks.

Reputational Risk:

Intermediaries with "SUSPENDED" or "UNRECOVERABLE ACCOUNTS" statuses could pose significant reputational risks to "Worldwide Company." These risks are particularly relevant in the context of the Panama Papers leak, which highlighted the global scale of illicit financial activities and triggered

Summary

The entire analysis thoroughly reviewed several key risks that "X Company" may face in light of the Panama Papers leak. The risks analyzed included:

Credit Risk: We assessed companies with a "Defaulted" status, identifying their potential inability to meet financial obligations. This is a critical risk for the credit institution as it can directly impact liquidity and profitability.

Reputational Risk: We identified that connections with offshore jurisdictions, particularly the British Virgin Islands, Panama, and the Bahamas, may pose significant reputational risks. These countries are often associated with illicit financial activities, as revealed by the Panama Papers.

Regulatory Risk: The analysis highlighted entities operating in jurisdictions with weak regulatory environments, which could present regulatory challenges for the credit institution. Greater emphasis should be placed on compliance with international requirements.

Operational Risk: The activities of intermediaries involved in international financial transactions were evaluated as potentially increasing operational risk, especially when their operations do not comply with regulatory standards.

AML/CFT Risk: We assessed the potential risks of money laundering and terrorism financing associated with entities registered in offshore zones that may be used for illegal purposes.

Important Note

During this analysis, it was crucial to ensure data confidentiality and protection. Therefore, the report presents only aggregated and generalized data to safeguard sensitive information about specific individuals, companies, and intermediaries.

Specifically, this means that all figures provided in the analysis are anonymized, and the report does not disclose any names, company names, addresses, relationships, or other identifying details. This practice ensures that data privacy is maintained, and it helps to avoid any potential legal or reputational consequences associated with data disclosure.

However, to conduct a more in-depth analysis or to address specific issues, detailed information about specific companies, their officers, intermediaries, and their activities may be necessary. This information could include:

Company names, legal addresses, and areas of operation.

Names, roles, and responsibilities of officers.

Information about intermediaries, including their roles in financial transactions, their reputation, and their previous activities.

If a deeper analysis is required, or decisions need to be made regarding risk management, I can provide this detailed data, which would allow for a more precise assessment of risks and the implementation of appropriate actions. This additional information could be particularly useful for identifying specific risk factors, assessing potential threats, and planning risk management strategies.

