

2020

Public quarterly report  
3rd Quarter 2020



RIETUMU  
BANK

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## Mission

The Bank offers high-quality and professional financial services for dynamically growing enterprises and high net worth individuals from Latvia, the Baltic states, the EU countries and from other countries worldwide.

The Bank aims at providing premium quality service and its personalised and customer-oriented approach allows to devise and offer tailored financial solutions for every customer meeting his/her business needs and personal requirements.

## Vision

The Bank is in the leading position in the area of corporate client service and wealth management in Latvia and at regional level.

The Bank plans to consolidate its market position with an aim to ensure stable profit and improve efficiency ratios. Continuation of stable growth, improvement of the technological base and supporting of rational administrative infrastructure are among the Bank's priorities.

The Bank plans to continue to improve the control and risk management systems, personnel training and professional development of all employees.

Rietumu Bank is a socially responsible Latvian bank providing support and assistance to those in need through operations of a specially created Rietumu Charity Fund.

## Strategy

For achieving the set goals, the Bank has worked out and has been effectively implementing its corporate strategy focusing on the following areas:

- / Cooperation with customers working on international scale, customers who own production companies, distribution networks, retail chains, transportation and real estate enterprises, import and export oriented companies, as well as customers with cross-border business requirements, etc.
- / Assets and wealth management, brokerage services for stock exchange, investment and corporate finance, provision of loans to corporate entities, interbank lending and investment in securities, attraction of interbank loans, corporate and private deposits attraction.
- / Constantly raising customer service quality by improving and expanding the existing product range according to the current market situation and the Bank's technological capabilities.
- / Continually improving the internal processes and information technologies.

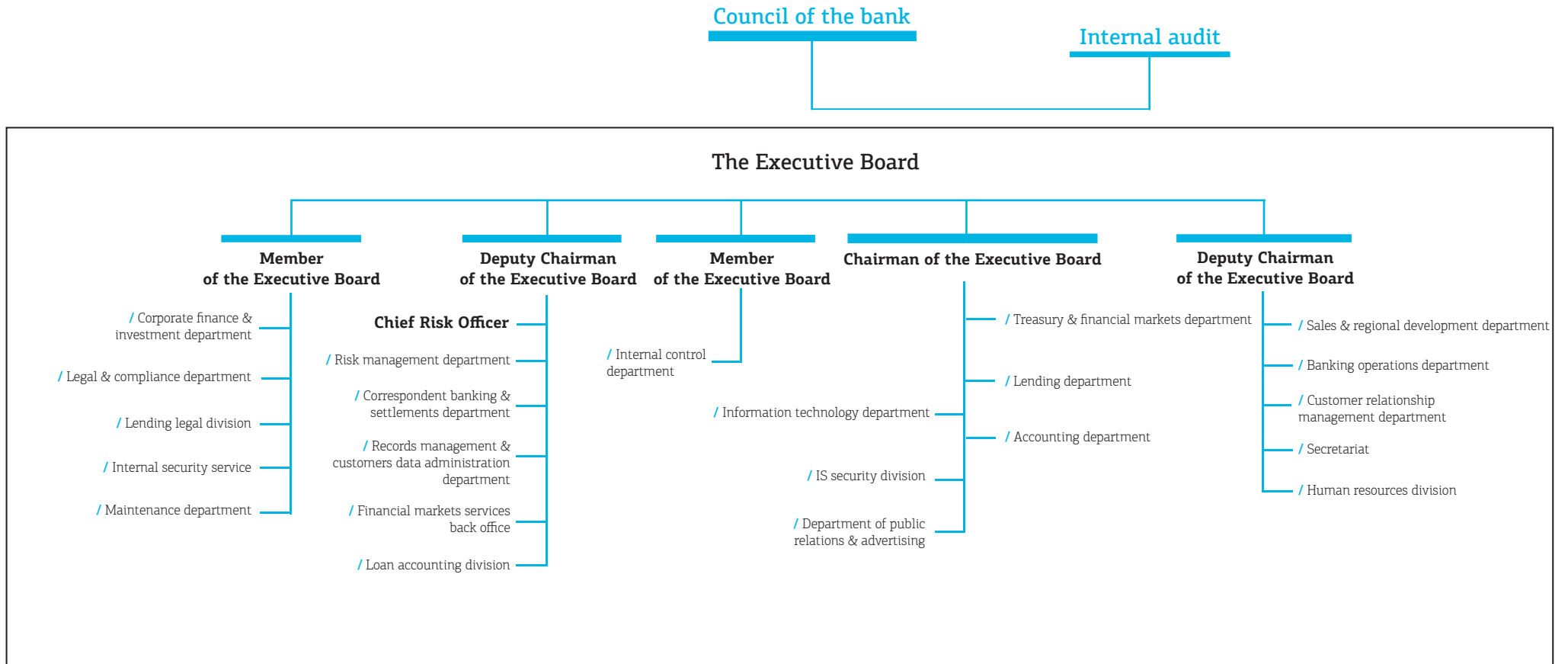
## Bank offices

The information about Rietumu Bank Worldwide offices can be found:

<https://www.rietumu.com/en/about-bank/bank-details>



# The structure of JSC "Rietumu Banka"



Shareholders of the Bank	Number of voting shares	The nominal value of shares	EUR Paid-in share capital	% of total share capital
<b>Companies non-residents, total</b>	<b>33 650 918</b>		<b>47 111 285</b>	<b>33.11%</b>
Boswell (International) Consulting Limited	33 650 918	1.4	47 111 285	33.11%
<b>Companies residents, total</b>	<b>51 278 829</b>		<b>71 790 361</b>	<b>50.46%</b>
SIA "Esterkin Family Investments"	33 660 627	1.4	47 124 878	33.12%
SIA "Suharenko Family Investments"	17 618 202	1.4	24 665 483	17.34%
<b>Others</b>	<b>16 703 953</b>	<b>1.4</b>	<b>23 385 534</b>	<b>16.43%</b>
<b>Total shares with voting rights</b>	<b>101 633 700</b>		<b>142 287 180</b>	<b>100.00%</b>
Shares without voting rights	19 020 308	1.4	26 628 431	
<b>Paid-in share capital total</b>	<b>120 654 008</b>		<b>168 915 611</b>	

## The Council of the Bank

Name	Position	Date of appointment
Leonids Esterkins	Chairman of the Council	14/05/2018-14/05/2021
Arkadijs Suharenko	Deputy Chairman of the Council	14/05/2018-14/05/2021
Brendan Thomas Murphy	Deputy Chairman of the Council	14/05/2018-14/05/2021
Dermot Fachtna Desmond	Member of the Council	14/05/2018-14/05/2021
Valentins Blugers	Member of the Council	14/05/2018-14/05/2021

## The Executive Board of the Bank

Name	Position	Date of appointment
Rolf Paul Fuls	Chairman of the Executive Board	23/09/2019 - 23/09/2022
Ruslan Stecyuk	Member of the Executive Board, Deputy Chairman	23/09/2019 - 23/09/2022
Ilja Suharenko	Member of the Executive Board, Deputy Chairman	23/09/2019 - 05/10/2020
Jelena Buraja	Member of the Executive Board	23/09/2019 - 23/09/2022
Vladlen Topchiyan	Member of the Executive Board	24/08/2020 - 24/08/2023



The information disclosed in the report is prepared in accordance with the principles of the Regulations on Preparation of Public Quarterly Reports of Credit Institutions approved by the Financial and Capital Market Commission. JSC "Rietumu Banka" is the parent entity of the group.

No.	Name of company	Registration number	Registration location code	Registration address	Type of activities*	Interest in share capital (%)	Voting shares (%)	Basis for inclusion in the group**
1.	AS "Rietumu Banka"	40003074497	LV	Latvia, Riga, Vesetas str. 7	BNK	100	100	MT
2.	SIA "RB Investments"	40003669082	LV	Latvia, Riga, Vesetas str. 7	CFI	100	100	MS
3.	SIA "Aleksandra muiža"	40103892782	LV	Latvia, Riga, Brivibas str. 91-23	PLS	100	100	MMS
4.	SIA "KI Zeme"	40103161381	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
5.	SIA "KI Nekustamie īpašumi"	40103182129	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
6.	SIA "Lilijas 28"	40103252765	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
7.	SIA "Aristīda Briāna 9"	40003780729	LV	Latvia, Riga, Aristida Briana str. 9	PLS	100	100	MS
8.	SIA "Vesetas 7"	40103182735	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
9.	Rietumu leasing OOO	100188077	BY	Belarus, Minsk, Odoevskogo str. 117, 6th floor, office 9	LIZ	100	100	MS
10.	SIA "InCREDIT GROUP"	40103307404	LV	Latvia, Riga, Kr.Barona str. 130	CFI	51	51	MS
11.	SIA "KI-135"	40003970065	LV	Latvia, Riga, Brivibas str. 109	PLS	100	100	MMS
12.	SIA "U-10"	50103841951	LV	Latvia, Riga, Garozes str. 25-1	PLS	67	67	MMS
13.	SIA "ESP European Steel Production"	40103266905	LV	Latvia, Olaine, Rupnicu str. 4	PLS	100	100	MMS
14.	SIA "Ekoagro"	40003741971	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
15.	AS Rietumu Asset Management IPS	40103753360	LV	Latvia, Riga, Vesetas str. 7	CFI	100	100	MS
16.	SIA "Overseas Estates"	40003943207	LV	Latvia, Ventspils, Dzintaru str. 3A	PLS	100	100	MS
17.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MMS
18.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Ganību dambis 30	PLS	100	100	MS
19.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS

\* BNK - bank; ENI - e-commerce company; IBS - investment brokerage company; IPS - investment management company; PFO - pension fund; LIZ - leasing company; CFI - other financial institution; PLS - company providing various support services.

\*\* MS - subsidiary company; MMS - subsidiary of the subsidiary company; MT - parent company; CT - other company.



## Income Statement

	000'EUR			
	Bank 30.09.2020 Non-audited	Group 30.09.2020 Non-audited	Bank 30.09.2019 Non-audited	Group 30.09.2019 Non-audited
Interest income	30 325	38 089	29 962	37 336
Interest expenses	-12 905	-13 174	-12 987	-13 324
Dividend income	2 943	57	3 225	118
Commission and fee income	13 702	14 081	26 554	26 925
Commission and fee expense	-3 004	-3 349	-18 464	-18 894
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	2 743	2 743	1 315	951
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-208	-209	92	28
Net result from foreign exchange trading and revaluation	4 213	360	8 581	9 606
Net gain/(loss) from derecognition of non-financial assets	738	842	24	-39
Other income	1 189	6 584	2 280	7 740
Other expense	-19	-1 497	-9	-137
Administrative expense	-18 717	-27 024	-18 643	-26 552
Depreciation	-1 895	-1 611	-2 175	-2 996
Provisions or reversal of provisions	-89	-105	-18	-29
Impairment losses	-594	-3 573	1 085	378
<b>PROFIT BEFORE CORPORATE INCOME TAX</b>	<b>18 422</b>	<b>12 214</b>	<b>20 822</b>	<b>21 111</b>
Corporate income tax	-314	-566	-224	-960
<b>NET PROFIT</b>	<b>18 108</b>	<b>11 648</b>	<b>20 598</b>	<b>20 151</b>
Other comprehensive income for the reporting period	-7 766	-7 885	5 627	5 914



## Condensed Balance Sheet

	000'EUR			
	Bank 30.09.2020 Non-audited	Group 30.09.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
<b>ASSETS</b>				
Cash and demand deposits with central banks	307 721	307 747	503 072	503 089
Demand deposits from credit institutions	48 901	50 141	80 911	81 493
Financial assets at fair value through profit or loss	9 551	9 657	10 049	10 155
Financial assets at fair value through other comprehensive income	349 950	349 950	290 490	290 490
Financial assets at amortised costs	699 732	641 694	699 059	645 827
Loans and receivables, net	636 182	578 144	638 523	585 291
incl.				
loans, gross	666 903	594 094	668 721	599 782
expected credit losses	-30 721	-15 950	-30 198	-14 491
stage 1	-1 476	-1 811	-1 634	-2 016
stage 2	-912	-1 035	-177	-274
stage 3	-28 333	-13 104	-28 387	-12 201
Debt securities, net	63 550	63 550	60 536	60 536
incl.				
debt securities, gross	64 695	64 695	61 199	61 199
expected credit losses	-1 145	-1 145	-663	-663
stage 1	-587	-587	-617	-617
stage 2	-558	-558	-38	-38
stage 3	-	-	-8	-8
Tangible assets	69 309	127 553	69 768	128 472
incl.				
fixed assets	35 654	37 412	34 654	38 413
investment property	33 655	90 141	35 114	90 059
Intangible assets	1 889	1 904	2 074	2 092
Investments in subsidiaries and associates	29 465	3 233	29 466	3 235
Tax assets	16	832	174	395
Other assets	18 316	22 554	33 065	40 280
Long-term assets and disposal groups classified as held for sale	-	62	596	763
<b>Total assets</b>	<b>1 534 850</b>	<b>1 515 327</b>	<b>1 718 724</b>	<b>1 706 291</b>
<b>LIABILITIES AND SHAREHOLDERS'S EQUITY</b>				
Demand deposits due to credit institutions	3 272	3 383	2 920	2 920
Financial instruments at fair value through profit or loss	1 025	1 025	94	94
Financial liabilities at amortised value	1 169 617	1 144 548	1 332 529	1 326 265
Tax liabilities	-	182	-	148
Provisions	34 241	34 209	34 154	34 106
Other liabilities	8 583	7 816	41 257	20 908
<b>Total liabilities</b>	<b>1 216 738</b>	<b>1 191 163</b>	<b>1 410 954</b>	<b>1 384 441</b>
<b>Shareholders' equity</b>	<b>318 112</b>	<b>324 164</b>	<b>307 770</b>	<b>321 850</b>
incl.				
paid-in share capital	168 916	168 916	168 916	168 916
share premium	52 543	52 543	52 543	52 543
reserve capital	23	23	23	23
retained earnings of previous years	82 710	93 642	64 279	71 882
profit for the period	18 108	10 796	18 431	21 739
fixed asset revaluation reserve	-	1 870	-	1 890
revaluation reserve for financial assets at fair value	-4 188	-4 188	3 578	3 578
currency translation reserve	-	-2 958	-	-2 859
non-controlling interest	-	3 520	-	4 138
<b>Total liabilities and shareholder's equity</b>	<b>1 534 850</b>	<b>1 515 327</b>	<b>1 718 724</b>	<b>1 706 291</b>
<b>Commitments and guarantees, net</b>	<b>156 373</b>	<b>103 002</b>	<b>151 728</b>	<b>109 571</b>
incl.				
Commitments and guarantees, gross	156 614	103 211	151 882	109 676
expected credit losses	-241	-209	-154	-105
stage 1	-230	-198	-122	-105
stage 2	-11	-11	-32	-

\*Information has been prepared based on data from the audited annual report for the year ended 31 December 2019.





## Profitability ratios

	Bank 30.09.2020 Non-audited	Group 30.09.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
ROE <sup>1</sup>	7.89%	4.62%	4.76%	5.75%
ROA <sup>2</sup>	1.69%	0.94%	1.10%	1.30%

## Regulatory requirements and ratios

	Bank 30.09.2020 Non-audited	Group 30.09.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
Capital adequacy ratio	20.15%	20.70%	21.96%	22.48%

## Financial ratios

	Bank 30.09.2020 Non-audited	Group 30.09.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
Equity to loan portfolio ratio	50.00%	56.07%	48.20%	54.99%
Loan portfolio to total assets ratio	41.45%	38.15%	37.15%	34.30%
Equity to total assets ratio	20.73%	21.39%	17.91%	18.86%
Deposits to loans ratio	183.85%	197.97%	208.69%	226.60%

<sup>1</sup>Annualised profit/loss for the reporting period over average equity

<sup>2</sup>Annualised profit/loss for the reporting period over average assets

\*Information has been prepared based on data from the audited annual report for the year ended 31 December 2019.



## Report of equity and minimum capital requirements

Code	Position description	Bank 000'EUR 30.09.2020	Group 000'EUR 30.09.2020
<b>1</b>	<b>Own funds (1.1.+1.2.)</b>	<b>276 073</b>	<b>282 747</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	252 983	259 657
1.1.1.	Common equity tier 1 capital	252 983	259 657
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	23 090	23 090
<b>2</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>1 369 919</b>	<b>1 365 961</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 200 885	1 164 616
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	4 292	7 634
2.4.	Total risk exposure amount for operational risk	164 700	193 669
2.5.	Total risk exposure amount or credit valuation adjustment	42	42
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-
2.7.	Other risk exposure amounts	-	-
<b>3</b>	<b>Capital ratios and capital levels</b>		
3.1.	CET 1 Capital ratio (%) (1.1.1./2.*100)	18.47	19.01
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	191 337	198 189
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	18.47	19.01
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	170 788	177 699
3.5.	Total capital ratio (%) (1./2.*100)	20.15	20.70
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	166 479	173 470
<b>4</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>51 675</b>	<b>51 533</b>
4.1.	Capital conservation buffer	34 248	34 149
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	303	309
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	17 124	17 075
<b>5</b>	<b>Capital ratios due to Pillar II adjustments</b>		
5.1.	Amount of asset value adjustment appropriate for prudential purposes	-	-
5.2.	CET1 capital ratio including Pillar II adjustments	18.47%	19.01%
5.3.	Tier 1 capital ratio including Pillar II adjustments	18.47%	19.01%
5.4.	Total capital ratio including Pillar II adjustments	20.15%	20.70%

## Information on equity and capital adequacy ratios if a credit institution applies a transitional period to mitigate the effect of IFRS 9 on equity

Code	Position description	Bank 000'EUR 30.09.2020	Group 000'EUR 30.09.2020
1.A	Own funds if the transitional period of IFRS 9 would not apply	270 822	278 105
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	247 733	255 015
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	247 733	255 015
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 363 606	1 360 875
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	18.17%	18.74%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	18.17%	18.74%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	19.86%	20.44%

## Liquidity coverage ratio calculation

Code	Position description	Bank 000'EUR 30.09.2020	Group 000'EUR 30.09.2020
1	Liquidity buffer	382 126	382 126
2	Net liquidity outflow	109 382	108 913
3	Liquidity coverage ratio (%)	349.35%	350.85%

Risk management can be found in the last annual report:

<https://www.rietumu.com/en/about-bank/bank-finance/bank-finance-audited>



## Analysis of the Bank's and Group's securities portfolio distribution

Bank's and Group's securities portfolio breakdown by country in which the total book value of the securities issued exceeds 10% of the Bank's shareholders equity.

000'EUR

30.09.2020 Non-audited Issuer	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments at amortised costs	TOTAL	% of shareholders' equity*
<b>Netherlands</b>					
Government obligations	-	-	-	-	
Credit institutions	-	10 690	-	10 690	
Other financial corporations	-	5 036	-	5 036	
Non-financial corporations	-	11 428	3 266	14 694	
<b>Total:</b>	-	<b>27 154</b>	<b>3 266</b>	<b>30 420</b>	<b>9.56%</b>
<b>Luxembourg</b>					
Government obligations	-	-	-	-	
Credit institutions	-	1 015	-	1 015	
Other financial corporations	-	1 053	25 497	26 550	
Non-financial corporations	-	8 880	-	8 880	
<b>Total:</b>	-	<b>10 948</b>	<b>25 497</b>	<b>36 445</b>	<b>11.46%</b>
<b>USA</b>					
Government obligations	-	-	-	-	
Credit institutions	-	860	-	860	
Other financial corporations	7 506	11 053	-	18 559	
Non-financial corporations	3	31 840	2 942	34 785	
<b>Total:</b>	<b>7 509</b>	<b>43 753</b>	<b>2 942</b>	<b>54 204</b>	<b>17.04%</b>
<b>Securities of other countries:</b>	<b>1 840</b>	<b>268 095</b>	<b>31 845</b>	<b>301 780</b>	
<b>Total securities portfolio:</b>	<b>9 349</b>	<b>349 950</b>	<b>63 550</b>	<b>422 849</b>	

\* Each country's issuers' total exposure in percentages from the Bank's shareholders equity.

