



Baltic International Bank

BALTIC INTERNATIONAL BANK SE
CONDENSED INTERIM STATEMENT
FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2022



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Report from the Bank's (Group's) Senior Management

The 2nd quarter of 2022 was concluded by Baltic International Bank SE with the following financial results (the Group data in the brackets):

- Assets: 213.29 million euro (214.43 mill. Euro);
- Total equity index: 10.25% (7.38%);
- Liquidity coverage ratio: 146%;

On 30 June 2022 the total amount of the funds of the Bank's clients equals 270 million euro (270 mill. euro) (Annex 1), including the amount of assets under trust of 52 million euro (51 mill. euro). The value of financial instruments serviced by brokers is 59 million euro (59 mill euro).

The high liquidity assets of the Bank (assets with the investment grade rating and claims towards the Bank of Latvia) amounted to 99 million euro (99 mill. euro) or 47% (46 %) of the total assets. Investment in state bonds amounted to 10.90 million euro (10.90 mill. euro) or 5% (5%) of the total assets.

The structure of liquid assets is well diversified. Bonds account for 9%, claims towards credit institutions account for 4%, claims towards the Bank of Latvia account for 82%, cash amounts to 5%.

The Liquidity Coverage Ratio (LCR) was 146%. The Net Stable Funding Ratio (NSFR) describing availability of stable funding for assets and Off-Balance Sheet items has reached 112%.

On 30 June 2022 the Bank's Tier 1 capital ratio amounted to 5.34% (2.43%), and the Bank's Total Capital Ratio was 10.25% (7.38%). On 30 June 2022 the issue of the Bank's shares was successfully completed resulting in increasing the Bank's equity capital by 8 mill. euro. The above capital indices have been calculated excluding 8 mill. euro in Tier 1 equity capital. The authorisation by the Financial and Capital Market Commission is required for including the amount of 8 mill. euro in Tier 1 equity capital.

Baltic International Bank SE has received the Platinum award of the sustainability index of the Institute for Corporate Sustainability and Responsibility for the fourth year in sequence. The Platinum category is awarded to companies that have fully integrated corporate management in their operations and where the responsible persons are assigned on both the level of the Board and the executive level. These companies perform systemic data collection and impact assessment, and their operational reports have a high degree of transparency and involve stakeholders, as well as their published data have been verified by an external auditor.

The Bank has received the evaluation of the program "Family friendly work place" implemented by the Society Integration Fund (SIF). The program "Family friendly work place" is aimed at encouraging development of the culture of the working environment which is emphatic, human, understanding in Latvia and offers both tools for assessment of the current working environment, as well as financial aid for introduction of support measures for employees.

The Bank also continues the work of renovation of Kalēju Quarter in Old Riga and the initiative of the promotion of the Latvian literature and reading "Library".



Members of the consolidation group

No	Company name and registration number	Code of registration state and address	Institution type ¹	Ownership interest (%)	Percentage of voting rights (%)	Rationale behind the inclusion within the group ²
1	Baltic International Bank SE, 40003127883	LV, Kalēju iela 43, Rīga	BNK	100	100	PC
2	SIA "CLAIM MANAGEMENT", 40103681310	LV, Kalēju iela 47-1, Rīga	OFI	100	100	PCS
3	AS "BIB Alternative Investment Management", 40203036638	LV, Kalēju iela 43-4, Rīga	OFI	100	100	PCS
4	SIA "BIB real Estate", 40003868021	LV, Kalēju iela 41, Rīga	OFI	100	100	PCS
5	CREMENTUM CAPITAL SICAV P.L.C., SV502	MT, 16/1 SANDRA FLATS, WINDSOR TERRACE, SLIEMA SLM 1858	OFI	100	100	PCS
6	SIA Augšvoleri, 40103314868	LV, Beķergrāvja iela 5, Rīga	SE	95	95	SCS
7	AS Krēmeri, 40003044223	LV, Beķergrāvja iela 5, Rīga	SE	95	95	SCS
8	SIA Komunikācijas un Projekti, 40003425103	LV, Ieriķu iela 15, Rīga	SE	100	100	PCS
9	TOB "UKRBUDREKONSTUKCIJA BUDIVELNA KOMPANIJA", 44205771	UA, VUL. GRUSEVSKOGO MIHAILA, BUDINOK 1, BROVARY, BROVARSKY RAJ., KYIVSKA OBL	SE	99.998	99.998	PCS

¹ BNK - Bank, OFI - Other Financial Institution, SE - Supporting Enterprise

² PC - Parent Company, PCS - Parent Company Subsidiary company, SCS - Subsidiary Company Subsidiary company

Bank's shareholders

The Bank's registered, subscribed and paid-in share capital totals EUR 56 399 247,60. The total share capital is represented by 7 943 556 shares. All of the shares are dematerialised registered shares. Each share has a par value of EUR 7.10.

Of the Bank's 100 shareholders, 31 are legal entities and 69 are individuals.

Listed below are the shareholders who control more than 10 percent of the paid-in share capital:

- Valeri Belokon: 38.13078%;
- Vilori Belokon: 21.29764%.



Bank's senior management

Supervisory Board (30.06.2022.)

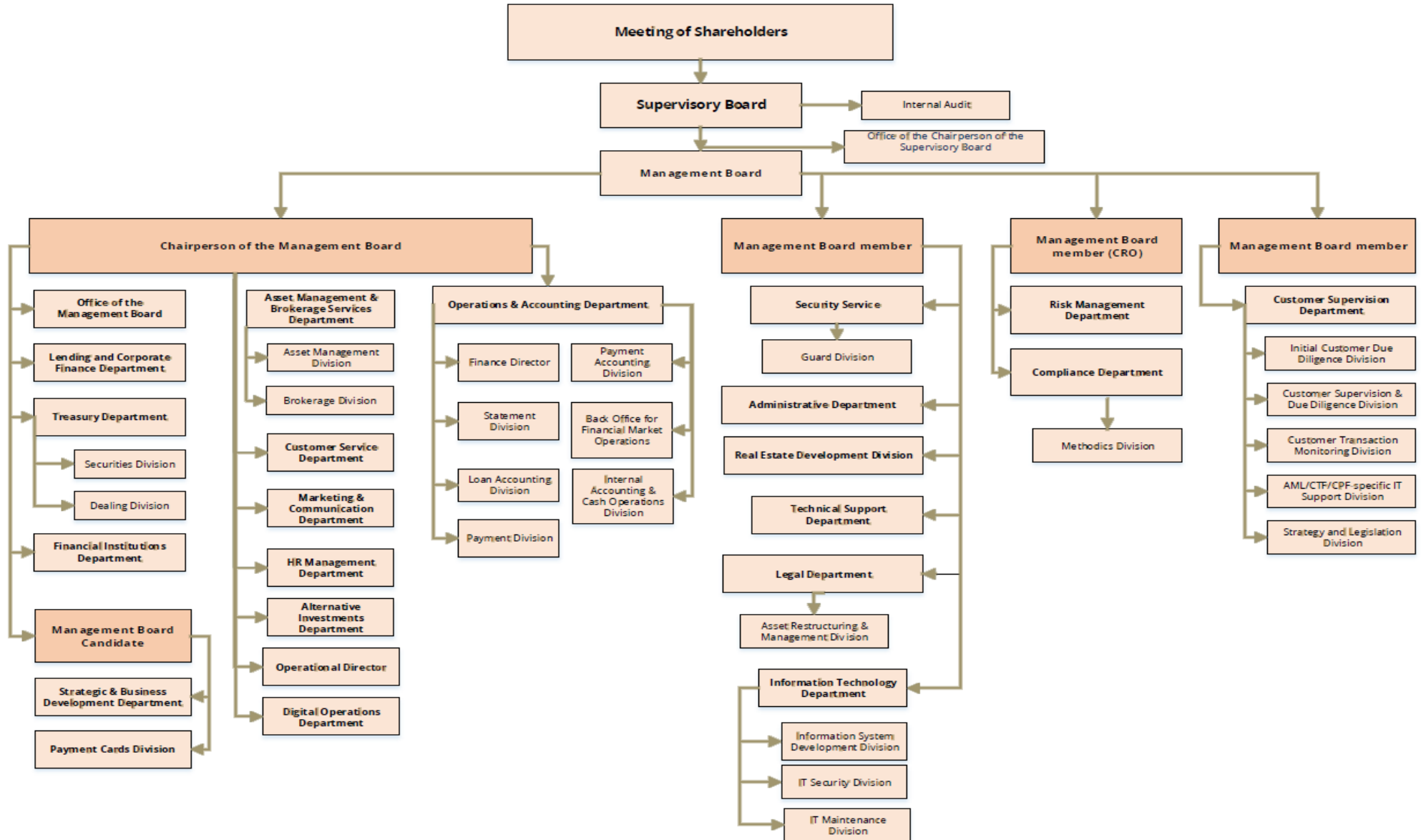
Full name	Position
Valeri Belokon	Chairperson of the Supervisory Board
Ilona Gulchak	Deputy Chairperson of the Supervisory Board
Hans-Friedrich Von Ploetz	Member of the Supervisory Board
Joseph Cofer Black	Member of the Supervisory Board

Management Board (30.06.2022.)

Full name	Position
Viktors Bolbats	Chairperson of the Management Board
Bogdan Andrushchenko	Member of the Management Board
Anda Saukane	Member of the Management Board
Māris Liguts	Member of the Management Board



The organizational structure of the Bank





Bank's operational strategy and operational objectives

Bank's strategy is to provide bespoke services to HNWIs and corporate clients, managing clients' wealth responsibly, and offering excellent top-level personalised service. The banking sector both in Latvia and around the world changing rapidly. To ensure sustainable operations and development in the ever-changing market circumstances, the Bank is focusing on implementation of its *Strategy 2030*.

Strategy based on ESG concept

One of the major **goals** of the *Bank's Strategy 2030* is to become a bank which, together with its clients, through generations, invests in environmentally-friendly and sustainable projects and companies which are dedicated to similar environmental values and which exert a positive long-term impact on the future.

The Bank's operational strategy is based on ESG concept. ESG refers to considering the environmental, social and governance issues. The ESG concept focuses on environmental protection, social responsibility and principles of good governance.

Clients

The Bank's **clients** are individuals for whom socially responsible investment is an integral and essential part of capital allocation decision-making. By seizing Bank-offered opportunities, our clients not only realise their intention to earn money from investing but also positively shape the world around and acquire new experience and knowledge.

The Bank's objective is to maintain geographically diversified client base, to focus more intensely on clients from Europe and Asia and to pinpoint new market segments. We help our clients safeguard and grow their wealth, pass the wealth on to future generations, and create harmonious future environment.

Team

The Bank employ highly professional and competent team of experts to provide personalised services to the clients and ensure safety, security, accessibility and growth of their money. We purposefully enhance our knowledge and expertise and strengthen our competences in environmentally friendly and sustainable investment. Bank's corporate values include knowledge & expertise, confidence, and succession.



Risk management

The information about risk management is available in 2021 Annual Report from page 34 till page 41 on Baltic International Bank SE web page www.bib.eu/en/financial-performance. Since 31 December 2021 there are no any material changes in risk management.

The Bank's performance ratios

Item	30.06.2022 (unaudited)		30.06.2021 (unaudited)	
	Group	Bank	Group	Bank
Return on Equity (ROE) (%)	-30.59	-27.43	-13.00	-9.39
Return on Assets (ROA) (%)	-4.94	-4.59	-1.19	-0.98
Total capital ratio (%)	7.38	10.25	13.69	15.14
Liquidity coverage ratio (%)		146		152
Operational income* (in thousands euro)	3 730	3 483	6 630	6 390

*Operational income = net interest income + net fee and commission income + other income

Annex 1. Total of client funds

	Group	Bank
	EUR'000	EUR'000
Deposits	151 160	151 292
Subordinated liabilities	8 812	8 812
Debt securities in issue	0	0
Financial instruments in brokerage service	58 587	58 587
The assets under management	51 253	51 553
TOTAL of customer funds	269 812	270 244



Income statement

Item	01.01.2022 - 30.06.2022		01.01.2021 - 30.06.2021	
	(unaudited)		(unaudited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income	885	835	1 175	1 171
Interest expense	-720	-645	-667	-654
Dividend income	1	1	1	1
Fee and commission income	3 084	3 083	5 216	5 218
Fee and commission expense	-413	-412	-624	-624
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/-)	-186	-186	-18	-18
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	440	440	1 533	1 533
Gains or (-) losses from hedge accounting, net (+/-)	0	0	0	0
Exchange differences [gain or (-) loss], net (+/-)	-194	-194	-468	-468
Gains or (-) losses on derecognition of non financial assets other than held for sale, net (+/-)	0	0	0	0
Other operating income	833	561	482	231
Other operating Expenses (-)	-272	0	-460	-259
Administrative Expenses (-)	-7 085	-6 610	-6 848	-6 558
Depreciation (-)	-893	-870	-847	-829
Profit / Loss recognized as a result of changes in contractual cash flows of a financial asset (+/-)	0	0	0	0
Provisions or (-) reversal of provisions (-/+)	0	0	0	0
Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss (-/+)	-465	-595	218	278
Negative goodwill recognised in profit or loss	0	0	0	0
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method (+/-)	0	0	47	0
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/-)	0	0	-110	-110
Profit or (-) loss before tax from continuing operations (+/-)	-4 985	-4 592	-1 370	-1 088
Tax Expenses or (-) income related to profit or loss from continuing operations	-6	-6	-19	-19
Profit / Loss for the reporting period (+/-)	-4 991	-4 598	-1 389	-1 107
TOTAL comprehensive loss for the reporting period (+/-)	-4 825	-4 432	-1 438	-1 157



Balance sheet statement

Item	30.06.2022 (unaudited)		31.12.2021 (audited)	
	Group	Bank	Group	Bank
	EUR'000	EUR'000	EUR'000	EUR'000
Cash and due from central banks repayable on demand	88 243	88 243	85 249	85 249
Due from credit institutions repayable on demand	4 900	4 896	3 420	3 419
Financial assets at fair value through profit or loss	6 831	6 831	6 635	6 635
<i>Loans</i>	0	0	0	0
<i>other financial assets</i>	6 831	6 831	6 635	6 635
Financial assets at fair value through other comprehensive income	1 558	1 558	2 303	2 303
Financial assets at amortised cost	40 637	41 230	42 134	42 818
<i>Due from credit institutions</i>	594	594	18	18
<i>Debt securities</i>	9 367	9 367	9 422	9 422
<i>Loans</i>	30 676	31 269	32 694	33 378
Derivatives – Hedge accounting	0	0	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
Investments in subsidiaries, joint ventures and associates	0	5 493	0	5 720
Tangible assets	39 323	34 361	38 728	33 756
Intangible assets	4 059	3 737	4 255	3 934
Tax assets	0	0	0	0
Other assets	26 297	24 361	24 176	21 759
Non-current assets and disposal groups classified as held for sale	2 584	2 584	4 578	4 578
Total assets	214 432	213 294	211 478	210 171
Liabilities to central banks	0	0	0	0
Due to credit institutions repayable on demand	3 790	3 484	1 001	701
Financial liabilities designated at fair value through profit or loss	0	0	52	52
Financial liabilities measured at amortised cost	159 972	160 104	166 782	166 922
<i>Deposits</i>	151 160	151 292	160 927	161 067
<i>Subordinated liabilities</i>	8 812	8 812	5 855	5 855
<i>Debt securities in issue</i>	0	0	0	0
Derivatives – Hedge accounting	0	0	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	0	0	0
Provisions	11	11	52	52
Tax liabilities	0	0	8	8
Other liabilities	17 252	13 595	9 351	5 904
Liabilities included in disposal groups classified as held for sale	0	0	0	0
Total liabilities	181 025	177 194	177 246	173 639
Shareholders' equity	33 407	36 100	34 232	36 532
Total liabilities and shareholders' equity	214 432	213 294	211 478	210 171
Memorandum items				
Contingent liabilities	1 468	1 468	1 604	1 604
Commitments to customers	720	720	1 585	1 585



Overview of own funds and capital ratios¹

No	Item	30.06.2022	
		(unaudited)	
		Group	Bank
		EUR'000	EUR'000
1.	Own funds (1.1.+1.2.)	8 611	12 063
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	2 832	6 284
1.1.1.	Common equity Tier 1 capital (CET1 capital)	2 832	6 284
1.1.2.	Additional Tier 1 capital	0	0
1.2.	Tier 2 capital	5 779	5 779
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	116 636	117 656
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	92 266	93 754
2.2.	Total risk exposure amount for settlement/delivery risk	0	0
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	173	173
2.4.	Total risk exposure amount for operational risk	24 197	23 729
2.5.	Total risk exposure amount for credit valuation adjustment	0	0
2.6.	Total risk exposure amount related to large exposures in the trading book	0	0
2.7.	Other risk exposure amounts	0	0
3.	Capital ratios and capital levels		
3.1.	CET1 capital ratio (1.1.1./2.*100)	2.43	5.34
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	-2 417	989
3.3.	Tier 1 capital ratio (1.1./2.*100)	2.43	5.34
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	-4 167	-776
3.5.	Total capital ratio (1./2.*100)	7.38	10.25
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	-720	2 651
4.	Combined Buffer Requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	2 916	2 941
4.1.	Capital conservation buffer	2 916	2 941
4.2.	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State	0	0
4.3.	Institution specific countercyclical capital buffer	0	0
4.4.	Systemic risk buffer	0	0
4.5.	Other Systemically Important Institution buffer	0	0
5.	Capital ratios due to adjustments		
5.1.	Assets value adjustments applying for the prudential purposes	0	0
5.2.	CET1 capital ratio due to adjustments defined in row No 5.1. (%)	0	0
5.3.	Tier 1 capital ratio due to adjustments defined in row No 5.1. (%)	0	0
5.4.	Total capital ratio due to adjustments defined in row No 5.1. (%)	0	0

¹ On 30 June 2022 the issue of the Bank's shares was successfully completed resulting in increasing the Bank's equity capital by 8 mill. euro. The amount of equity in the Table and the equity ratios are exclusive of the attracted capital. The authorisation by the Financial and Capital Market Commission is required for including the amount of 8 mill. euro in the first tier equity capital. If the Bank (Group) had received the above referred authorisation on the report date, the equity indices would be as follows:

- 1st Tier equity capital ratio = 12.16% (9.30%);
- 1st Tier capital ratio = 12.16% (9.30%);
- Total equity ratio = 17.08% (14.26%).



Liquidity coverage ratio

No	Item	30.06.2022 (unaudited)
		Bank EUR'000
1	Liquidity buffer (in thousands euro)	97 476
2	Net liquidity outflow (in thousands euro)	66 839
3	Liquidity coverage ratio (%)	146%

Annex 2. Securities portfolio

The Bank's securities portfolio breaks down by country:

	30.06.2022 (unaudited)			
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Lithuania	-	-	4 349	4 349
USA	1 960	1 192	-	3 152
Latvia	814	-	5 019	5 833
Germany	3 798	336	-	4 134
Other countries*	36	30	-	66
Total	6 608	1 558	9 368	17 534
Allowances (IFRS 9)	0	0	(1)	(1)
Book value	6 608	1 558	9 367	17 533

* Each country's issuers' total carrying value is less than 10% from own funds

	31.12.2021 (audited)			
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Lithuania	-	1 367	4 389	5 756
Latvia	832	-	5 035	5 867
Germany	3 800	-	-	3 800
Other countries*	2 003	936	-	2 939
Total	6 635	2 303	9 424	18 362
Allowances (IFRS 9)	0	0	(2)	(2)
Book value	6 635	2 303	9 422	18 360

* Each country's issuers' total carrying value is less than 10% from own funds

**Annex 3. Debt securities of central governments**

The Bank's debt securities of central governments break down by country:

	30.06.2022	31.12.2021
	(unaudited)	(audited)
	Carrying value	Carrying value
	EUR'000	EUR'000
Lithuania	4 349	5 756
Latvia	5 019	5 035
Other countries*	336	905
Total	10 896	11 696
Allowances (IFRS 9)	(1)	(1)
Carrying value	10 895	11 695

* Each country's issuers' total carrying value is less than 10% from own funds

The amount of expected credit losses according to IFRS 9 breakdown by the Stages:

	30.06.2022		
	EUR'000		
	Stage 1	Stage 2	Stage 3
Financial assets			
Debt securities	1		
Due from credit institutions	2	20	
Loans	34	100	3 760
Financial guarantees and other commitments	10		