



Baltic International Bank

**JSC “BALTIC INTERNATIONAL BANK”**  
**PUBLICLY AVAILABLE**  
**QUARTERLY FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2020**



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

In Q3 2020, JSC Baltic International Bank continued to be active, maintaining a high Liquidity Coverage Ratio at 149% in the reporting period and keeping a high Capital Adequacy Ratio at 16.39%.

JSC Baltic International Bank closed Q3 2020 with the following financial results (data on the Group is given in brackets):

- Assets: EUR 221.27 million (EUR 220.88 million);
- Total Capital Ratio (TCR): 16.39% (15.99%);
- Liquidity Coverage Ratio (LCR): 149%;
- Loss: EUR 1.18 million (EUR 1.34 million).

As of 30 September 2020, the total customer funds in the Bank amounted to EUR 365 million (Annex 1) and assets under management reached EUR 69 million (EUR 69 million). The value of financial instruments in brokerage service was EUR 110 million (EUR 110 million).

The Bank's high-quality liquid assets (assets carrying investment-grade credit rating and claims on the Bank of Latvia) totalled EUR 124 million (EUR 124 million) or 56% (56%) of the total assets. Investments in government bonds amounted to EUR 15.72 million (EUR 15.72 million) or 7% (7%) of the total assets.

The Bank maintains a well-diversified structure of liquid assets represented by bonds (12%), claims on credit institutions (6%), claims on the Bank of Latvia (79%) cash (2%) and shares (1%). 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 157%.

As the Bank continued to implement its asset quality improvement and capital strengthening programme, the Bank's Tier 1 Capital Ratio reached 14.10% (13.67%) as of 30 September 2020, while the Total Capital Ratio (TCR) was 16.39% (15.99%), 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 level of the Overall Capital Requirement Ratio, which amounted to 13.50%.

As of 30 September 2020, the Bank's own funds totalled EUR 21.73 million (EUR 20.93 million).

In the reporting period, the Bank continued lending, focusing its operations on lending to small and medium-sized enterprises in accordance with the priorities set out in the Bank's strategy. In Q3 the Bank approved loans totalling 11 million EUR, thus supporting the stabilisation of the national economy.

In Q3, the Bank expanded its senior management to include Edgars Voļskis, Doctor of Economics, in the Management Board. He is in charge of the Bank's financial activities and related matters as well as the development of business and information technologies. Dr. E. Voļskis is one of the most recognised experts in the field of the pension system in the country. Before joining the Bank's senior management team, Edgars Voļskis worked for the auditing firm KPMG for 13 years, of which the last two years he was involved in the establishment and management of the KPMG office in Minsk, Belarus.

During the reporting period, Baltic International Bank was recognised as the Best Digital Bank in Latvia in the competition for World's Best Digital Bank Awards 2020 by Global Finance. In selecting the winner at the national level, Global Finance, in collaboration with the jury's partner Infosys, judged the compliance of the entrants on the following categories: strong customer acquisition and service strategy, success in migrating customers to digital platforms, growth in digital service users, breadth of digital product offerings, evidence of verifiable benefits from digital initiatives as well as website/mobile site design and functionality.



Baltic International Bank

In Q3, the Bank joined the Latvian Startup Association Startin.LV, having regard to the role of startups in the overall development of the national economy, the importance of providing support to this sector and the prospects offered by joint work.

During the reporting period, the Bank continued work within the project Bibliotēka (Library), making active efforts to create the publication Family Coats of Arms in Contemporary Latvia, and carried on with the reconstruction of the Kalēju Quarter, renovating the complex of buildings between Kalēju and Vecpilsētas Streets.



## Members of the consolidation group

No	Company name and registration number	Code of registration state and address	Institution type <sup>1</sup>	Ownership interest (%)	Percentage of voting rights (%)	Rationale behind the inclusion within the group <sup>2</sup>
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

<sup>1</sup> BNK - Bank, OFI - Other Financial Institution, SE - Supporting Enterprise

<sup>2</sup> 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 (30.09.2020.)

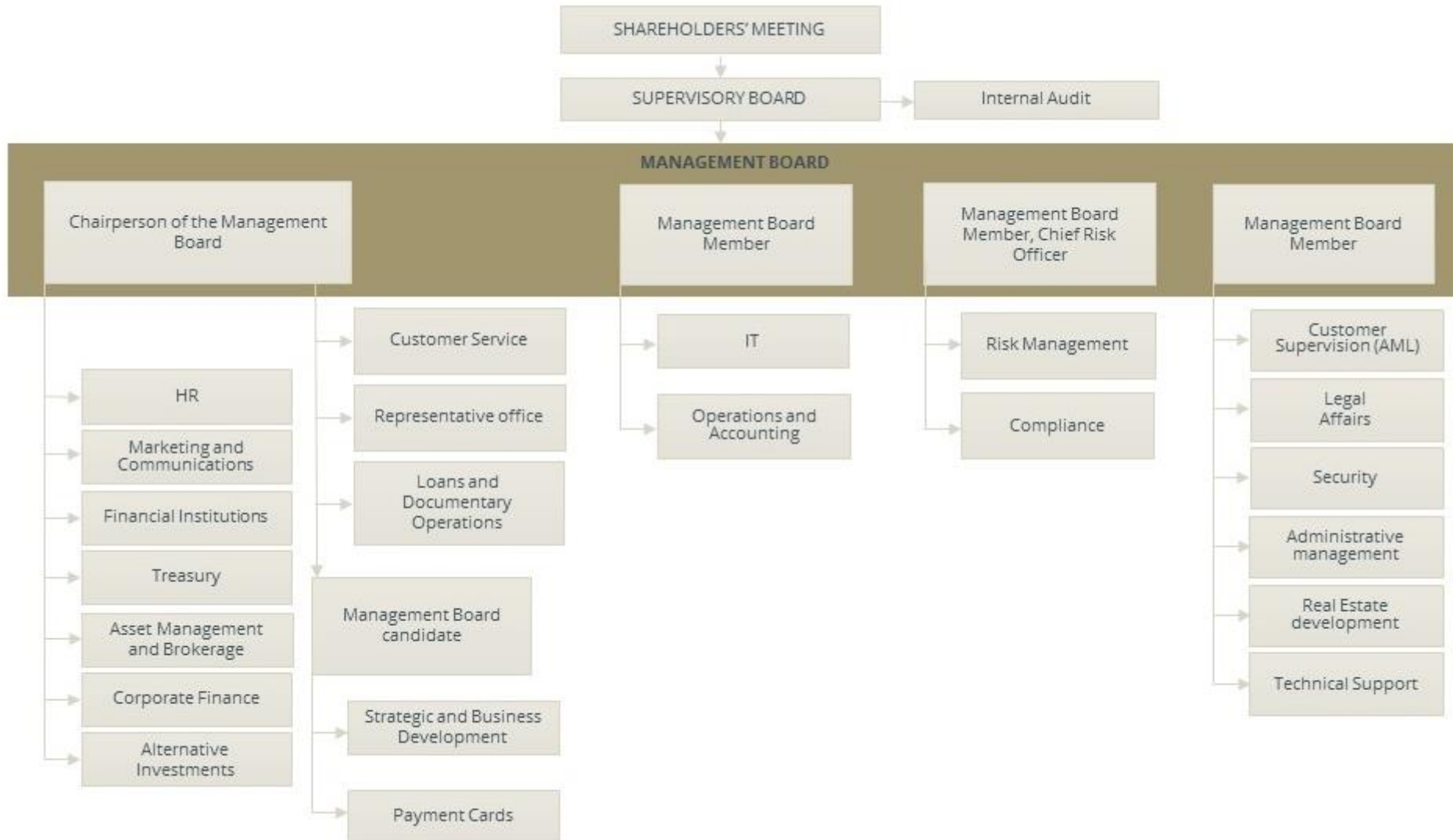
Full name	Position
Valeri Belokon	Chairperson of the Supervisory Board
Ilona Gulchak	Deputy Chairperson of the Supervisory Board
Hans-Friedrich Von Ploetz	Member of the Supervisory Board
Joseph Cofer Black	Member of the Supervisory Board

### Management Board (30.09.2020.)

Full name	Position
Viktors Bolbats	Chairperson of the Management Board
Bogdan Andrushchenko	Member of the Management Board
Anda Saukane	Member of the Management Board
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 2019 Annual Report from page 29 till page 35 on JSC "Baltic International Bank" web page [www.bib.eu/en/financial-performance](http://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	30.09.2020 (unaudited)		30.09.2019 (unaudited)
	Group	Bank	Bank
Return on Equity (ROE) (%)	-7.81	-6.98	1.03
Return on Assets (ROA) (%)	-0.84	-0.73	0.08
Total capital ratio (%)	15.99	16.39	13.35
Liquidity coverage ratio (%)		149	166
Operational income* (in thousands euro)	9 280	9 284	9 832

\*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	180 117	180 251
Subordinated liabilities	5 880	5 880
Debt securities in issue	0	0
Financial instruments in brokerage service	109 636	109 636
The assets under management	69 155	69 155
<b>TOTAL of customer funds</b>	<b>364 788</b>	<b>364 922</b>





## Income statement

Item	01.01.2020 - 30.09.2020		01.01.2019 - 30.09.2019	
	(unaudited)		(unaudited)	
	Group EUR'000	Bank EUR'000	Group EUR'000	Bank EUR'000
Interest income	1 652	1 656	3 132	3 134
Interest expense	-886	-886	-1 602	-1 602
Dividend income	0	0	17	17
Fee and commission income	6 679	6 679	7 325	7 325
Fee and commission expense	-902	-902	-869	-869
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net (+/-)	424	424	-137	-137
Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	-1 387	-1 387	2 512	2 512
Gains or (-) losses from hedge accounting, net (+/-)	0	0	0	0
Exchange differences [gain or (-) loss], net (+/-)	2 981	2 981	-793	-793
Gains or (-) losses on derecognition of non financial assets other than held for sale, net (+/-)	0	0	0	0
Other operating income	719	719	408	245
Other operating Expenses (-)	-50	-36	-434	-220
Administrative Expenses (-)	-9 368	-9 321	-8 622	-8 492
Depreciation (-)	-1 073	-1 073	-986	-986
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 (-/+)	-99	-7	134	59
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 (+/-)	-13	-13	0	0
<b>Profit or (-) loss before tax from continuing operations (+/-)</b>	<b>-1 323</b>	<b>-1 166</b>	<b>85</b>	<b>193</b>
Tax Expenses or (-) income related to profit or loss from continuing operations	-13	-13	-9	-9
<b>Profit / Loss for the reporting period (+/-)</b>	<b>-1 336</b>	<b>-1 179</b>	<b>76</b>	<b>184</b>
TOTAL comprehensive loss for the reporting period (+/-)	466	622	158	266



## Balance sheet statement

Item	30.09.2020 (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	107 990	107 990	98 685	98 685
Due from credit institutions repayable on demand	8 527	8 526	10 276	10 275
Financial assets at fair value through profit or loss	6 082	6 082	12 481	12 481
<i>Loans</i>	100	100	5 630	5 630
<i>other financial assets</i>	5 982	5 982	6 851	6 851
Financial assets at fair value through other comprehensive income	6 309	6 309	3 551	3 551
Financial assets at amortised cost	42 119	42 803	59 022	59 854
<i>Due from credit institutions</i>	448	448	435	435
<i>Debt securities</i>	10 048	10 048	30 412	30 412
<i>Loans</i>	31 623	32 307	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	3 169	858	3 946
Tangible assets	31 105	29 103	26 144	23 908
Intangible assets	4 120	4 120	4 152	4 152
Tax assets	0	0	0	0
Other assets	11 769	11 512	11 213	9 803
Non-current assets and disposal groups classified as held for sale	1 999	1 652	0	0
<b>Total assets</b>	<b>220 878</b>	<b>221 266</b>	<b>226 382</b>	<b>226 655</b>
Liabilities to central banks	0	0	12 088	12 088
Due to credit institutions repayable on demand	4 481	4 481	7 061	7 061
Financial liabilities designated at fair value through profit or loss	0	0	27	27
Financial liabilities measured at amortised cost	185 997	186 131	183 291	183 429
<i>Deposits</i>	180 117	180 251	174 106	174 244
<i>Subordinated liabilities</i>	5 880	5 880	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	74	90	21	61
Tax liabilities	0	0	6	6
Other liabilities	7 164	7 037	3 965	3 852
Liabilities included in disposal groups classified as held for sale	0	0	0	0
<b>Total liabilities</b>	<b>197 716</b>	<b>197 739</b>	<b>206 459</b>	<b>206 524</b>
<b>Shareholders' equity</b>	<b>23 162</b>	<b>23 527</b>	<b>19 923</b>	<b>20 131</b>
<b>Total liabilities and shareholders' equity</b>	<b>220 878</b>	<b>221 266</b>	<b>226 382</b>	<b>226 655</b>
<b>Memorandum items</b>				
Contingent liabilities	709	709	750	750
Commitments to customers	4 495	4 524	2 496	2 585



## Overview of own funds and capital ratios

No	Item	30.09.2020	
		(unaudited)	
		Group	Bank
		EUR'000	EUR'000
<b>1.</b>	<b>Own funds (1.1.+1.2.)</b>	<b>20 926</b>	<b>21 729</b>
<b>1.1.</b>	<b>Tier 1 capital (1.1.1.+1.1.2.)</b>	<b>17 887</b>	<b>18 690</b>
1.1.1.	Common equity Tier 1 capital (CET1 capital)	17 887	18 690
1.1.2.	Additional Tier 1 capital	0	0
<b>1.2.</b>	<b>Tier 2 capital</b>	<b>3 039</b>	<b>3 039</b>
<b>2.</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>130 835</b>	<b>132 551</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	103 596	105 370
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	540	540
2.4.	Total risk exposure amount for operational risk	26 698	26 640
2.5.	Total risk exposure amount for credit valuation adjustment	1	1
2.6.	Total risk exposure amount related to large exposures in the trading book	0	0
2.7.	Other risk exposure amounts	0	0
<b>3.</b>	<b>Capital ratios and capital levels</b>		
3.1.	CET1 capital ratio (1.1.1./2.*100)	13.67	14.10
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	11 999	12 725
3.3.	Tier 1 capital ratio (1.1./2.*100)	13.67	14.10
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	10 037	10 737
3.5.	Total capital ratio (1./2.*100)	15.99	16.39
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	10 459	11 125
<b>4.</b>	<b>Combined Buffer Requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>3 271</b>	<b>3 314</b>
4.1.	Capital conservation buffer	3 271	3 314
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
<b>5.</b>	<b>Capital ratios due to adjustments</b>		
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	30.09.2020 (unaudited)	
		Group EUR'000	Bank EUR'000
<b>1.A</b>	<b>Own funds without the application of IFRS 9 transitional arrangements</b>	<b>20 776</b>	<b>21 579</b>
1.1.A	Tier 1 capital without the application of IFRS 9 transitional arrangements	17 737	18 540
1.1.1.A	Common Equity Tier 1 capital without the application of IFRS 9 transitional arrangements	17 737	18 540
<b>2.A</b>	<b>Total risk exposure amount without the application of IFRS 9 transitional arrangements</b>	<b>130 767</b>	<b>132 482</b>
3.1.A	Common Equity Tier 1 capital ratio without the application of IFRS 9 transitional arrangements	13.56	13.99
3.3.A	Tier 1 capital ratio without the application of IFRS 9 transitional arrangements	13.56	13.99
<b>3.5.A</b>	<b>Total capital ratio without the application of IFRS 9 transitional arrangements</b>	<b>15.89</b>	<b>16.29</b>

### Liquidity coverage ratio

No	Item	30.09.2020 (unaudited)
		Bank EUR'000
1	Liquidity buffer (in thousands euro)	122 450
2	Net liquidity outflow (in thousands euro)	82 336
3	Liquidity coverage ratio (%)	149%



## Annex 2. Securities portfolio

The Bank's securities portfolio breaks down by country:

<b>30.09.2020</b> (unaudited)				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	<b>Total</b>
	EUR'000	EUR'000	EUR'000	<b>EUR'000</b>
Lithuania	-	1 399	3 677	<b>5 076</b>
Latvia	602	3 968	3 976	<b>8 546</b>
Germany	3 725	-	-	<b>3 725</b>
Other countries*	1 595	943	2 398	<b>4 936</b>
<b>Total</b>	<b>5 922</b>	<b>6 310</b>	<b>10 051</b>	<b>22 283</b>
Allowances ( IFRS 9 )	0	(1)	(3)	<b>(4)</b>
<b>Book value</b>	<b>5 922</b>	<b>6 309</b>	<b>10 048</b>	<b>22 279</b>

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

<b>31.12.2019</b> (audited)				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	<b>Total</b>
	EUR'000	EUR'000	EUR'000	<b>EUR'000</b>
Lithuania	-	-	4 633	<b>4 633</b>
United Kingdom	893	-	3 238	<b>4 131</b>
Netherlands	-	-	3 537	<b>3 537</b>
Denmark	-	-	4 451	<b>4 451</b>
Latvia	820	3 525	4 634	<b>8 979</b>
Germany	3 597	-	-	<b>3 597</b>
Other countries*	1 535	27	9 925	<b>11 487</b>
<b>Total</b>	<b>6 845</b>	<b>3 552</b>	<b>30 418</b>	<b>40 815</b>
Allowances ( IFRS 9 )	0	(1)	(6)	<b>(7)</b>
<b>Book value</b>	<b>6 845</b>	<b>3 551</b>	<b>30 412</b>	<b>40 808</b>

\* 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:

	<b>30.09.2020.</b>	<b>31.12.2019</b>
	(unaudited)	(audited)
	Carrying value	Carrying value
	EUR'000	EUR'000
Lithuania	5 076	4 633
Latvia	7 944	8 159
Other countries*	2 703	5 268
<b>Total</b>	<b>15 723</b>	<b>18 060</b>
Allowances ( IFRS 9 )	(3)	(6)
<b>Carrying value</b>	<b>15 720</b>	<b>18 054</b>

\* 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:**

	<b>30.09.2020</b>		
	EUR'000		
Financial assets	Stage 1	Stage 2	Stage 3
Debt securities	4		
Due from credit institutions	3	1	
Loans	121	21	12 047
Financial guarantees and other commitments	64	1	25