



Baltic International Bank

BALTIC INTERNATIONAL BANK SE
PUBLICLY AVAILABLE
QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021



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

In Q1 2021, Baltic International Bank SE (hereinafter 'the Bank') continued to assert itself as an important local capital bank, whilst maintaining a high Liquidity Coverage Ratio at 153% and high Capital Adequacy Ratio at 15.08%.

Baltic International Bank SE closed Q1 2021 with the following financial results (data on the Group are given in brackets):

- Assets: EUR 233.82 million (EUR 234.38 million);
- Total Capital Ratio: 15.08% (13.60%);
- Liquidity Coverage Ratio: 153%;
- Losses: EUR 0.82 million (EUR 1.15 million).

As of 31 March 2021, the total customer funds at the Bank amounted to EUR 338 million (EUR 337 million) (Annex 1), while assets under management reached EUR 59 million (EUR 59 million). The value of financial instruments in brokerage service was EUR 83 million (EUR 83 million).

As of 31 March 2021, the Bank's Tier 1 Capital Ratio reached 13.17% (11.67%), while the Total Capital Ratio was 15.08% (13.60%), which substantially 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 Overall Capital Requirement Ratio, which amounted to 13.50%.

The Bank's high-quality liquid assets (assets of investment-grade quality and claims on the Bank of Latvia) totalled EUR 121 million (EUR 121 million) or 52% (51%) of the total assets. Investments in government bonds amounted to EUR 17.86 million (EUR 17.86 million) or 8% (8%) of the total assets.

The Bank maintains a well-diversified structure of liquid assets represented by: bonds (15%), claims on credit institutions (6%), claims on the Bank of Latvia (75%) and cash (4%).

The Liquidity Coverage Ratio was 153%. The Net Stable Funding Ratio (NSFR), which represents the availability of sources of stable funding for assets and off-balance sheet liabilities, reached 134%.

As of 31 March 2021, the Bank's own funds totalled EUR 22.58 million (EUR 20.13 million).

During the reporting period, the Bank—giving credit to modern innovations and contribution of financial start-ups to the overall financial industry development—invested in the financial platform SPARQ.

For many years, the Bank has been a patron of the arts and culture and a supporter of the most important national event in the realm of literature—the Annual Latvian Literature Award. In the first quarter of the year, with the support of the Bank, the Annual Latvian Literature Award 2021 ceremony took place, where the Bank expressed its congratulations to the laureate in the Debut category.

Moreover, a debut novel competition among young writers was launched as part of the reading promotion project Library (Latvian: Bibliotēka).

The Bank also continued to renovate the historical part of the capital of Latvia—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 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

1) The 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 (31.03.2021.)

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



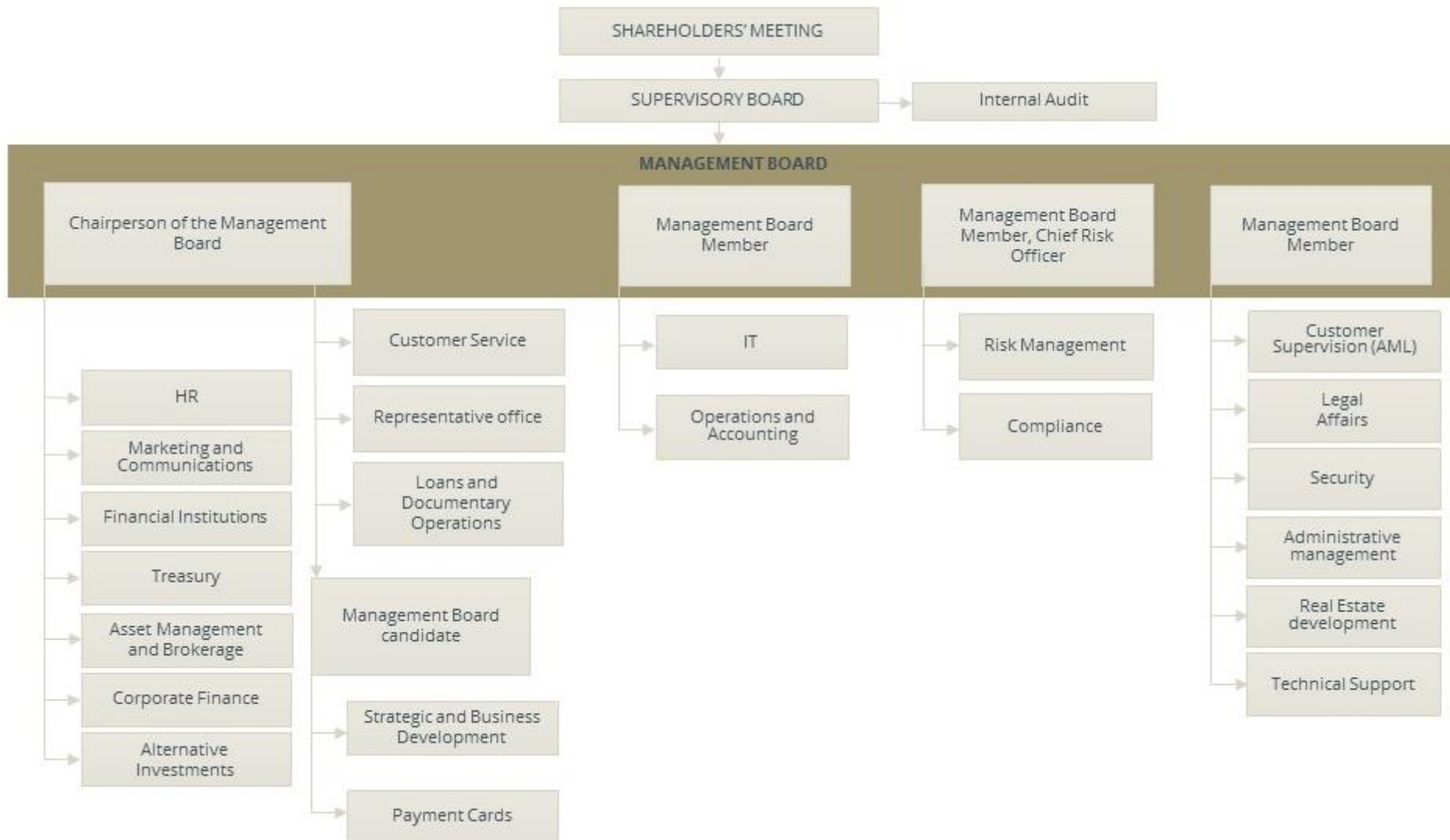
Baltic International Bank

Management Board (31.03.2021.)

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	31.03.2021 (unaudited)		31.03.2020 (unaudited)	
	Group	Bank	Group	Bank
Return on Equity (ROE) (%)	-21.35	-13.73	-9.01	-8.31
Return on Assets (ROA) (%)	-1.96	-1.46	-0.94	-0.81
Total capital ratio (%)	13.60	15.08	16.97	17.31
Liquidity coverage ratio (%)		153		176
Operational income* (in thousands euro)	2 996	2 889	3 006	3 006

*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	190 041	190 386
Subordinated liabilities	5 648	5 648
Debt securities in issue	0	0
Financial instruments in brokerage service	82 910	82 910
The assets under management	58 634	58 634
TOTAL of customer funds	337 233	337 578



Income statement

Item	01.01.2021 - 31.03.2021		01.01.2020 - 31.03.2020	
	(unaudited)		(unaudited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income	607	628	612	613
Interest expense	-349	-332	-345	-345
Dividend income	0	0	0	0
Fee and commission income	2 106	2 107	2 250	2 250
Fee and commission expense	-170	-170	-188	-188
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/-)	0	0	125	125
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	1 896	1 896	139	139
Gains or (-) losses from hedge accounting, net (+/-)	0	0	0	0
Exchange differences [gain or (-) loss], net (+/-)	-1 296	-1 296	301	301
Gains or (-) losses on derecognition of non financial assets other than held for sale, net (+/-)	0	0	0	0
Other operating income	202	56	112	111
Other operating Expenses (-)	-498	-285	-9	-9
Administrative Expenses (-)	-3 471	-3 313	-2 962	-2 938
Depreciation (-)	-428	-417	-349	-349
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 (-/+)	308	359	-182	-148
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 (+/-)	-51	-51	0	0
Profit or (-) loss before tax from continuing operations (+/-)	-1 144	-818	-496	-438
Tax Expenses or (-) income related to profit or loss from continuing operations	-3	-3	-4	-4
Profit / Loss for the reporting period (+/-)	-1 147	-821	-500	-442
TOTAL comprehensive loss for the reporting period (+/-)	-1 185	-859	-509	-451



Balance sheet statement

Item	31.03.2021		31.12.2020	
	(unaudited)		(audited)	
	Group	Bank	Group	Bank
	EUR'000	EUR'000	EUR'000	EUR'000
Cash and due from central banks repayable on demand	101 142	101 142	89 974	89 974
Due from credit institutions repayable on demand	8 325	8 323	3 999	3 996
Financial assets at fair value through profit or loss	7 902	7 902	9 686	9 686
<i>Loans</i>	0	0	0	0
<i>other financial assets</i>	7 902	7 902	9 686	9 686
Financial assets at fair value through other comprehensive income	2 720	2 720	2 660	2 660
Financial assets at amortised cost	51 655	52 490	53 289	54 794
<i>Due from credit institutions</i>	17	17	766	766
<i>Debt securities</i>	16 022	16 022	17 552	17 552
<i>Loans</i>	35 616	36 451	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	37 702	34 693	36 875	33 243
Intangible assets	3 921	3 921	4 083	4 083
Tax assets	0	0	0	0
Other assets	17 817	15 311	15 424	11 963
Non-current assets and disposal groups classified as held for sale	3 196	3 196	2 674	2 326
Total assets	234 380	233 819	218 664	216 846
Liabilities to central banks	0	0	0	0
Due to credit institutions repayable on demand	6 084	6 084	4 614	4 614
Financial liabilities designated at fair value through profit or loss	2	2	224	224
Financial liabilities measured at amortised cost	195 689	196 034	182 170	182 313
<i>Deposits</i>	190 041	190 386	176 694	176 837
<i>Subordinated liabilities</i>	5 648	5 648	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	56	56	60	62
Tax liabilities	0	0	14	14
Other liabilities	11 061	7 761	8 911	4 877
Liabilities included in disposal groups classified as held for sale	0	0	0	0
Total liabilities	212 892	209 937	195 993	192 104
Shareholders' equity	21 488	23 882	22 671	24 742
Total liabilities and shareholders' equity	234 380	233 819	218 664	216 846
Memorandum items				
Contingent liabilities	2 162	2 162	1 400	1 400
Commitments to customers	2 576	2 576	5 575	5 604



Overview of own funds and capital ratios

No	Item	31.03.2021 (unaudited)	
		Group EUR'000	Bank EUR'000
1.	Own funds (1.1.+1.2.)	20 130	22 580
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	17 270	19 720
1.1.1.	Common equity Tier 1 capital (CET1 capital)	17 270	19 720
1.1.2.	Additional Tier 1 capital	0	0
1.2.	Tier 2 capital	2 860	2 860
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	148 024	149 779
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	120 905	122 841
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	1 869	1 430
2.4.	Total risk exposure amount for operational risk	25 248	25 506
2.5.	Total risk exposure amount for credit valuation adjustment	2	2
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)	11.67	13.17
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	10 609	12 980
3.3.	Tier 1 capital ratio (1.1./2.*100)	11.67	13.17
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	8 389	10 733
3.5.	Total capital ratio (1./2.*100)	13.60	15.08
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	8 288	10 598
4.	Combined Buffer Requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	3 701	3 744
4.1.	Capital conservation buffer	3 701	3 744
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



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	31.03.2021 (unaudited)	
		Group EUR'000	Bank EUR'000
1.A	Own funds without the application of IFRS 9 transitional arrangements	19 965	22 359
1.1.A	Tier 1 capital without the application of IFRS 9 transitional arrangements	17 105	19 500
1.1.1.A	Common Equity Tier 1 capital without the application of IFRS 9 transitional arrangements	17 105	19 500
2.A	Total risk exposure amount without the application of IFRS 9 transitional arrangements	147 858	149 529
3.1.A	Common Equity Tier 1 capital ratio without the application of IFRS 9 transitional arrangements	11.57	13.04
3.3.A	Tier 1 capital ratio without the application of IFRS 9 transitional arrangements	11.57	13.04
3.5.A	Total capital ratio without the application of IFRS 9 transitional arrangements	13.50	14.95

Liquidity coverage ratio

No	Item	31.03.2021 (unaudited)
		Bank EUR'000
1	Liquidity buffer (in thousands euro)	118 043
2	Net liquidity outflow (in thousands euro)	76 972
3	Liquidity coverage ratio (%)	153%



Annex 2. Securities portfolio

The Bank's securities portfolio breaks down by country:

	31.03.2021			
	(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	-	1 361	4 427	5 788
Latvia	962	438	8 971	10 371
Germany	3 784	-	-	3 784
Other countries*	3 094	922	2 628	6 644
Total	7 840	2 721	16 026	26 587
Allowances (IFRS 9)	0	(1)	(4)	(5)
Book value	7 840	2 720	16 022	26 582

* 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:

	31.03.2021 (unaudited) Carrying value EUR'000	31.12.2020 (audited) Carrying value EUR'000
Lithuania	5 788	11 113
Latvia	9 409	9 194
Other countries*	2 663	2 554
Total	17 860	22 861
Allowances (IFRS 9)	(4)	(5)
Carrying value	17 856	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	31.03.2021 EUR'000		
	Stage 1	Stage 2	Stage 3
Debt securities	5		
Due from credit institutions	3	16	
Loans	202	169	7 920
Financial guarantees and other commitments	46	1	7