



Baltic International Bank

**BALTIC INTERNATIONAL BANK SE**  
**CONDENSED ANNUAL REPORT**  
**FOR THE PERIOD**  
**ENDED 31 DECEMBER 2021**



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

In Q4 2021, Baltic International Bank SE (hereinafter referred to as the Bank) continued its operations in accordance with the strategy chosen by the Bank, proving itself as a significant player in the Latvian financial sector, closing the year with a profit of EUR 870 thousand, and maintaining a high Liquidity Coverage Ratio at 178% and a high Capital Adequacy Ratio at 16.91%.

Baltic International Bank SE closed Q4 2021 with the following results (data on the Group is given in brackets):

- Assets: EUR 210.80 million (EUR 212.68 million);
- Total Capital Ratio (TCR): 16.91% (15.32%);
- Liquidity Coverage Ratio (LCR): 178%;
- Profit: EUR 870 thousand (EUR 1.30 million).

By issuing shares, Baltic International Bank SE attracted three new shareholders that led to an increase in the Bank's capital by EUR 12 million. All of the emitted shares have been paid for. The attraction of foreign capital has strengthened the capital of the Bank. The plan now is to develop services in Latvia and EU. The increased capital is a tool for expansion into new markets. If necessary, additional capital will be sought so that the Bank can become an important player in international markets. Of importance for long-term development is the ability of the Bank to obtain not just capital, but also the experience, competence and knowledge of new investors.

Evaluating the performance in the previous year, Viktors Bolbats, Chairperson of the Management Board of the Bank, points out: "I am pleased that the Bank closed 2021 with a profit of EUR 870 thousand. It is essential that last year the Bank attracted foreign investors to the issue of shares, which is a rare and special event in the Latvian banking sector. It confirms the high appreciation of the Bank's operations to date, as well as opens up an opportunity for the Bank to operate in new regions and develop financial services in target markets in the future. It is important that at a time when the Latvian economy is facing various challenges as a result of the pandemic, the attracted foreign capital sends out an essential signal about the interest of foreign investors in Latvia and Latvian companies as potentially competitive on a global scale. In turn, the capital raised by the Bank provides an opportunity to support business development both in Latvia and outside."

As of 31 December 2021, the total customer funds in the Bank amounted to EUR 296 million (EUR 295 million) (Annex 1) and assets under management reached EUR 49 million (EUR 49 million). The value of financial instruments in brokerage service was EUR 80 million (EUR 80 million).

The Bank's high-quality liquid assets (assets carrying investment-grade credit rating and claims on the Bank of Latvia) totalled EUR 94 million (EUR 94 million) or 45% (44%) of the total assets. Investments in government bonds amounted to EUR 11.70 million (EUR 11.70 million) or 6% (6%) of the total assets.

The Bank maintains a well-diversified structure of liquid assets represented by bonds (12%), claims on credit institutions (3%), claims on the Bank of Latvia (80%) and cash (5%).

The Liquidity Coverage Ratio (LCR) was 178%. The Net Stable Funding Ratio (NSFR), characterising the availability of a stable funding profile in relation to the composition of assets and off-balance sheet activities, reached 130%.

The Bank's Tier 1 Capital Ratio reached 14.68% (13.09%) as of 31 December 2020, while the Total Capital Ratio (TCR) was 16.91% (15.32%).

As of 31 December 2020, the Bank's own funds totalled EUR 21.76 million (EUR 19.72 million).

Referring to Article 473a (9) of Regulation No 575/2013, we inform you that Baltic International Bank SE has decided to amend its initial decision regarding the application of the IFRS 9 transitional arrangements under Article 473a (notifying the Commission by letter No 13-01/267 of 31 January 2018), taking a decision to no longer apply the IFRS 9 transitional arrangements from 31 December 2021.

In Q4 2021, the Bank issued shares to attract EUR 12 million in equity capital.

In Q4 2021, the Bank started its participation in the instant payment service of the Bank of Latvia, becoming the seventh bank in Latvia to join the pan-European instant payment settlement system or SEPA Instant Credit Transfer scheme.

Baltic International Bank SE's rating was affirmed at BBB+ with neutral outlook for its financial crime compliance.

In Q4 2021, the Bank's ESG (Environmental. Social. Governance.) Report was published

In Q4 last year, the Bank continued work within the project Bibliotēka (Library) aimed at promoting reading and carried on with the reconstruction of the Kalēju Quarter in Old Riga.



## Members of the consolidation group

No	Company name and registration number	Code of registration state and address	Institution type <sup>1</sup>	Ownership interest (%)	Percentage of voting rights (%)	Rationale behind the inclusion within the group <sup>2</sup>
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

<sup>1</sup> BNK - Bank, OFI - Other Financial Institution, SE - Supporting Enterprise

<sup>2</sup> 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 48 399 230,30. The total share capital is represented by 6 816 793 shares. All of the shares are dematerialised registered shares carrying identical voting rights. Each share has a par value of EUR 7.10.

Of the Bank's 97 shareholders, 29 are legal entities and 68 are individuals.

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

- Valeri Belokon: 44.43347%;
- Vilori Belokon: 24.81798%.



## Bank's senior management

### Supervisory Board (31.12.2021.)

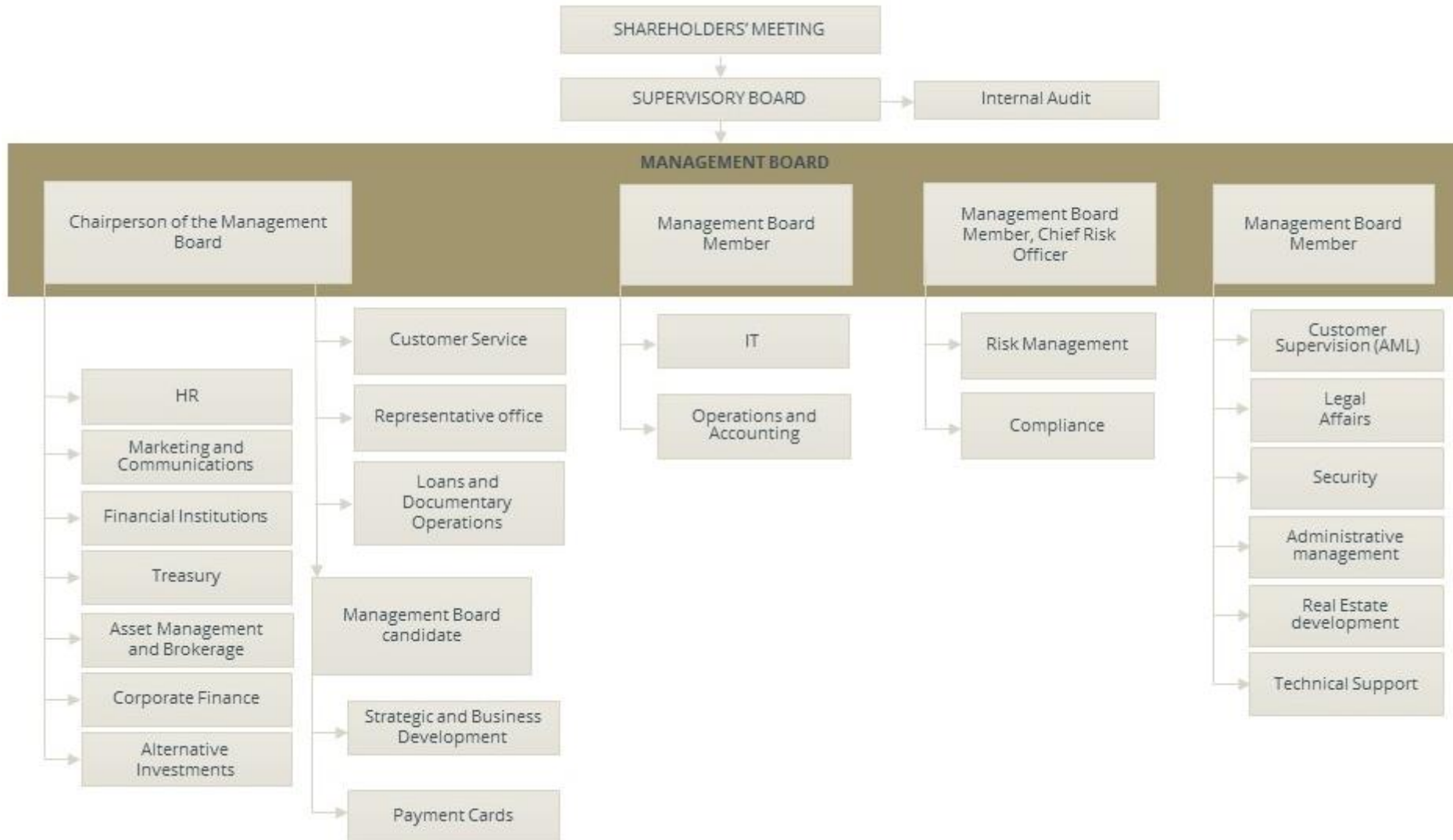
Full name	Position
Valeri Belokon	Chairperson of the Supervisory Board
Ilona Gulchak	Deputy Chairperson of the Supervisory Board
Hans-Friedrich Von Ploetz	Member of the Supervisory Board
Joseph Cofer Black	Member of the Supervisory Board

### Management Board (31.12.2021.)

Full name	Position
Viktors Bolbats	Chairperson of the Management Board
Bogdan Andrushchenko	Member of the Management Board
Anda Saukane	Member of the Management Board
Edgars Vojskis	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 2020 Annual Report from page 35 till page 43 on Baltic International Bank SE web page [www.bib.eu/en/financial-performance](http://www.bib.eu/en/financial-performance). Since 31 December 2020 there are no any material changes in risk management.

## The Bank's performance ratios

Item	31.12.2021 (unaudited)		31.12.2020 (audited)	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Return on Equity (ROE) (%)	5.03	3.36	-13.59	-5.15
Return on Assets (ROA) (%)	0.58	0.39	-1.45	-0.55
Total capital ratio (%)	15.32	16.91	14.92	16.43
Liquidity coverage ratio (%)		178		148
Operational income* (in thousands euro)	18 435	17 522	13 123	13 391

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

## Annex 1. Total of client funds

	<b>Group</b>	<b>Bank</b>
	EUR'000	EUR'000
Deposits	160 927	161 067
Subordinated liabilities	5 855	5 855
Debt securities in issue	0	0
Financial instruments in brokerage service	79 518	79 518
The assets under management	48 996	49 296
<b>TOTAL of customer funds</b>	<b>295 296</b>	<b>295 736</b>





## Income statement

Item	01.01.2021 - 31.12.2021		01.01.2020 - 31.12.2020	
	(unaudited)		(audited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income	2 230	2 207	2 378	2 373
Interest expense	-1 315	-1 288	-1 417	-1 406
Dividend income	4	4	0	0
Fee and commission income	11 168	11 170	8 811	8 811
Fee and commission expense	-2 553	-2 553	-1 537	-1 533
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/-)	0	0	383	383
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	4 104	4 104	-2 031	-523
Gains or (-) losses from hedge accounting, net (+/-)	0	0	0	0
Exchange differences [gain or (-) loss], net (+/-)	-621	-621	4 490	4 490
Gains or (-) losses on derecognition of non financial assets other than held for sale, net (+/-)	0	0	0	0
Other operating income	5 418	4 499	2 046	796
Other operating Expenses (-)	-615	-466	-536	-392
Administrative Expenses (-)	-14 699	-13 884	-13 797	-13 716
Depreciation (-)	-1 719	-1 667	-1 530	-1 526
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 (-/+)	-480	-466	-324	1 101
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 (+/-)	546	0	0	0
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/-)	-120	-120	0	0
<b>Profit or (-) loss before tax from continuing operations (+/-)</b>	<b>1 348</b>	<b>919</b>	<b>-3 064</b>	<b>-1 142</b>
Tax Expenses or (-) income related to profit or loss from continuing operations	-49	-49	-31	-31
<b>Profit / Loss for the reporting period (+/-)</b>	<b>1 299</b>	<b>870</b>	<b>-3 095</b>	<b>-1 173</b>
TOTAL comprehensive loss for the reporting period (+/-)	1 168	738	-84	1 837



## Consolidated statement of financial position

Item	31.12.2021 (unaudited)		31.12.2020 (audited)	
	Group	Bank	Group	Bank
	EUR'000	EUR'000	EUR'000	EUR'000
Cash and due from central banks repayable on demand	85 249	85 249	89 974	89 974
Due from credit institutions repayable on demand	3 420	3 419	3 999	3 996
Financial assets at fair value through profit or loss	7 194	7 194	9 686	9 686
<i>Loans</i>	0	0	0	0
<i>other financial assets</i>	7 194	7 194	9 686	9 686
Financial assets at fair value through other comprehensive income	2 303	2 303	2 660	2 660
Financial assets at amortised cost	42 134	42 818	53 289	54 794
<i>Due from credit institutions</i>	18	18	766	766
<i>Debt securities</i>	9 422	9 422	17 552	17 552
<i>Loans</i>	32 694	33 378	34 971	36 476
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	5 720	0	4 121
Tangible assets	39 384	33 756	36 875	33 243
Intangible assets	4 255	3 934	4 083	4 083
Tax assets	0	0	0	0
Other assets	24 165	21 824	15 424	11 963
Non-current assets and disposal groups classified as held for sale	4 578	4 578	2 674	2 326
<b>Total assets</b>	<b>212 682</b>	<b>210 795</b>	<b>218 664</b>	<b>216 846</b>
Liabilities to central banks	0	0	0	0
Due to credit institutions repayable on demand	1 001	701	4 614	4 614
Financial liabilities designated at fair value through profit or loss	52	52	224	224
Financial liabilities measured at amortised cost	166 782	166 922	182 170	182 313
<i>Deposits</i>	160 927	161 067	176 694	176 837
<i>Subordinated liabilities</i>	5 855	5 855	5 476	5 476
<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	52	52	60	62
Tax liabilities	16	16	14	14
Other liabilities	7 897	4 559	8 911	4 877
Liabilities included in disposal groups classified as held for sale	0	0	0	0
<b>Total liabilities</b>	<b>175 800</b>	<b>172 302</b>	<b>195 993</b>	<b>192 104</b>
<b>Shareholders' equity</b>	<b>36 882</b>	<b>38 493</b>	<b>22 671</b>	<b>24 742</b>
<b>Total liabilities and shareholders' equity</b>	<b>212 682</b>	<b>210 795</b>	<b>218 664</b>	<b>216 846</b>
<b>Memorandum items</b>				
Contingent liabilities	1 604	1 604	1 400	1 400
Commitments to customers	1 585	1 585	5 575	5 604



## Overview of own funds and capital ratios

No	Item	31.12.2021	
		(unaudited)	
		Group	Bank
		EUR'000	EUR'000
<b>1.</b>	<b>Own funds (1.1.+1.2.)</b>	<b>19 717</b>	<b>21 760</b>
<b>1.1.</b>	<b>Tier 1 capital (1.1.1.+1.1.2.)</b>	<b>16 846</b>	<b>18 889</b>
1.1.1.	Common equity Tier 1 capital (CET1 capital)	16 846	18 889
1.1.2.	Additional Tier 1 capital	0	0
<b>1.2.</b>	<b>Tier 2 capital</b>	<b>2 871</b>	<b>2 871</b>
<b>2.</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>128 676</b>	<b>128 648</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	101 619	102 068
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	0	0
2.4.	Total risk exposure amount for operational risk	26 809	26 332
2.5.	Total risk exposure amount for credit valuation adjustment	248	248
2.6.	Total risk exposure amount related to large exposures in the trading book	0	0
2.7.	Other risk exposure amounts	0	0
<b>3.</b>	<b>Capital ratios and capital levels</b>		
3.1.	CET1 capital ratio (1.1.1./2.*100)	13.09	14.68
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	11 056	13 101
3.3.	Tier 1 capital ratio (1.1./2.*100)	13.09	14.68
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	9 126	11 171
3.5.	Total capital ratio (1./2.*100)	15.32	16.91
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	9 423	11 469
<b>4.</b>	<b>Combined Buffer Requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>3 217</b>	<b>3 216</b>
4.1.	Capital conservation buffer	3 217	3 216
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
<b>5.</b>	<b>Capital ratios due to adjustments</b>		
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	<b>31.12.2021</b> (unaudited)
		<b>Bank</b> EUR'000
1	Liquidity buffer (in thousands euro)	95 352
2	Net liquidity outflow (in thousands euro)	53 673
3	Liquidity coverage ratio (%)	178%

## Annex 2. Securities portfolio

The Bank's securities portfolio breaks down by country:

	<b>31.12.2021</b> (unaudited)			
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	<b>Total</b>
	EUR'000	EUR'000	EUR'000	<b>EUR'000</b>
Lithuania	-	1 367	4 389	<b>5 756</b>
Latvia	851	-	5 035	<b>5 886</b>
Germany	3 800	-	-	<b>3 800</b>
Other countries*	2 543	936	-	<b>3 479</b>
<b>Total</b>	<b>7 194</b>	<b>2 303</b>	<b>9 424</b>	<b>18 921</b>
Allowances ( IFRS 9 )	0	0	(2)	<b>(2)</b>
<b>Book value</b>	<b>7 194</b>	<b>2 303</b>	<b>9 422</b>	<b>18 919</b>

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

	<b>31.12.2020</b> (audited)			
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	<b>Total</b>
	EUR'000	EUR'000	EUR'000	<b>EUR'000</b>
Lithuania	3 260	1 340	6 513	<b>11 113</b>
Latvia	959	418	8 776	<b>10 153</b>
Germany	3 755	-	-	<b>3 755</b>
Other countries*	1 674	903	2 267	<b>4 844</b>
<b>Total</b>	<b>9 648</b>	<b>2 661</b>	<b>17 556</b>	<b>29 865</b>
Allowances ( IFRS 9 )	(1)	(1)	(4)	<b>(6)</b>
<b>Book value</b>	<b>9 647</b>	<b>2 660</b>	<b>17 552</b>	<b>29 859</b>

\* 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:

	<b>31.12.2021</b> (unaudited) Carrying value EUR'000	<b>31.12.2020</b> (audited) Carrying value EUR'000
Lithuania	5 756	11 113
Latvia	5 035	9 194
Other countries*	905	2 554
<b>Total</b>	<b>11 696</b>	<b>22 861</b>
Allowances ( IFRS 9 )	(1)	(5)
<b>Carrying value</b>	<b>11 695</b>	<b>22 856</b>

\* 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	<b>31.12.2021</b> EUR'000		
	Stage 1	Stage 2	Stage 3
Debt securities	2		
Due from credit institutions	2	11	
Loans	31	273	7 226
Financial guarantees and other commitments	11	38	3