



Baltic International Bank

JSC “BALTIC INTERNATIONAL BANK”
PUBLICLY AVAILABLE
QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020



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

In Q1 2020, JSC Baltic International Bank was active in continuing the implementation of the previously defined business strategy, strengthening its position as a local capital bank and focusing on sustainable development and working with local customers in the long term. The Bank strengthened its capital adequacy ratios, which reached 17.31% (total capital adequacy ratio) as of 31 March 2020, exceeding the requirements set by the FCMC. As of 31 March 2020, the Bank's liquidity coverage ratio (LCR) amounted to 176%, significantly exceeding the requirements set by the FCMC. These ratios will make it possible to resume lending in the remaining quarters of 2020.

JSC Baltic International Bank closed Q1 2020 with the following financial results (data on the Group is given in brackets):

- Assets: EUR 214.14 million (EUR 213,81 million);
- Total capital ratio (TCR): 17.31% (16.97%);
- Liquidity coverage ratio (LCR): 176%;
- Loss: EUR 0.44 million (EUR 0.50 million).

In Q1 2020, the Bank finalized its capital strengthening plan and continued work on the quality of risk assets, which also provided for the creation of additional provisions. This was the main reason for the loss in Q1.

As of 31 March 2020, the total customer funds in the Bank amounted to EUR 375 million (Annex 1) and assets under management reached EUR 72 million. The value of financial instruments in brokerage service was EUR 121 million (EUR 121 million).

In Q1 2020, the net fee and commission income surged by 4.6% (4.6%) on a year-on-year basis and totalled EUR 2.06 million (EUR 2.06 million). In percentage terms, the increase was up to 68.6% (68.6%).

The Bank's high-quality liquid assets (assets carrying investment-grade credit rating and claims on the Bank of Latvia) totalled EUR 123 million (EUR 123 million) or 58% (58%) of the total assets. Investments in government bonds amounted to EUR 13.66 million (EUR 13.66 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 (7%), claims on the Bank of Latvia (70%) and cash (2%).

The liquidity coverage ratio (LCR) was 176%. The net stable funding ratio (NSFR), characterizing the availability of a stable funding profile in relation to the composition of assets and off-balance sheet activities, reached 173%.

As the Bank continued to implement its asset quality improvement and capital strengthening programme, the Bank's Tier 1 capital ratio reached 14.32% (13.94%), while the total capital ratio (TCR) was 17.31% (16.97%) as of 31 March 2020. The both ratios substantially exceed the regulatory thresholds set by the Financial and Capital Market Commission: 13.2% and 15.97%, respectively.

As of 31 March 2020, the Bank's own funds totalled EUR 21.12 million (EUR 20.41 million).

The Bank continued work on the development of a new digital channel – the Internet banking platform.

In the first three months of the year, the Bank remained to be actively engaged in activities of public and social significance: in early January, the opening of the Family Book display was held at the National Library of Latvia (NLL) as part of the Library project. This is an exhibition presenting 12 literary relics of Latvian families. Among them one can find studies of the family, a musical notation book, records of childhood memories, memoirs of momentous personalities in the history of Latvia and other valuable evidence of the time. The exhibition is designed to promote discussion on the preservation of family values in Latvia and provides visitors with the opportunity to get insight into twelve books that reveal the emotional stories of Latvian families and link generations across epochs.

In February, the Bank took part in the Shadow Day campaign, which has gained wide popularity throughout the country and allows schoolchildren to become more familiar with their chosen future profession right on the spot. During the



Baltic International Bank

Shadow Day, the Bank opened its doors for schoolchildren, giving them a chance to look into the Bank's daily operations and learn more about career opportunities and current events in the financial sector.

In Q1, the Bank also participated in sports events in the capacity of an employer implementing initiatives aimed at teambuilding: participation in the Latvian Corporate Futsal Championship, and also organized the Winter Day, a traditional event for the Bank's employees.

In the first three months of the year, work continued on the reconstruction of Kaleju Kvartāls (Kaleju Quarter) with a future perspective aimed at preserving and restoring the historical quarter in the urban environment, while providing the Bank's employees with the opportunity to work in a modern complex of office buildings.



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	AS "Baltic International Bank", 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	DARZKOPIBAS 19 SIA, 40203227247	LV, Grecinieku iela 6, Rīga	OFI	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, signed and paid-in share capital totals EUR 36 399 229,20 and is divided into 5 126 652 shares. All of the shares are dematerialised registered voting shares. Each share has a par value of EUR 7.10.

Of the Bank's 93 shareholders, 27 are corporate entities and 66 are private individuals.

Listed below are the shareholders who control more than 10 percent of the shares in the shareholders' equity:

- Valeri Belokon – 62,08219%
- Vilori Belokon – 32,99990%.

Bank's senior management

Supervisory Board (31.03.2020.)

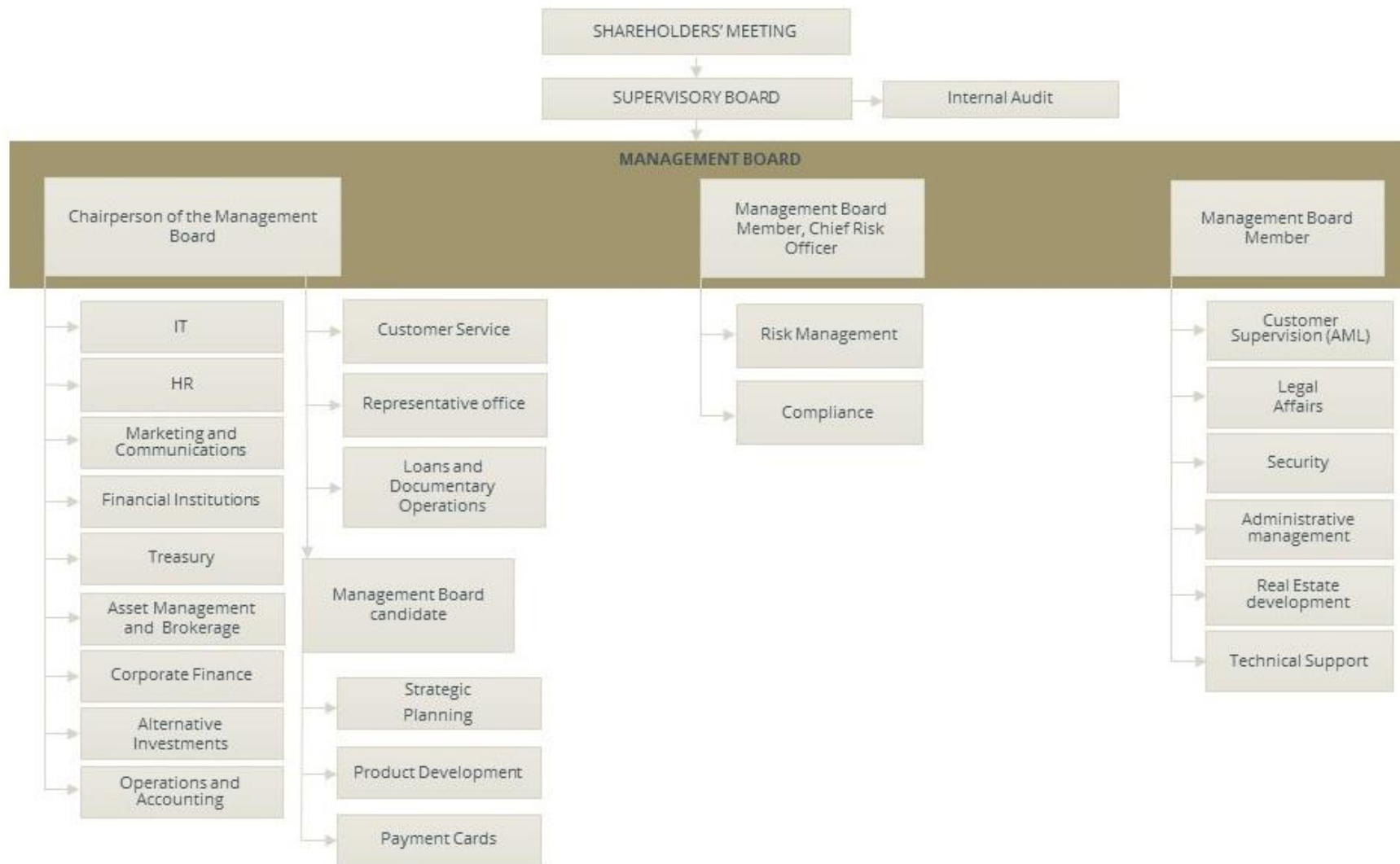
Full name	Position
Valeri Belokon	Chairperson of the Supervisory Board
Ilona Gulchak	Deputy Chairperson of the Supervisory Board
Hans-Friedrich Von Ploetz	Member of the Supervisory Board
Joseph Cofer Black	Member of the Supervisory Board

Management Board (31.03.2020.)

Full name	Position
Viktors Bolbats	Chairperson of the Management Board
Bogdan Andrushchenko	Member of the Management Board
Anda Saukane	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 2019 Annual Report from page 29 till page 35 on JSC "Baltic International Bank" web page www.bib.eu/en/financial-performance. Since 31 December 2019 there are no any material changes in risk management.

The Bank's performance ratios

Item	31.03.2020 (unaudited)		31.03.2019 (unaudited)
	Group	Bank	Bank
Return on Equity (ROE) (%)	-9.01	-8.31	-2.60
Return on Assets (ROA) (%)	-0.94	-0.81	-0.22
Total capital ratio (%)	16.97	17.31	13.36
Liquidity coverage ratio (%)		176	226
Operational income* (in thousands euro)	3 006	3 006	3 344

*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	175 178	175 314
Subordinated liabilities	6 017	6 017
Debt securities in issue	0	0
Financial instruments in brokerage service	121 104	121 104
The assets under management	72 410	72 410
TOTAL of customer funds	374 709	374 845



Income statement

Item	01.01.2020 - 31.03.2020		01.01.2019 - 31.03.2019	
	(unaudited)		(unaudited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income	612	613	1 050	1 051
Interest expense	-345	-345	-388	-388
Dividend income	0	0	13	13
Fee and commission income	2 250	2 250	2 175	2 175
Fee and commission expense	-188	-188	-203	-203
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/-)	125	125	21	21
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	139	139	777	777
Gains or (-) losses from hedge accounting, net (+/-)	0	0	0	0
Exchange differences [gain or (-) loss], net (+/-)	301	301	-168	-168
Gains or (-) losses on derecognition of non financial assets other than held for sale, net (+/-)	0	0	0	0
Other operating income	112	111	218	66
Other operating Expenses (-)	-9	-9	-379	-185
Administrative Expenses (-)	-2 962	-2 938	-2 696	-2 666
Depreciation (-)	-349	-349	-336	-336
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 (-/+)	-182	-148	-314	-315
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	0	0
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/-)	0	0	0	0
Profit or (-) loss before tax from continuing operations (+/-)	-496	-438	-230	-158
Tax Expenses or (-) income related to profit or loss from continuing operations	-4	-4	-2	-2
Profit / Loss for the reporting period (+/-)	-500	-442	-232	-160
TOTAL comprehensive loss for the reporting period (+/-)	-509	-451	-281	-208



Balance sheet statement

Item	31.03.2020 (unaudited)		31.12.2019 (audited)	
	Group	Bank	Group	Bank
	EUR'000	EUR'000	EUR'000	EUR'000
Cash and due from central banks repayable on demand	96 661	96 661	98 685	98 685
Due from credit institutions repayable on demand	11 051	11 050	10 276	10 275
Financial assets at fair value through profit or loss	5 944	5 944	12 481	12 481
<i>Loans</i>	100	100	5 630	5 630
<i>other financial assets</i>	5 844	5 844	6 851	6 851
Financial assets at fair value through other comprehensive income	3 547	3 547	3 551	3 551
Financial assets at amortised cost	52 782	53 618	59 022	59 854
<i>Due from credit institutions</i>	446	446	435	435
<i>Debt securities</i>	25 094	25 094	30 412	30 412
<i>Loans</i>	27 242	28 078	28 175	29 007
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	858	3 981	858	3 946
Tangible assets	26 308	24 073	26 144	23 908
Intangible assets	4 091	4 091	4 152	4 152
Tax assets	0	0	0	0
Other assets	12 572	11 172	11 213	9 803
Non-current assets and disposal groups classified as held for sale	0	0	0	0
Total assets	213 814	214 137	226 382	226 655
Liabilities to central banks	0	0	12 088	12 088
Due to credit institutions repayable on demand	5 404	5 404	7 061	7 061
Financial liabilities designated at fair value through profit or loss	12	12	27	27
Financial liabilities measured at amortised cost	181 195	181 331	183 291	183 429
<i>Deposits</i>	175 178	175 314	174 106	174 244
<i>Subordinated liabilities</i>	6 017	6 017	9 185	9 185
<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	16	49	21	61
Tax liabilities	0	0	6	6
Other liabilities	5 000	4 888	3 965	3 852
Liabilities included in disposal groups classified as held for sale	0	0	0	0
Total liabilities	191 627	191 684	206 459	206 524
Shareholders' equity	22 187	22 453	19 923	20 131
Total liabilities and shareholders' equity	213 814	214 137	226 382	226 655
Memorandum items				
Contingent liabilities	469	469	750	750
Commitments to customers	589	668	2 496	2 585



Overview of own funds and capital ratios

No	Item	31.03.2020	
		(unaudited)	
		Group	Bank
		EUR'000	EUR'000
1.	Own funds (1.1.+1.2.)	20 413	21 118
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	16 766	17 471
1.1.1.	Common equity Tier 1 capital (CET1 capital)	16 766	17 471
1.1.2.	Additional Tier 1 capital	0	0
1.2.	Tier 2 capital	3 647	3 647
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	120 274	121 979
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	93 337	95 100
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	222	222
2.4.	Total risk exposure amount for operational risk	26 698	26 640
2.5.	Total risk exposure amount for credit valuation adjustment	17	17
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)	13.94	14.32
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	11 354	11 982
3.3.	Tier 1 capital ratio (1.1./2.*100)	13.94	14.32
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	9 550	10 152
3.5.	Total capital ratio (1./2.*100)	16.97	17.31
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	10 792	11 360
4.	Combined Buffer Requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	3 302	3 342
4.1.	Capital conservation buffer	3 007	3 049
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	295	293
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



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	31.03.2020 (unaudited)	
		Group EUR'000	Bank EUR'000
1.A	Own funds without the application of IFRS 9 transitional arrangements	20 347	21 052
1.1.A	Tier 1 capital without the application of IFRS 9 transitional arrangements	16 700	17 404
1.1.1.A	Common Equity Tier 1 capital without the application of IFRS 9 transitional arrangements	16 700	17 404
2.A	Total risk exposure amount without the application of IFRS 9 transitional arrangements	120 247	121 952
3.1.A	Common Equity Tier 1 capital ratio without the application of IFRS 9 transitional arrangements	13.89	14.27
3.3.A	Tier 1 capital ratio without the application of IFRS 9 transitional arrangements	13.89	14.27
3.5.A	Total capital ratio without the application of IFRS 9 transitional arrangements	16.92	17.26

Liquidity coverage ratio

No	Item	31.03.2020 (unaudited)
		Bank EUR'000
1	Liquidity buffer (in thousands euro)	119 457
2	Net liquidity outflow (in thousands euro)	67 920
3	Liquidity coverage ratio (%)	176



Annex 2. Securities portfolio

The Bank's securities portfolio breaks down by country:

	31.03.2020			
	(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	-	-	2 341	2 341
United Kingdom	-	-	2 397	2 397
Netherlands	-	-	3 648	3 648
Denmark	-	-	4 590	4 590
Latvia	823	3 521	4 303	8 647
Germany	3 602	-	-	3 602
Other countries*	1 387	27	7 817	9 231
Total	5 812	3 548	25 096	34 456
Allowances (IFRS 9)	0	(1)	(3)	(4)
Book value	5 812	3 547	25 093	34 452

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

	31.12.2019			
	(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	-	-	4 633	4 633
United Kingdom	893	-	3 238	4 131
Netherlands	-	-	3 537	3 537
Denmark	-	-	4 451	4 451
Latvia	820	3 525	4 634	8 979
Germany	3 597	-	-	3 597
Other countries*	1 535	27	9 925	11 487
Total	6 845	3 552	30 418	40 815
Allowances (IFRS 9)	0	(1)	(6)	(7)
Book value	6 845	3 551	30 412	40 808

* 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:

	31.03.2020.	31.12.2019
	(unaudited)	(audited)
	Carrying value	Carrying value
	EUR'000	EUR'000
Lithuania	2 341	4 633
Latvia	7 824	8 159
Other countries*	3 492	5 268
Total	13 657	18 060
Allowances (IFRS 9)	(3)	(6)
Carrying value	13 654	18 054

* 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	31.03.2020		
	EUR'000		
	Stage 1	Stage 2	Stage 3
Debt securities	3		1
Due from credit institutions	3	2	
Loans	37	35	12 366
Financial guarantees and other commitments	13	1	34