



Baltic International Bank

**BALTIC INTERNATIONAL BANK SE
PUBLICLY AVAILABLE
QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**



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

Baltic International Bank SE closed year 2022 with the following financial results (data on the Group is given in brackets):

- Assets: EUR 139.05 million (EUR 140.39 million);
- Liquidity Coverage Ratio (LCR): 138%;
- The Net Stable Funding Ratio (NSFR): 120%;
- Loss: EUR 26.77 million (EUR 27.12 million).

As of 31 December 2022, the total customer funds in Bank amounted to EUR 218.4 million (EUR 218 million) (Annex 1), including:

- Deposits EUR 108.9 million (EUR 108.8 million);
- Subordinated liabilities EUR 8 million (EUR 8 million);
- Assets under management EUR 45.2 million (EUR 44.9 million);
- The value of financial instruments in brokerage service – EUR 56.3 million (EUR 56.3 million).

As of 31 December 2022, the Bank's Tier 1 Capital Ratio reached EUR 6.03 million (EUR 2.21 million). EUR 8 million raised as a result of the share issue (concluded at the end of June 2022) was not included in Bank's Tier 1 Capital Ratio. As a result, the Total Capital Ratio (TCR) was 5.45% (2.01%).

On 12 December 2022, the Board of the Financial and Capital Market Commission passed a decision to suspend the provision of Bank's financial services and also appointed trustees. The Financial and Capital Market Commission submitted an application to the ECB to cancel Bank's licence. As of the date of publication of this report, the ECB's decision has not yet been taken.



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, BROVARYSKY 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 share capital:

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



Bank's senior management

Supervisory Board (31.12.2022.)

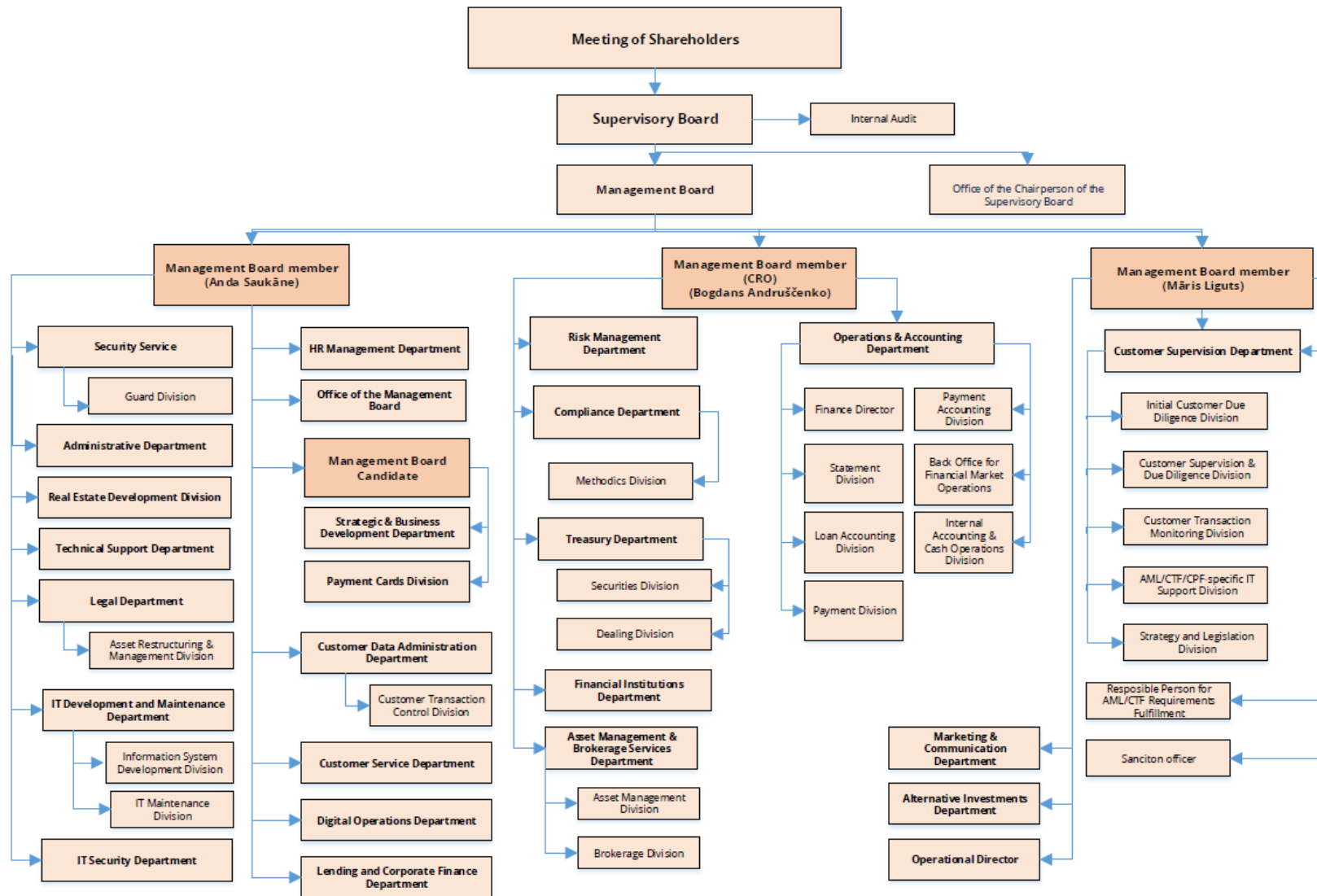
Full name	Position
Valeri Belokon	Chairperson of the Supervisory Board
Ilona Gulchak	Deputy Chairperson of the Supervisory Board
Hans-Friedrich Von Ploetz	Member of the Supervisory Board
Joseph Cofer Black	Member of the Supervisory Board

Management Board (31.12.2022.)

Full name	Position
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	31.12.2022 (unaudited)		31.12.2021 (audited)	
	Group	Bank	Group	Bank
Return on Equity (ROE) (%)	-101.16	-83.86	-21.14	-19.81
Return on Assets (ROA) (%)	-14.65	-14.01	-2.40	-2.29
Total capital ratio (%)	2.01	5.45	15.09	16.51
Liquidity coverage ratio (%)		138		173
Operational income* (in thousands euro)	8 005	6 883	14 357	13 499

*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	108 767	108 896
Subordinated liabilities	7 987	7 987
Debt securities in issue	0	0
Financial instruments in brokerage service	56 293	56 293
The assets under management	44 939	45 239
TOTAL of customer funds	217 986	218 415



Profit and Loss Statement

Item	01.01.2022 - 31.12.2022		01.01.2021 - 31.12.2021	
	(unaudited)		(audited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income	1 549	1 560	2 227	2 207
Interest expense	-1 148	-1 085	-1 474	-1 297
Dividend income	20	20	4	4
Fee and commission income	6 008	6 009	11 168	11 171
Fee and commission expense	-845	-843	-2 553	-2 552
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/-)	-187	-187	0	0
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	724	724	4 085	4 085
Gains or (-) losses from hedge accounting, net (+/-)	0	0	0	0
Exchange differences [gain or (-) loss], net (+/-)	-287	-287	-621	-621
Gains or (-) losses on derecognition of non financial assets other than held for sale, net (+/-)	0	0	0	0
Other operating income	2 171	972	1 521	502
Other operating Expenses (-)	-3 830	-3 441	-718	-608
Administrative Expenses (-)	-15 992	-14 595	-16 505	-15 687
Depreciation (-)	-1 825	-1 777	-1 814	-1 668
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 (-/+)	-13 456	-13 819	-480	-466
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	0	0
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/-)	0	0	-120	-120
Profit or (-) loss before tax from continuing operations (+/-)	-27 098	-26 749	-5 280	-5 050
Tax Expenses or (-) income related to profit or loss from continuing operations	-24	-24	-41	-41
Profit / Loss for the reporting period (+/-)	-27 122	-26 773	-5 321	-5 091
TOTAL comprehensive loss for the reporting period (+/-)	-26 949	-26 600	-5 440	-5 210



Balance sheet statement

Item	31.12.2022 (unaudited)		31.12.2021 (audited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Cash and due from central banks repayable on demand	39 331	39 331	85 249	85 249
Due from credit institutions repayable on demand	5 405	5 403	3 420	3 419
Financial assets at fair value through profit or loss	3 121	3 121	6 635	6 635
<i>Loans</i>	0	0	0	0
<i>other financial assets</i>	3 121	3 121	6 635	6 635
Financial assets at fair value through other comprehensive income	36	36	2 303	2 303
Financial assets at amortised cost	30 169	30 638	42 134	42 818
<i>Due from credit institutions</i>	19	19	18	18
<i>Debt securities</i>	9 361	9 361	9 422	9 422
<i>Loans</i>	20 789	21 258	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	40 927	35 979	38 728	33 756
Intangible assets	3 945	3 624	4 255	3 934
Tax assets	0	0	0	0
Other assets	14 940	12 909	24 176	21 759
Non-current assets and disposal groups classified as held for sale	2 517	2 517	4 578	4 578
Total assets	140 391	139 051	211 478	210 171
Liabilities to central banks	0	0	0	0
Due to credit institutions repayable on demand	3 806	3 489	1 001	701
Financial liabilities designated at fair value through profit or loss	88	88	52	52
Financial liabilities measured at amortised cost	116 754	116 883	166 782	166 922
<i>Deposits</i>	108 767	108 896	160 927	161 067
<i>Subordinated liabilities</i>	7 987	7 987	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	7	7	52	52
Tax liabilities	3	3	8	8
Other liabilities	8 451	4 650	9 351	5 904
Liabilities included in disposal groups classified as held for sale	0	0	0	0
Total liabilities	129 109	125 120	177 246	173 639
Shareholders' equity	11 282	13 931	34 232	36 532
Total liabilities and shareholders' equity	140 391	139 051	211 478	210 171
Memorandum items				
Contingent liabilities	1 327	1 327	1 604	1 604
Commitments to customers	266	266	1 585	1 585



Overview of own funds and capital ratios

No	Item	31.12.2022 (unaudited)	
		Group EUR'000	Bank EUR'000
1.	Own funds (1.1.+1.2.)	2 211	6 028
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	-3 789	28
1.1.1.	Common equity Tier 1 capital (CET1 capital)	-3 789	28
1.1.2.	Additional Tier 1 capital	0	0
1.2.	Tier 2 capital	6 000	6 000
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	110 122	110 581
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	80 236	81 541
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	11 951	11 951
2.4.	Total risk exposure amount for operational risk	17 935	17 089
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)	-3.44	0.03
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	-8 744	-4 948
3.3.	Tier 1 capital ratio (1.1./2.*100)	-3.44	0.03
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	-10 396	-6 607
3.5.	Total capital ratio (1./2.*100)	2.01	5.45
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	-6 599	-2 819
4.	Combined Buffer Requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	2 753	2 815
4.1.	Capital conservation buffer	2 753	2 765
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	50
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



Liquidity coverage ratio

No	Item	31.12.2022 (unaudited)	
		Bank EUR'000	
1	Liquidity buffer (in thousands euro)	46 990	
2	Net liquidity outflow (in thousands euro)	34 152	
3	Liquidity coverage ratio (%)	138%	

Annex 2. Securities portfolio

The Bank's securities portfolio breaks down by country:

	31.12.2022 (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	-	-	4 348	4 348
USA	1 971	-	-	1 971
Latvia	618	-	5 015	5 633
Other countries*	-	-	-	0
	415	36	-	451
Total	3 004	36	9 363	12 403
Allowances (IFRS 9)	0	0	(2)	(2)
Book value	3 004	36	9 361	12 401

* 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:

	31.12.2022 (unaudited) Carrying value EUR'000	31.12.2021 (audited) Carrying value EUR'000
Lithuania	4 348	5 756
Latvia	5 015	5 035
Other countries*	0	905
Total	9 363	11 696
Allowances (IFRS 9)	(2)	(1)
Carrying value	9 361	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:

Financial assets	31.12.2022 EUR'000		
	Stage 1	Stage 2	Stage 3
Debt securities	2		
Due from credit institutions	2	5	
Loans	13	247	7 730
Financial guarantees and other commitments	5	1	