

2022

Public quarterly report  
4th Quarter 2022



RIETUMU  
BANK

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## Mission

The mission of Rietumu Banka is to support and promote the development of Latvian and Baltic economy in a sustainable way by giving a hand to small, medium and large companies in terms of lending and operational infrastructure, while providing investment and asset management services to owners of these companies.

## 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 Group has zero-tolerance towards bribery, corruption, and money laundering. We are proud to have one of the most numerous and skilled teams in the region that stands ready to fight unfair business practices.

We at Rietumu Banka understand the importance of doing business in a way that for having profit today one does not have to take from tomorrow. Each business has to make its own contribution towards achieving long-term sustainability and banks as the ones controlling the flows of funds have even greater responsibility for this mission to be successful.

Rietumu Banka considers important sharing and promoting social responsibility by providing support and assistance to those in need through operations Nākotnes Atbalsta fonds (Fund for support of future).

## 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.

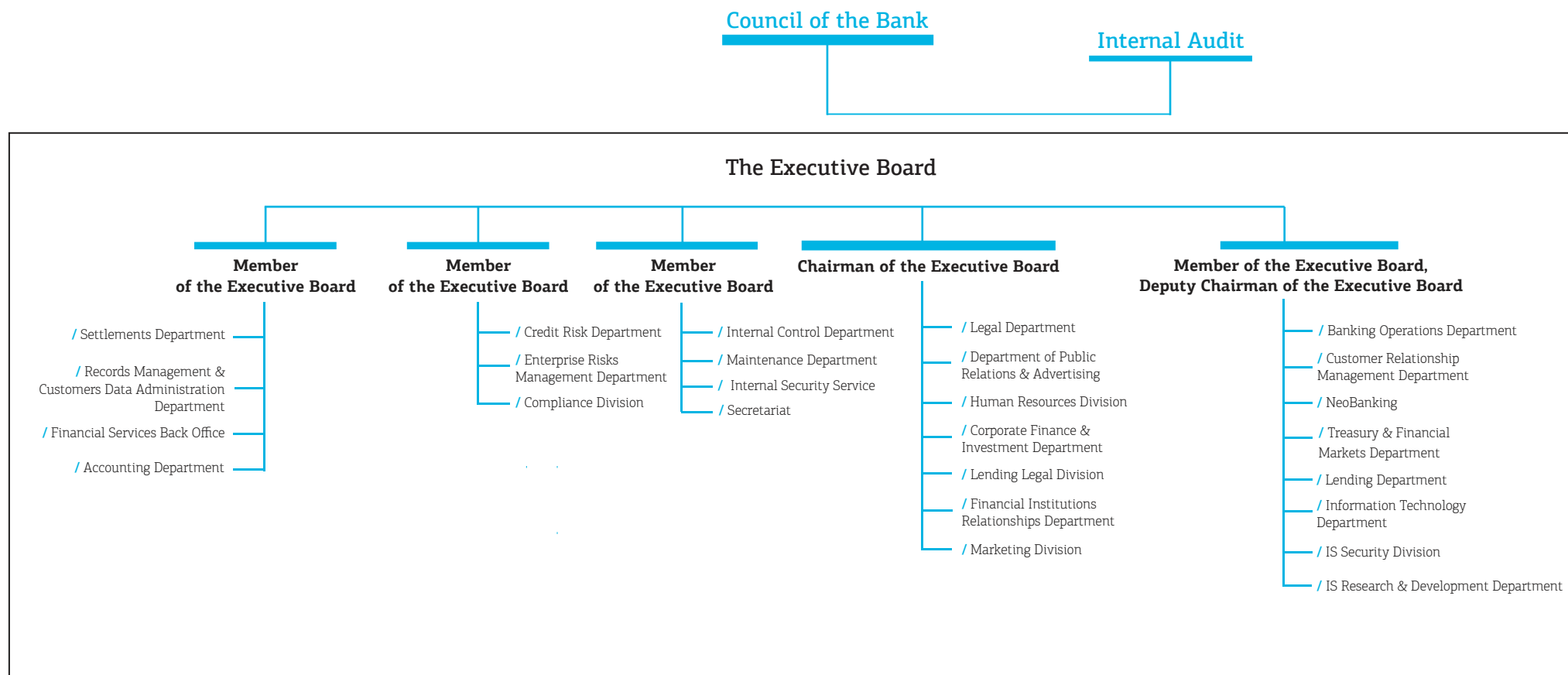
## Bank offices

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 shares	EUR The nominal value of shares	EUR Paid-in share capital	% of share capital with voting rights
<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>
<b>Shares without voting rights</b>	<b>19 020 308</b>	<b>1.4</b>	<b>26 628 431</b>	
<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	06/04/2021 - 06/04/2024
Arkadijs Suharenko	Deputy Chairman of the Council	06/04/2021 - 06/04/2024
Brendan Thomas Murphy	Deputy Chairman of the Council	06/04/2021 - 06/04/2024
Dermot Fachtna Desmond	Member of the Council	06/04/2021 - 06/04/2024
Valentins Blugers	Member of the Council	06/04/2021 - 06/04/2024
Iļja Suharenko	Member of the Council	06/04/2021 - 06/04/2024

## The Executive Board of the Bank

Name	Position	Date of appointment
Jelena Buraja	Chairman of the Executive Board	14/10/2022 - 13/10/2025
Ruslan Stecyuk	Member of the Executive Board, Deputy Chairman	14/10/2022 - 13/10/2025
Mihails Bīrzgals	Member of the Executive Board	19/08/2021 - 19/08/2024
Vladlens Topcijans	Member of the Executive Board	02/09/2020 - 02/09/2023
Sandris Straume	Member of the Executive Board, Risk Director	21/10/2022 - 20/10/2025



The information disclosed in the report is prepared in accordance with the principles of the Regulations No 231 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 "KI Zeme"	40103161381	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
4.	SIA "KI Nekustamie īpašumi"	40103182129	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
5.	SIA "Vesetas 7"	40103182735	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
6.	Rietumu leasing OOO	100188077	BY	Belarus, Minsk, Odoevskogo str. 117, 6th floor, office 9	LIZ	100	100	MS
7.	SIA "InCREDIT GROUP"	40103307404	LV	Latvia, Riga, Kr.Barona str. 130	CFI	51	51	MS
8.	SIA "Ekoagro"	40003741971	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
9.	AS Rietumu Asset Management IPS	40103753360	LV	Latvia, Riga, Vesetas str. 7	IPS	100	100	MS
10.	SIA "Overseas Estates"	40003943207	LV	Latvia, Ventspils, Dzintaru str. 3A	PLS	100	100	MS
11.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MMS
12.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
13.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
14.	SIA "COCHERA DEVELOPMENT GROUP"	40003968198	LV	Latvia, Riga, Brivibas str. 109	PLS	100	100	MMS

\* 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 01.01.2022- 31.12.2022 Non-audited	Group 01.01.2022- 31.12.2022 Non-audited	Bank 01.01.2021- 31.12.2021 Audited*	Group 01.01.2021- 31.12.2021 Non-audited
Interest income	39 604	48 667	37 560	49 697
Interest expenses	-11 089	-11 548	-12 681	-13 564
Dividend income	8 278	116	2 764	139
Commission and fee income	10 637	11 105	14 930	15 562
Commission and fee expense	-2 441	-2 741	-2 894	-3 373
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	1 195	1 195	6 095	4 390
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	2 746	2 746	3 966	3 966
Net result from foreign exchange trading and revaluation	1 102	3 608	3 085	4 073
Net gain/(loss) from derecognition of non-financial assets	497	1 323	1 103	3 543
Other income	10 438	22 787	6 581	17 628
Other expense	-638	-4 615	-566	-2 932
Administrative expense	-28 055	-40 794	-24 888	-37 897
Depreciation	-1 677	-1 160	-1 842	-1 935
Provisions or reversal of provisions	-661	-675	1 158	1 154
Impairment losses	-7 835	-7 501	-12 923	-10 602
Profit or loss arising from investments in subsidiaries, joint ventures and associates recognised using the equity method	-	-1 187	-	-
<b>PROFIT BEFORE CORPORATE INCOME TAX</b>	<b>22 101</b>	<b>21 326</b>	<b>21 448</b>	<b>29 849</b>
Corporate income tax	-583	-1 330	52	-1 210
<b>NET PROFIT</b>	<b>21 518</b>	<b>19 996</b>	<b>21 500</b>	<b>28 639</b>
Other comprehensive income for the reporting period	4 691	5 389	-4 014	-3 903



## Condensed Balance Sheet

	000'EUR			
	Bank 31.12.2022 Non-audited	Group 31.12.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
<b>ASSETS</b>				
Cash and demand deposits with central banks	248 584	248 618	320 562	320 601
Demand deposits from credit institutions	13 757	14 489	32 906	33 400
Financial assets at fair value through profit or loss	5 522	5 966	8 264	8 663
Financial assets at fair value through other comprehensive income	19 436	19 436	380 800	380 800
Financial assets at amortised costs	1 033 096	991 083	705 669	662 375
Loans, net	606 739	564 726	638 482	595 188
incl. loans, gross	629 070	587 288	660 088	617 411
expected credit losses	-22 331	-22 562	-21 606	-22 223
stage 1	-2 973	-2 291	-3 107	-2 396
stage 2	-3 072	-1 621	-3 297	-2 668
stage 3	-16 286	-18 650	-15 202	-17 159
Debt securities, net	426 357	426 357	67 187	67 187
incl. debt securities, gross	433 629	433 629	68 319	68 319
expected credit losses	-7 272	-7 272	-1 132	-1 132
stage 1	-1 341	-1 341	-601	-601
stage 2	-582	-582	-467	-467
stage 3	-5 349	-5 349	-64	-64
Tangible assets	62 101	121 814	60 661	114 312
fixed assets	25 843	28 218	25 935	36 435
investment property	36 258	93 596	34 726	77 877
Intangible assets	1 246	1 255	1 422	1 436
Investments in subsidiaries and associates	40 262	18 584	40 316	18 612
Tax assets	5	785	5	610
Other assets	11 134	7 428	11 173	14 288
Long-term assets and disposal groups classified as held for sale	1 343	1 377	3 404	4 414
<b>Total assets</b>	<b>1 436 486</b>	<b>1 430 835</b>	<b>1 565 182</b>	<b>1 559 511</b>
<b>LIABILITIES AND SHAREHOLDERS'S EQUITY</b>				
Due to Bank of Latvia	49 811	49 811	49 993	49 993
Demand deposits due to credit institutions	1 679	1 679	5 291	5 291
Financial instruments at fair value through profit or loss	551	551	149	149
Financial liabilities at amortised value	978 929	961 738	1 128 885	1 108 341
incl. Deposits	951 824	949 801	1 100 818	1 098 638
Tax liabilities	-	113	-	30
Provisions	33 729	33 719	33 067	33 040
Other liabilities	4 078	5 837	6 297	9 255
<b>Total liabilities</b>	<b>1 068 777</b>	<b>1 053 448</b>	<b>1 223 682</b>	<b>1 206 099</b>
<b>Shareholders' equity</b>	<b>367 709</b>	<b>377 387</b>	<b>341 500</b>	<b>353 412</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	122 335	131 838	100 835	105 106
profit for the period	21 518	18 711	21 500	26 673
fixed asset revaluation reserve	2 886	6 339	-	1 840
revaluation reserve for financial assets at fair value	-512	-512	-2 317	-2 317
currency translation reserve	-	-4 512	-	-3 597
non-controlling interest	-	4 041	-	4 225
<b>Total liabilities and shareholder's equity</b>	<b>1 436 486</b>	<b>1 430 835</b>	<b>1 565 182</b>	<b>1 559 511</b>
<b>Commitments and guarantees, net</b>	<b>188 288</b>	<b>147 328</b>	<b>139 905</b>	<b>88 204</b>
incl. Commitments and guarantees, gross	189 090	148 120	140 045	88 317
expected credit losses	-802	-792	-140	-113
stage 1	-797	-787	-126	-99
stage 2	-5	-5	-14	-14

\*Information has been prepared based on data from the audited annual report for the year ended 31 December 2021.

As a result of the change in the business model, financial assets measured at fair value through other comprehensive income were reclassified to financial assets measured at amortized cost.





## Profitability ratios

	Bank 31.12.2022 Non-audited	Group 31.12.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
ROE <sup>1</sup>	6.22%	5.10%	6.37%	7.72%
ROA <sup>2</sup>	1.42%	1.22%	1.39%	1.72%

## Regulatory requirements and ratios

	Bank 31.12.2022 Non-audited	Group 31.12.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
Capital adequacy ratio	26.67%	26.47%	25.38%	25.43%

## Financial ratios

	Bank 31.12.2022 Non-audited	Group 31.12.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
Equity to loan portfolio ratio	60.60%	66.83%	53.49%	59.38%
Loan portfolio to total assets ratio	42.24%	39.47%	40.79%	38.17%
Equity to total assets ratio	25.60%	26.38%	21.82%	22.66%
Deposits to loans ratio	156.88%	168.19%	172.41%	184.59%

<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 2021.



## Report of equity and minimum capital requirements

Code	Position description	Bank	Group
		000'EUR 31.12.2022	000'EUR 31.12.2022
<b>1</b>	<b>Own funds (1.1.+1.2.)</b>	<b>322 258</b>	<b>319 645</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	303 349	300 736
1.1.1.	Common equity tier 1 capital	303 349	300 736
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	18 909	18 909
<b>2</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>1 208 484</b>	<b>1 207 804</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries		
2.2.	Settlement/delivery risk exposure amount	1 087 124	1 054 852
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	-	-
2.4.	Total risk exposure amount for operational risk	7 481	13 457
2.5.	Total risk exposure amount or credit valuation adjustment	113 592	139 228
2.6.	Total risk exposure amount related to large exposures in the trading book	287	287
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)	25.10	24.90
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	248 967	246 385
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	25.10	24.90
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	230 840	228 268
3.5.	Total capital ratio %(1./2.*100)	26.67	26.47
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	225 579	223 021
<b>4</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>44 134</b>	<b>44 169</b>
4.1.	Capital conservation buffer	30 212	30 195
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	1 837	1 896
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	12 085	12 078
<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	25.10%	24.90%
5.3.	Tier 1 capital ratio including Pillar II adjustments	25.10%	24.90%
5.4.	Total capital ratio including Pillar II adjustments	26.67%	26.47%

## 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 31.12.2022	Group 000'EUR 31.12.2022
1.A	Own funds if the transitional period of IFRS 9 would not apply	320 383	317 988
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	301 474	299 078
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	301 474	299 078
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 206 378	1 205 910
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	24.99%	24.80%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	24.99%	24.80%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	26.56%	26.37%

AS Rietumu Banka does not apply a temporary treatment set out in Article 468 of the Regulation (EC) No. 575/2013 regarding unrealised gains from financial assets measured at fair value through other comprehensive income usage in equity and capital adequacy ratios calculation.

## Liquidity coverage ratio calculation

Code	Position description	Bank 000'EUR 31.12.2022	Group 000'EUR 31.12.2022
1	Liquidity buffer	345 393	345 425
2	Net liquidity outflow	113 607	112 555
3	Liquidity coverage ratio (%)	304.03%	306.89%



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
31.12.2022 Non-audited	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*
Issuer					
<b>Luxembourg</b>					
Other financial corporations	-	-	26 972	26 972	
Non-financial corporations	-	3 984	10 226	14 210	
<b>Total:</b>	-	<b>3 984</b>	<b>37 198</b>	<b>41 182</b>	<b>11.20%</b>
<b>USA</b>					
Credit institutions	-	-	1 895	1 895	
Other financial corporations	3 183	4	20 915	24 102	
Non-financial corporations	-	1 504	51 480	52 984	
<b>Total:</b>	<b>3 183</b>	<b>1 508</b>	<b>74 290</b>	<b>78 981</b>	<b>21.48%</b>
<b>Securities of other countries:</b>	<b>1 669</b>	<b>13 944</b>	<b>314 869</b>	<b>330 482</b>	
<b>Total securities portfolio:</b>	<b>4 852</b>	<b>19 436</b>	<b>426 357</b>	<b>450 645</b>	

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

