



Baltic International Bank

BALTIC INTERNATIONAL BANK SE
PUBLICLY AVAILABLE
QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021



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

In Q2 2021, Baltic International Bank SE (hereinafter referred to as the Bank) continued operations in accordance with the established business strategy.

Baltic International Bank SE closed Q2 2021 with the following financial results (data on the Group is given in brackets):

- Assets: EUR 233.36 million (EUR 234.23 million);
- Total Capital Ratio (TCR): 15.14% (13.69%);
- Liquidity Coverage Ratio (LCR): 152%;
- Loss: EUR 1.11 million (EUR 1.39 million).

Edgars Vojskis, Member of the Management Board the Bank points out: “The Bank continues to implement the tasks set out in its business strategy, actively operating as a local capital bank and a significant player in the financial sector. Clearly, the Bank, like the country in general, is feeling the effects of the COVID-19 pandemic, which have also affected the financial sector as a whole and have led to a revision and extension of the deadlines for a number of strategic and operational objectives. We continue to set cooperation with local entrepreneurs as an important priority, which is particularly essential at this stage.”

As of 30 June 2021, the total customer funds in the Bank amounted to EUR 374 million (EUR 374 million) (Annex 1) and assets under management reached EUR 59 million (EUR 59 million). The value of financial instruments in brokerage service was EUR 114 million (EUR 114 million).

The Bank's high-quality liquid assets (assets carrying investment-grade credit rating and claims on the Bank of Latvia) totalled EUR 120 million (EUR 120 million) or 51% (51%) of the total assets. Investments in government bonds amounted to EUR 13.38 million (EUR 13.38 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 (81%) and cash (4%).

The Liquidity Coverage Ratio (LCR) was 152%. 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 141%.

The Bank's Tier 1 Capital Ratio reached 13.25% (11.78%) as of 30 June 2021, while the Total Capital Ratio (TCR) was 15.14% (13.69%), which exceeds the Total SREP Capital Requirement Ratio of 11% set by the Financial and Capital Market Commission. The reached Total Capital Ratio also exceeds the level of the Overall Capital Requirement Ratio, which amounted to 13.50%.

As of 30 June 2021, the Bank's own funds totalled EUR 22.38 million (EUR 19.98 million).

In Q2 2021, the Bank was awarded the Platinum Category on the annual Sustainability Index for the third consecutive year as well as supported the ceremony of presenting the Annual Latvian Literary Award.

The Bank also carried on with the reconstruction of the Kalēju Quarter in the Old Town and continued work within the project Bibliotēka (Library), an initiative aimed at promoting Latvian literature and reading.



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

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 36,399,229.20. The total share capital is represented by 5 126 652 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 93 shareholders, 27 are legal entities and 66 are individuals.

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

- Valeri Belokon: 62.08219%;
- Vilori Belokon: 32.99990%.

Bank's senior management

Supervisory Board (30.06.2021.)

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



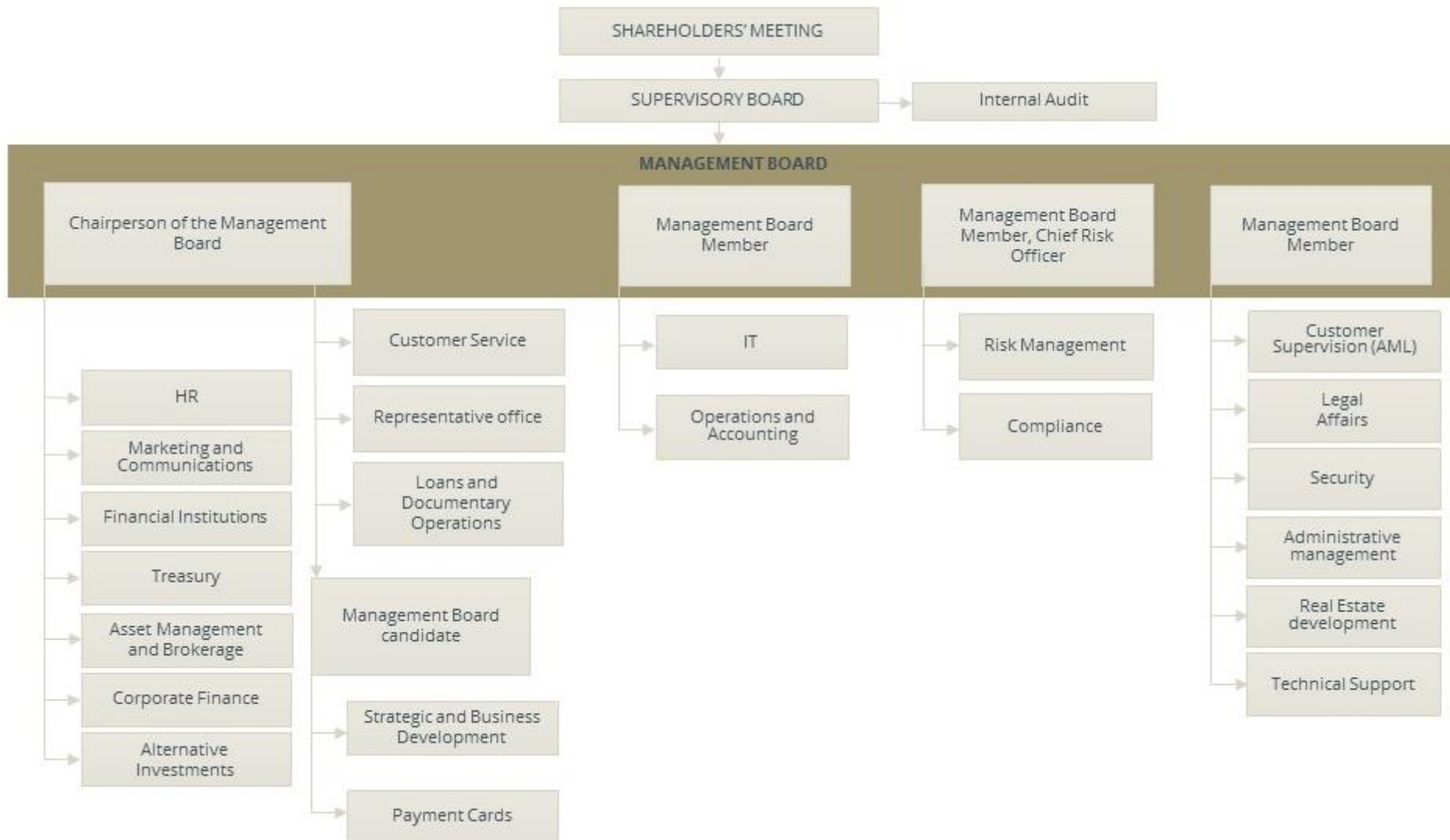
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Management Board (30.06.2021.)

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. Since 31 December 2020 there are no any material changes in risk management.

The Bank's performance ratios

Item	30.06.2021 (unaudited)		30.06.2020 (unaudited)	
	Group	Bank	Group	Bank
Return on Equity (ROE) (%)	-13.00	-9.39	1.92	2.48
Return on Assets (ROA) (%)	-1.19	-0.98	0.21	0.25
Total capital ratio (%)	13.69	15.14	17.09	17.37
Liquidity coverage ratio (%)		152		145
Operational income* (in thousands euro)	6 630	6 390	6 519	6 520

*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	195 232	195 537
Subordinated liabilities	5 782	5 782
Debt securities in issue	0	0
Financial instruments in brokerage service	113 692	113 692
The assets under management	59 410	59 410
TOTAL of customer funds	374 116	374 421



Income statement

Item	01.01.2021 - 30.06.2021		01.01.2020 - 30.06.2020	
	(unaudited)		(unaudited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income	1 175	1 171	1 102	1 105
Interest expense	-667	-654	-688	-689
Dividend income	1	1	0	0
Fee and commission income	5 216	5 218	4 778	4 778
Fee and commission expense	-624	-624	-563	-563
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/-)	-18	-18	424	424
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	1 533	1 533	36	36
Gains or (-) losses from hedge accounting, net (+/-)	0	0	0	0
Exchange differences [gain or (-) loss], net (+/-)	-468	-468	856	856
Gains or (-) losses on derecognition of non financial assets other than held for sale, net (+/-)	0	0	0	0
Other operating income	482	231	574	573
Other operating Expenses (-)	-460	-259	-24	-24
Administrative Expenses (-)	-6 848	-6 558	-5 798	-5 772
Depreciation (-)	-847	-829	-701	-701
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 (-/+)	218	278	237	267
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 (+/-)	47	0	0	0
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/-)	-110	-110	-8	-8
Profit or (-) loss before tax from continuing operations (+/-)	-1 370	-1 088	225	282
Tax Expenses or (-) income related to profit or loss from continuing operations	-19	-19	-8	-8
Profit / Loss for the reporting period (+/-)	-1 389	-1 107	217	274
TOTAL comprehensive loss for the reporting period (+/-)	-1 438	-1 157	352	409



Balance sheet statement

Item	30.06.2021 (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	105 799	105 799	89 974	89 974
Due from credit institutions repayable on demand	4 535	4 530	3 999	3 996
Financial assets at fair value through profit or loss	8 403	8 403	9 686	9 686
<i>Loans</i>	0	0	0	0
<i>other financial assets</i>	8 403	8 403	9 686	9 686
Financial assets at fair value through other comprehensive income	2 258	2 258	2 660	2 660
Financial assets at amortised cost	46 716	47 459	53 289	54 794
<i>Due from credit institutions</i>	17	17	766	766
<i>Debt securities</i>	11 998	11 998	17 552	17 552
<i>Loans</i>	34 701	35 444	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	4 121	0	4 121
Tangible assets	36 000	32 651	36 875	33 243
Intangible assets	3 942	3 942	4 083	4 083
Tax assets	0	0	0	0
Other assets	21 720	19 337	15 424	11 963
Non-current assets and disposal groups classified as held for sale	4 859	4 859	2 674	2 326
Total assets	234 232	233 359	218 664	216 846
Liabilities to central banks	0	0	0	0
Due to credit institutions repayable on demand	1 234	1 234	4 614	4 614
Financial liabilities designated at fair value through profit or loss	2	2	224	224
Financial liabilities measured at amortised cost	201 014	201 319	182 170	182 313
<i>Deposits</i>	195 232	195 537	176 694	176 837
<i>Subordinated liabilities</i>	5 782	5 782	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	53	53	60	62
Tax liabilities	0	0	14	14
Other liabilities	10 692	7 166	8 911	4 877
Liabilities included in disposal groups classified as held for sale	0	0	0	0
Total liabilities	212 995	209 774	195 993	192 104
Shareholders' equity	21 237	23 585	22 671	24 742
Total liabilities and shareholders' equity	234 232	233 359	218 664	216 846
Memorandum items				
Contingent liabilities	1 873	1 873	1 400	1 400
Commitments to customers	2 462	2 462	5 575	5 604



Overview of own funds and capital ratios

No	Item	30.06.2021	
		(unaudited)	
		Group	Bank
		EUR'000	EUR'000
1.	Own funds (1.1.+1.2.)	19 978	22 376
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	17 181	19 579
1.1.1.	Common equity Tier 1 capital (CET1 capital)	17 181	19 579
1.1.2.	Additional Tier 1 capital	0	0
1.2.	Tier 2 capital	2 797	2 797
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	145 900	147 770
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	120 601	122 264
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	25 299	25 506
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)	11.78	13.25
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	10 615	12 930
3.3.	Tier 1 capital ratio (1.1./2.*100)	11.78	13.25
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	8 427	10 713
3.5.	Total capital ratio (1./2.*100)	13.69	15.14
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	8 306	10 555
4.	Combined Buffer Requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	3 647	3 694
4.1.	Capital conservation buffer	3 647	3 694
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



Baltic International Bank

The information about own funds and capital ratios, if a credit institution applies transitional arrangements for the purpose of mitigating the impact of the introduction of IFRS 9 on the level of own funds

No	Item	30.06.2021 (unaudited)	
		Group EUR'000	Bank EUR'000
1.A	Own funds without the application of IFRS 9 transitional arrangements	19 807	22 154
1.1.A	Tier 1 capital without the application of IFRS 9 transitional arrangements	17 010	19 357
1.1.1.A	Common Equity Tier 1 capital without the application of IFRS 9 transitional arrangements	17 010	19 357
2.A	Total risk exposure amount without the application of IFRS 9 transitional arrangements	145 727	147 521
3.1.A	Common Equity Tier 1 capital ratio without the application of IFRS 9 transitional arrangements	11.67	13.12
3.3.A	Tier 1 capital ratio without the application of IFRS 9 transitional arrangements	11.67	13.12
3.5.A	Total capital ratio without the application of IFRS 9 transitional arrangements	13.59	15.02

Liquidity coverage ratio

No	Item	30.06.2021 (unaudited)
		Bank EUR'000
1	Liquidity buffer (in thousands euro)	118 259
2	Net liquidity outflow (in thousands euro)	78 060
3	Liquidity coverage ratio (%)	152%



Annex 2. Securities portfolio

The Bank's securities portfolio breaks down by country:

	30.06.2021			
	(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	-	1 346	4 389	5 735
Latvia	1 055	-	5 039	6 094
Germany	3 800	-	-	3 800
Other countries*	3 365	912	2 572	6 849
Total	8 220	2 258	12 000	22 478
Allowances (IFRS 9)	0	0	(2)	(2)
Book value	8 220	2 258	11 998	22 476

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

	31.12.2020			
	(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	3 260	1 340	6 513	11 113
Latvia	959	418	8 776	10 153
Germany	3 755	-	-	3 755
Other countries*	1 674	903	2 267	4 844
Total	9 648	2 661	17 556	29 865
Allowances (IFRS 9)	(1)	(1)	(4)	(6)
Book value	9 647	2 660	17 552	29 859

* 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:

	30.06.2021 (unaudited) Carrying value EUR'000	31.12.2020 (audited) Carrying value EUR'000
Lithuania	5 735	11 113
Latvia	5 039	9 194
Other countries*	2 603	2 554
Total	13 377	22 861
Allowances (IFRS 9)	(2)	(5)
Carrying value	13 375	22 856

* 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	30.06.2021 EUR'000		
	Stage 1	Stage 2	Stage 3
Debt securities	2		
Due from credit institutions	2	9	
Loans	218	169	7 344
Financial guarantees and other commitments	43		6