



Baltic International Bank

BALTIC INTERNATIONAL BANK SE
CONDENSED INTERIM STATEMENT
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2022



Content

Report from the Bank's (Group's) Senior Management	3
Members of the consolidation group	4
Bank's shareholders	4
Bank's senior management	5
The organizational structure of the Bank	6
Bank's operational strategy and operational objectives	7
Risk management	8
The Bank's performance ratios	8
Annex 1. Total of client funds	8
Income statement	9
Balance sheet statement	10
Overview of own funds and capital ratios	11
Liquidity coverage ratio	12
Annex 2. Securities portfolio	12
Annex 3. Debt securities of central governments	13



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

Baltic International Bank SE closed Q1 2022 with the following financial results (data on the Group is given in brackets):

- Assets: EUR 188.27 million (EUR 189.40 million);
- Total Capital Ratio (TCR): 17.49% (15.51%);
- Liquidity Coverage Ratio (LCR): 149%;

As of 31 March 2022, the total customer funds in Bank amounted to EUR 258 million (EUR 257 million) (Annex 1) and assets under management reached EUR 50 million (EUR 49 million). The value of financial instruments in brokerage service was EUR 66 million (EUR 66 million).

Bank's high-quality liquid assets (assets carrying investment-grade credit rating and claims on the Bank of Latvia) totalled EUR 73 million (EUR 73 million) or 39% (39%) of the total assets. Investments in government bonds amounted to EUR 9.73 million (EUR 9.73 million) or 5% (5%) of the total assets.

Bank maintains a well-diversified structure of liquid assets represented by bonds (12%), claims on credit institutions (7%), claims on the Bank of Latvia (75%) and cash (6%).

The Liquidity Coverage Ratio (LCR) was 149%. 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 116%.

Bank's Tier 1 Capital Ratio reached 12.81% (10.81%) as of 31 March 2022, while the Total Capital Ratio (TCR) was 17.49% (15.51%).

As of 31 March 2022, Bank's own funds totalled EUR 21.89 million (EUR 19.31 million).

Continuing the digital development of Bank's services, Bank has implemented a CRM system (Customer Relationship Management System), which is integrated into all major systems of Bank and is now the primary customer service system, which makes customer service processes faster and more efficient.

Bank has also strengthened its senior management team by adding a new member to the Management Board, Māris Liguts, who is in charge of money laundering, financing of terrorism and proliferation financing risk management (AML/CFT/CPF) in Bank.

Reconstruction of the Kalēju Quarter in Old Riga continues. Bibliotēka (Library), a project aimed at promoting Latvian literature and reading, is actively moving forwards and a competition for young writers was organised as part of the project. During a special awards event held at the National Library of Latvia, the main winner of the competition, Toms Deimonds Barvidis, was determined following the evaluation by the jury, and other finalists of the competition were honoured.



Members of the consolidation group

№	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 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 (31.03.2022.)

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

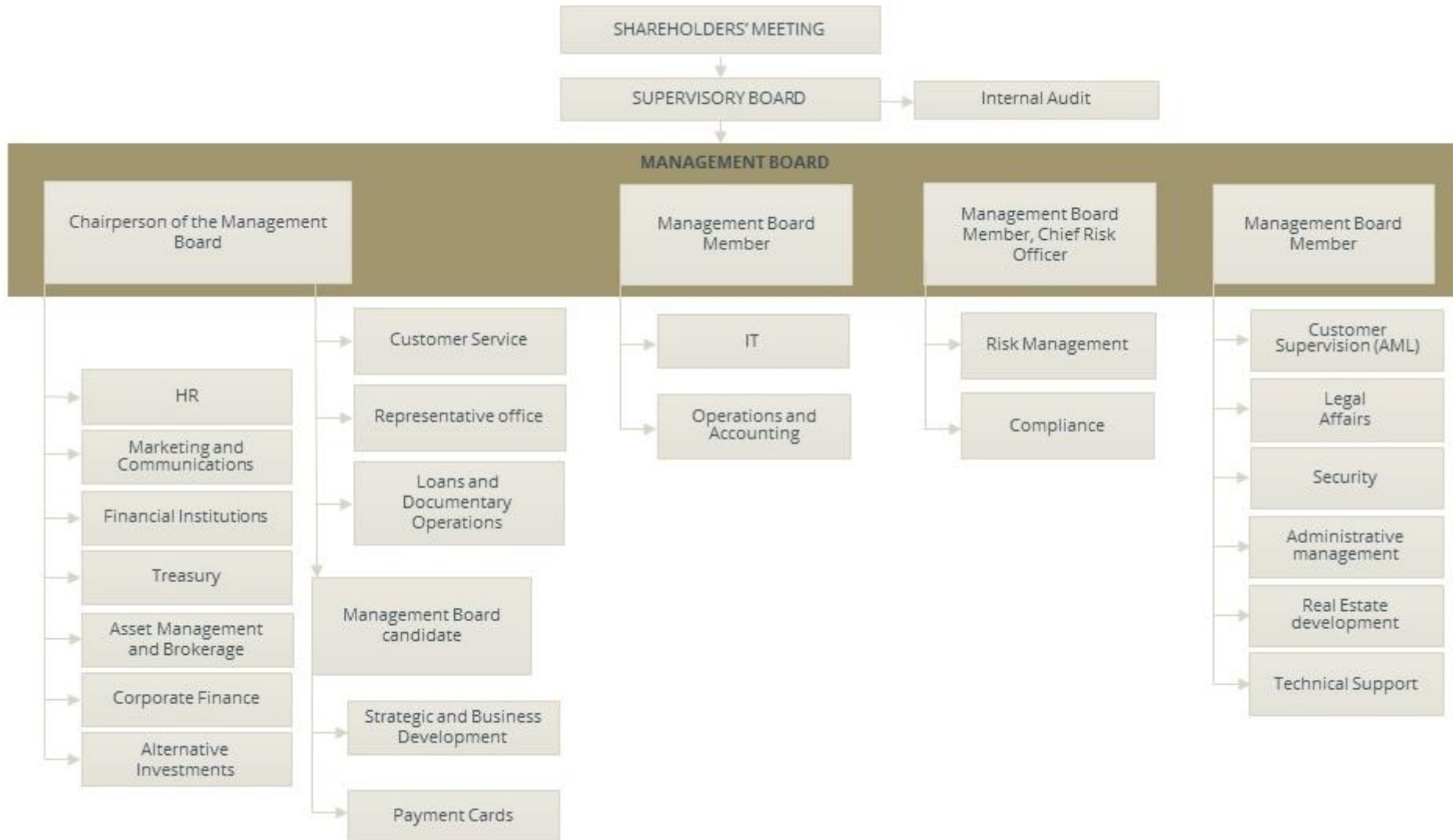
Management Board (31.03.2022.)

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

*At the end of the reporting period, the Management Board underwent change upon the resignation of its member Edgars Vojskis with effect from 22 April 2022.



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	31.03.2022 (unaudited)		31.03.2021 (unaudited)	
	Group	Bank	Group	Bank
Return on Equity (ROE) (%)	-32.07	-25.43	-21.35	-13.73
Return on Assets (ROA) (%)	-5.39	-4.63	-1.96	-1.46
Total capital ratio (%)	15.51	17.49	13.60	15.08
Liquidity coverage ratio (%)		149		153
Operational income* (in thousands euro)	1 774	1 676	2 996	2 889

*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	133 179	133 317
Subordinated liabilities	8 825	8 825
Debt securities in issue	0	0
Financial instruments in brokerage service	65 932	65 932
The assets under management	49 368	49 668
TOTAL of customer funds	257 304	257 742



Income statement

Item	01.01.2022 - 31.03.2022		01.01.2021 - 31.03.2021	
	(unaudited)		(unaudited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income	433	406	607	628
Interest expense	-314	-292	-349	-332
Dividend income	1	1	0	0
Fee and commission income	1 265	1 265	2 106	2 107
Fee and commission expense	-245	-244	-170	-170
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/-)	-186	-186	0	0
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	393	393	1 896	1 896
Gains or (-) losses from hedge accounting, net (+/-)	0	0	0	0
Exchange differences [gain or (-) loss], net (+/-)	-33	-33	-1 296	-1 296
Gains or (-) losses on derecognition of non financial assets other than held for sale, net (+/-)	0	0	0	0
Other operating income	460	366	202	56
Other operating Expenses (-)	-231	0	-498	-285
Administrative Expenses (-)	-3 213	-3 029	-3 471	-3 313
Depreciation (-)	-444	-433	-428	-417
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 (-/+)	-438	-483	308	359
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	-51	-51
Profit or (-) loss before tax from continuing operations (+/-)	-2 552	-2 269	-1 144	-818
Tax Expenses or (-) income related to profit or loss from continuing operations	-1	-1	-3	-3
Profit / Loss for the reporting period (+/-)	-2 553	-2 270	-1 147	-821
TOTAL comprehensive loss for the reporting period (+/-)	-2 387	-2 104	-1 185	-859



Balance sheet statement

Item	31.03.2022		31.12.2021	
	(unaudited)		(audited)	
	Group	Bank	Group	Bank
	EUR'000	EUR'000	EUR'000	EUR'000
Cash and due from central banks repayable on demand	63 180	63 180	85 249	85 249
Due from credit institutions repayable on demand	5 536	5 535	3 420	3 419
Financial assets at fair value through profit or loss	6 735	6 735	6 635	6 635
<i>Loans</i>	0	0	0	0
<i>other financial assets</i>	6 735	6 735	6 635	6 635
Financial assets at fair value through other comprehensive income	345	345	2 303	2 303
Financial assets at amortised cost	42 180	42 846	42 134	42 818
<i>Due from credit institutions</i>	1 218	1 218	18	18
<i>Debt securities</i>	9 419	9 419	9 422	9 422
<i>Loans</i>	31 543	32 209	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	38 828	33 858	38 728	33 756
Intangible assets	4 163	3 841	4 255	3 934
Tax assets	0	0	0	0
Other assets	25 847	23 850	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	189 398	188 267	211 478	210 171
Liabilities to central banks	0	0	0	0
Due to credit institutions repayable on demand	1 303	1 002	1 001	701
Financial liabilities designated at fair value through profit or loss	30	30	52	52
Financial liabilities measured at amortised cost	142 004	142 142	166 782	166 922
<i>Deposits</i>	133 179	133 317	160 927	161 067
<i>Subordinated liabilities</i>	8 825	8 825	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	14 206	10 654	9 351	5 904
Liabilities included in disposal groups classified as held for sale	0	0	0	0
Total liabilities	157 554	153 839	177 246	173 639
Shareholders' equity	31 844	34 428	34 232	36 532
Total liabilities and shareholders' equity	189 398	188 267	211 478	210 171
Memorandum items				
Contingent liabilities	1 395	1 395	1 604	1 604
Commitments to customers	1 317	1 317	1 585	1 585



Overview of own funds and capital ratios

No	Item	31.03.2022	
		(unaudited)	
		Group	Bank
		EUR'000	EUR'000
1.	Own funds (1.1.+1.2.)	19 307	21 890
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	13 448	16 031
1.1.1.	Common equity Tier 1 capital (CET1 capital)	13 448	16 031
1.1.2.	Additional Tier 1 capital	0	0
1.2.	Tier 2 capital	5 859	5 859
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	124 446	125 175
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	100 249	101 446
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	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)	10.81	12.81
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	7 848	10 399
3.3.	Tier 1 capital ratio (1.1./2.*100)	10.81	12.81
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	5 982	8 521
3.5.	Total capital ratio (1./2.*100)	15.51	17.49
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	9 351	11 876
4.	Combined Buffer Requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	3 111	3 129
4.1.	Capital conservation buffer	3 111	3 129
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



Liquidity coverage ratio

No	Item	31.03.2022 (unaudited)
		Bank EUR'000
1	Liquidity buffer (in thousands euro)	71 337
2	Net liquidity outflow (in thousands euro)	47 955
3	Liquidity coverage ratio (%)	149%

Annex 2. Securities portfolio

The Bank's securities portfolio breaks down by country:

	31.03.2022 (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	-	-	4 388	4 388
USA	2 064	314	-	2 378
Latvia	835	-	5 033	5 868
Germany	3 799	-	-	3 799
Other countries*	37	31	-	68
Total	6 735	345	9 421	16 501
Allowances (IFRS 9)	0	0	(2)	(2)
Book value	6 735	345	9 419	16 499

* 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:

	31.03.2022	31.12.2021
	(unaudited)	(audited)
	Carrying value	Carrying value
	EUR'000	EUR'000
Lithuania	4 388	5 756
Latvia	5 033	5 035
Other countries*	0	905
Total	9 735	11 696
Allowances (IFRS 9)	(1)	(1)
Carrying value	9 734	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	31.03.2022		
	EUR'000		
	Stage 1	Stage 2	Stage 3
Debt securities	2		
Due from credit institutions	2	93	
Loans	41	204	3 945
Financial guarantees and other commitments	10	1	