



Baltic International Bank

BALTIC INTERNATIONAL BANK SE
CONDENSED INTERIM STATEMENT
FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2022



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

Baltic International Bank SE closed Q3 2022 with the following financial results (data on the Group is given in brackets):

- Assets: EUR 195.29 million (EUR 196.43 million)
- Total Capital Ratio (TCR): 8.39% (5.13%)
- Liquidity Coverage Ratio (LCR): 171%

As of 30 September 2022, the total customer funds in Bank amounted to EUR 266 million (EUR 265 million) (Annex 1) and assets under management reached EUR 52.74 million (EUR 52.44 million). The value of financial instruments in brokerage service was EUR 61 million (EUR 61 million).

Bank's high-quality liquid assets (assets carrying investment-grade credit rating and claims on the Bank of Latvia) totalled EUR 86 million (EUR 86 million) or 44% (44%) of the total assets. Investments in government bonds amounted to EUR 9.37 million (EUR 9.37 million) or 5% (5%) of the total assets.

Bank maintains a well-diversified structure of liquid assets represented by bonds (10%), claims on credit institutions (3%), claims on the Bank of Latvia (83%) and cash (4%).

The Liquidity Coverage Ratio (LCR) was 171%. 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 122%.

As of 30 September 2022, Bank's Tier 1 Capital Ratio reached 3.33% (0.03%), the Total Capital Ratio (TCR) was 8.39% (5.13%), while Bank's own funds totalled EUR 9.06 million (EUR 5.5 million). On 30 June 2022, Bank's share issue was concluded, as a result of which Bank's share capital was increased by EUR 8 million. The above capital ratios have been calculated without including EUR 8 million in Tier 1 Capital, which will be done after obtaining the permission of the Financial and Capital Market Commission (FCMC) for the inclusion of the raised capital. In addition, on 17 November 2022, Bank's shareholders announced the issue of new shares in the amount of EUR 10 million.

On 30 September 2022, the former Chairman of the Management Board resigned from Bank. Bank's Management Board continues to operate with three members, until the candidate for the new Chairman of the Management Board is approved by Bank's Supervisory Board and FCMC and joins Bank's Management Board.

As part of its efforts to promote family friendly attitudes in society, Bank completed the summer project *Day Camp for Employees' Children*, which was implemented in collaboration with the *Family Friendly Workplace* programme run by the Social Integration Foundation (SIF). The aim of this programme was to contribute to the development of an empathic, humane and family friendly work environment in Latvia.

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 the publication of the book *Zaļā dzīle (Green Depths)* by Toms Deimonds Barvidis, the winner of the young writers' competition, is being prepared as part of the project.



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 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 (30.09.2022.)

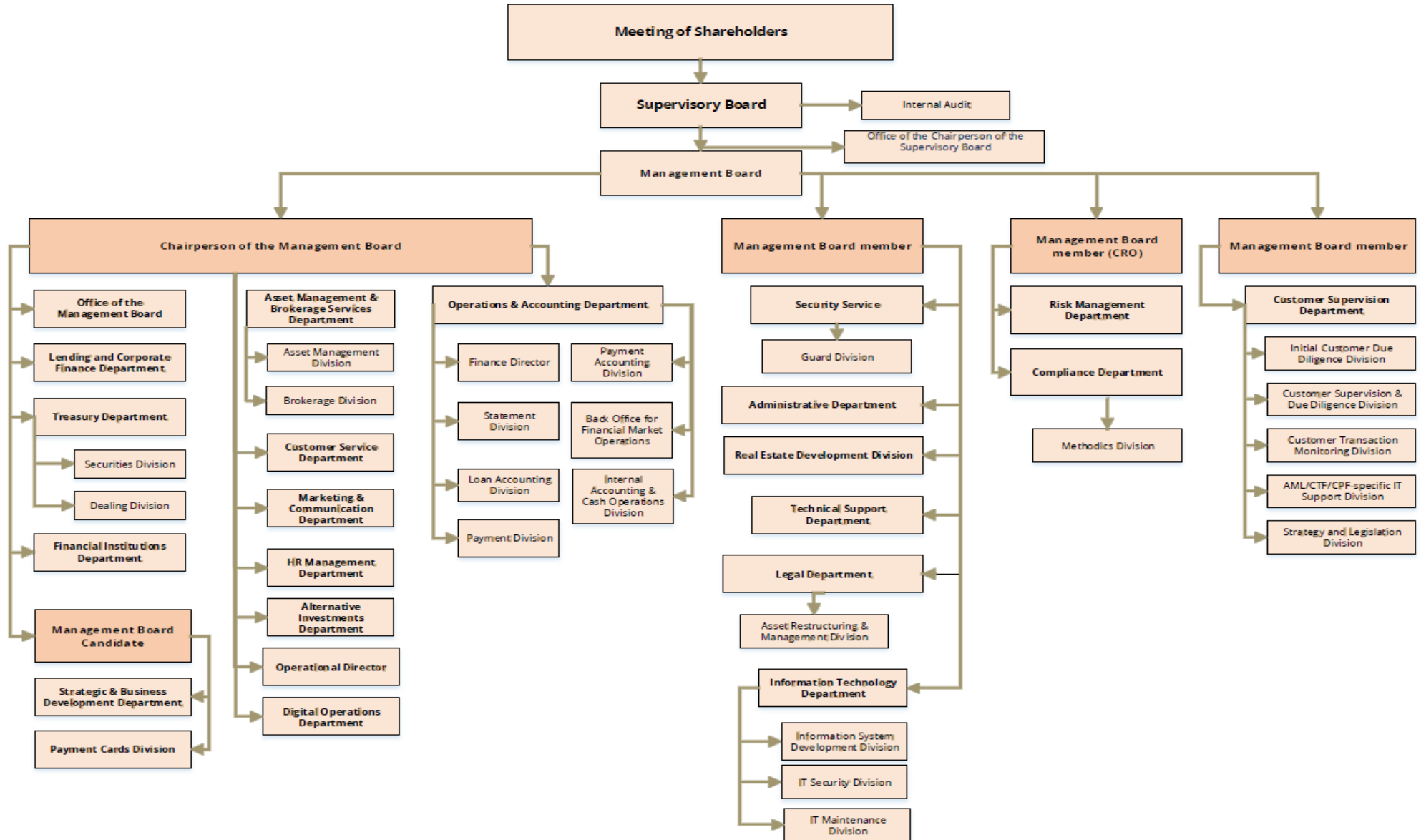
Full name	Position
Valeri Belokon	Chairperson of the Supervisory Board
Ilona Gulchak	Deputy Chairperson of the Supervisory Board
Hans-Friedrich Von Ploetz	Member of the Supervisory Board
Joseph Cofer Black	Member of the Supervisory Board

Management Board (30.09.2022.)

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	30.09.2022		30.09.2021	
	(unaudited)		(unaudited)	
	Group	Bank	Group	Bank
Return on Equity (ROE) (%)	-32.06	-28.29	-9.88	-11.42
Return on Assets (ROA) (%)	-5.12	-4.75	-0.97	-1.19
Total capital ratio (%)	5.13	8.39	5.48	6.69
Liquidity coverage ratio (%)		171		139
Operational income* (in thousands euro)	5 824	5 459	10 374	9 754

*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	143 221	143 352
Subordinated liabilities	8 072	8 072
Debt securities in issue	0	0
Financial instruments in brokerage service	61 452	61 452
The assets under management	52 440	52 740
TOTAL of customer funds	265 185	265 616



Income statement

Item	01.01.2022 - 30.09.2022		01.01.2021 - 30.09.2021	
	(unaudited)		(unaudited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income	1 228	1 200	1 724	1 710
Interest expense	-964	-912	-992	-977
Dividend income	19	19	2	2
Fee and commission income	4 584	4 585	8 506	8 509
Fee and commission expense	-591	-589	-1 303	-1 303
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/-)	-186	-186	-1	-1
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	447	447	2 030	2 030
Gains or (-) losses from hedge accounting, net (+/-)	0	0	0	0
Exchange differences [gain or (-) loss], net (+/-)	-225	-225	-672	-672
Gains or (-) losses on derecognition of non financial assets other than held for sale, net (+/-)	0	0	0	0
Other operating income	1 512	1 120	1 080	456
Other operating Expenses (-)	-311	-3	-493	-385
Administrative Expenses (-)	-11 010	-10 267	-10 672	-10 097
Depreciation (-)	-1 349	-1 312	-1 284	-1 241
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 (-/+)	-832	-1 050	21	80
Negative goodwill recognised in profit or loss	0	0	0	0
Share of the profit or (-) loss of investments insubsidiaries, joint ventures and associates accounted for using the equity method (+/-)	0	0	546	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 (+/-)	-7 678	-7 173	-1 618	-1 999
Tax Expenses or (-) income related to profit or loss from continuing operations	-13	-13	-23	-23
Profit / Loss for the reporting period (+/-)	-7 691	-7 186	-1 641	-2 022
TOTAL comprehensive loss for the reporting period (+/-)	-7 518	-7 013	2	-378



Balance sheet statement

Item	30.09.2022 (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	78 375	78 375	85 249	85 249
Due from credit institutions repayable on demand	3 402	3 399	3 420	3 419
Financial assets at fair value through profit or loss	6 870	6 870	6 635	6 635
<i>Loans</i>	0	0	0	0
<i>other financial assets</i>	6 870	6 870	6 635	6 635
Financial assets at fair value through other comprehensive income	36	36	2 303	2 303
Financial assets at amortised cost	35 884	36 491	42 134	42 818
<i>Due from credit institutions</i>	520	520	18	18
<i>Debt securities</i>	9 365	9 365	9 422	9 422
<i>Loans</i>	25 999	26 606	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	40 292	35 338	38 728	33 756
Intangible assets	4 082	3 760	4 255	3 934
Tax assets	0	0	0	0
Other assets	24 912	22 950	24 176	21 759
Non-current assets and disposal groups classified as held for sale	2 581	2 581	4 578	4 578
Total assets	196 434	195 293	211 478	210 171
Liabilities to central banks	0	0	0	0
Due to credit institutions repayable on demand	3 343	3 033	1 001	701
Financial liabilities designated at fair value through profit or loss	0	0	52	52
Financial liabilities measured at amortised cost	151 293	151 424	166 782	166 922
<i>Deposits</i>	143 221	143 352	160 927	161 067
<i>Subordinated liabilities</i>	8 072	8 072	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	0	0	8	8
Other liabilities	11 077	7 310	9 351	5 904
Liabilities included in disposal groups classified as held for sale	0	0	0	0
Total liabilities	165 720	161 774	177 246	173 639
Shareholders' equity	30 714	33 519	34 232	36 532
Total liabilities and shareholders' equity	196 434	195 293	211 478	210 171
Memorandum items				
Contingent liabilities	1 393	1 393	1 604	1 604
Commitments to customers	450	450	1 585	1 585



Overview of own funds and capital ratios

No	Item	30.09.2022	
		(unaudited)	
		Group	Bank
		EUR'000	EUR'000
1.	Own funds (1.1.+1.2.)	5 491	9 057
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	34	3 600
1.1.1.	Common equity Tier 1 capital (CET1 capital)	34	3 600
1.1.2.	Additional Tier 1 capital	0	0
1.2.	Tier 2 capital	5 457	5 457
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	106 938	107 980
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	82 564	84 074
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	177	177
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)	0.03	3.33
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	-4 778	-1 259
3.3.	Tier 1 capital ratio (1.1./2.*100)	0.03	3.33
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	-6 382	-2 878
3.5.	Total capital ratio (1./2.*100)	5.13	8.39
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	-3 064	419
4.	Combined Buffer Requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	2 673	2 700
4.1.	Capital conservation buffer	2 673	2 700
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	30.09.2022 (unaudited)	
			Bank EUR'000
1	Liquidity buffer (in thousands euro)		85 852
2	Net liquidity outflow (in thousands euro)		50 295
3	Liquidity coverage ratio (%)		171%

Annex 2. Securities portfolio

The Bank's securities portfolio breaks down by country:

	30.09.2022 (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	1 881	-	-	1 881
Latvia	745	-	5 017	5 762
Germany	3 797	-	-	3 797
Other countries*	31	36	-	67
Total	6 454	36	9 366	15 856
Allowances (IFRS 9)	0	0	(1)	(1)
Book value	6 454	36	9 365	15 855

* 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:

	30.09.2022 (unaudited) Carrying value EUR'000	31.12.2021 (audited) Carrying value EUR'000
Lithuania	4 349	5 756
Latvia	5 017	5 035
Other countries*	0	905
Total	9 366	11 696
Allowances (IFRS 9)	(1)	(1)
Carrying value	9 365	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	30.09.2022 EUR'000		
	Stage 1	Stage 2	Stage 3
Debt securities	1		
Due from credit institutions	1	10	
Loans	14	281	4 098
Financial guarantees and other commitments	6	1	