

2023

Public quarterly report  
1st Quarter 2023



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.

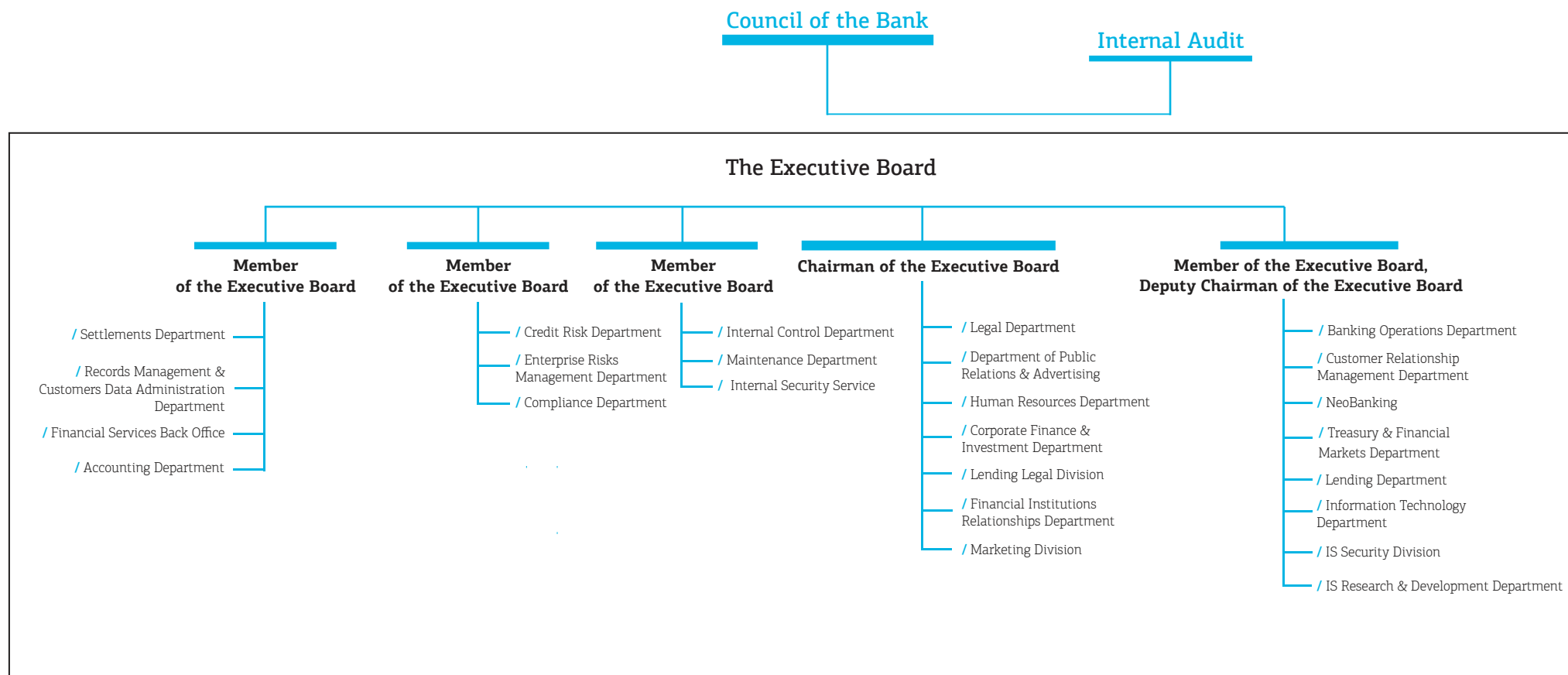
## Bank offices

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 - 10/03/2023
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
Ilija 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 Bircgals	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 01.01.2023- 31.03.2023 Non-audited	Group 01.01.2023- 31.03.2023 Non-audited	Bank 01.01.2022- 31.03.2023 Non-audited	Group 01.01.2022- 31.03.2023 Non-audited
Interest income	11 664	13 235	9 296	11 507
Interest expenses	-2 546	-2 591	-2 876	-2 999
Dividend income	11	11	28	28
Commission and fee income	2 317	2 362	2 444	2 536
Commission and fee expense	-370	-441	-678	-765
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	-	-	1 218	1 218
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	11	11	-142	-142
Net result from foreign exchange trading and revaluation	65	-1 999	728	-827
Net gain/(loss) from derecognition of non-financial assets	162	165	96	836
Other income	130	1 238	145	1 798
Other expense	-4	-310	-4	-6
Administrative expense	-6 870	-9 130	-5 703	-8 670
Depreciation	-435	-356	-438	-450
Provisions or reversal of provisions	8	6	-122	-118
Impairment losses	-416	-276	-3 400	-3 676
<b>PROFIT BEFORE CORPORATE INCOME TAX</b>	<b>3 727</b>	<b>1 925</b>	<b>592</b>	<b>270</b>
Corporate income tax	-70	361	-75	166
<b>NET PROFIT</b>	<b>3 657</b>	<b>2 286</b>	<b>517</b>	<b>436</b>
Other comprehensive income for the reporting period	4 505	6 501	-12 427	-13 353



## Condensed Balance Sheet

	000'EUR			
	Bank 31.03.2023 Non-audited	Group 31.03.2023 Non-audited	Bank 31.12.2022 Audited*	Group 31.12.2022 Non-audited
<b>ASSETS</b>				
Cash and demand deposits with central banks	136 900	136 913	248 584	248 618
Demand deposits from credit institutions	10 774	11 125	13 757	14 490
Financial assets at fair value through profit or loss	7 398	7 842	5 522	5 966
Financial assets at fair value through other comprehensive income	340 811	340 811	351 038	351 038
Financial assets at amortised costs	690 184	650 981	670 469	630 787
Loans, net	624 315	585 112	604 332	564 650
incl.				
loans, gross	649 741	608 660	629 070	587 662
expected credit losses	-25 426	-23 548	-24 738	-23 012
stage 1	-3 339	-2 594	-2 973	-2 291
stage 2	-5 620	-1 981	-5 479	-1 621
stage 3	-16 467	-18 973	-16 286	-19 100
Debt securities, net	65 869	65 869	66 137	66 137
incl.				
debt securities, gross	68 130	68 130	68 394	68 394
expected credit losses	-2 261	-2 261	-2 257	-2 257
stage 1	-1 015	-1 015	-1 008	-1 008
stage 2	-323	-323	-326	-326
stage 3	-923	-923	-923	-923
Tangible assets	58 358	121 988	59 215	121 882
incl.				
fixed assets	22 653	28 151	22 957	28 286
investment property	35 705	93 837	36 258	93 596
Intangible assets	1 207	1 216	1 246	1 255
Investments in subsidiaries and associates	37 662	15 984	40 262	18 584
Tax assets	5	1 006	5	567
Other assets	14 100	11 317	11 135	7 658
Long-term assets and disposal groups classified as held for sale	303	312	1 343	1 377
<b>Total assets</b>	<b>1 297 702</b>	<b>1 299 495</b>	<b>1 402 576</b>	<b>1 402 222</b>
<b>LIABILITIES AND SHAREHOLDERS'S EQUITY</b>				
Due to Bank of Latvia	50 109	50 109	49 811	49 811
Demand deposits due to credit institutions	2 217	2 217	1 679	1 679
Financial instruments at fair value through profit or loss	747	747	551	551
Financial liabilities at amortised value	859 207	842 981	978 929	961 712
incl.				
Deposits	832 501	830 715	951 824	949 801
Tax liabilities	-	815	-	862
Provisions	33 721	33 712	33 729	33 719
Other liabilities	9 741	12 095	4 079	5 886
<b>Total liabilities</b>	<b>955 742</b>	<b>942 676</b>	<b>1 068 778</b>	<b>1 054 220</b>
<b>Shareholders' equity</b>	<b>341 960</b>	<b>356 819</b>	<b>333 798</b>	<b>348 002</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	141 446	149 529	122 335	131 838
profit for the period	3 657	1 966	19 111	17 660
fixed asset revaluation reserve	-	6 705	-	6 735
revaluation reserve for financial assets at fair value	-24 625	-24 625	-29 130	-29 130
currency translation reserve	-	-2 400	-	-4 426
non-controlling interest	-	4 162	-	3 843
<b>Total liabilities and shareholder's equity</b>	<b>1 297 702</b>	<b>1 299 495</b>	<b>1 402 576</b>	<b>1 402 222</b>
<b>Commitments and guarantees, net</b>	<b>182 663</b>	<b>147 335</b>	<b>188 288</b>	<b>147 328</b>
incl.				
Commitments and guarantees, gross	183 456	148 120	189 090	148 120
expected credit losses	-793	-785	-802	-792
stage 1	-752	-744	-797	-787
stage 2	-41	-41	-5	-5

\*Information has been prepared based on data from the audited annual report for the year ended 31 December 2022.

After the annual audit, there are significant changes in the position Financial assets at amortised costs, Debt securities, and in the position Financial assets at fair value through other comprehensive income. Reasons for the changes - cancellation of reclassification of securities.





## Profitability ratios

	Bank 31.03.2023 Non-audited	Group 31.03.2023 Non-audited	Bank 31.12.2022 Audited*	Group 31.12.2022 Non-audited
ROE <sup>1</sup>	4.30%	2.20%	5.66%	4.96%
ROA <sup>2</sup>	1.12%	0.61%	1.29%	1.18%

## Regulatory requirements and ratios

	Bank 31.03.2023 Non-audited	Group 31.03.2023 Non-audited	Bank 31.12.2022 Audited*	Group 31.12.2022 Non-audited
Capital adequacy ratio	23.99%	24.26%	24.66%	24.85%

## Financial ratios

	Bank 31.03.2023 Non-audited	Group 31.03.2023 Non-audited	Bank 31.12.2022 Audited*	Group 31.12.2022 Non-audited
Equity to loan portfolio ratio	54.77%	60.98%	55.23%	61.63%
Loan portfolio to total assets ratio	48.11%	45.03%	43.09%	40.27%
Equity to total assets ratio	26.35%	27.46%	23.80%	24.82%
Deposits to loans ratio	133.35%	141.98%	157.50%	168.21%

<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 2022.



## Report of equity and minimum capital requirements

No.	Position	Bank 000'EUR 31.03.2023	Group 000'EUR 31.03.2023
<b>1</b>	<b>Own funds (1.1.+1.2.)</b>	<b>283 354</b>	<b>286 629</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	265 420	268 695
1.1.1.	Common equity tier 1 capital	265 420	268 695
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	17 934	17 934
<b>2</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>1 181 347</b>	<b>1 181 605</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 048 438	1 029 074
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	13 471	10 993
2.4.	Total risk exposure amount for operational risk	119 027	141 127
2.5.	Total risk exposure amount or credit valuation adjustment	411	411
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)	22.47	22.74
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	212 259	215 523
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	22.47	22.74
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	194 539	197 799
3.5.	Total capital ratio (%) (1./2.*100)	23.99	24.26
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	188 846	192 101
<b>4</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>43 082</b>	<b>43 126</b>
4.1.	Capital conservation buffer	29 534	29 540
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	1 735	1 770
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	11 813	11 816
<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	22.47%	22.74%
5.3.	Tier 1 capital ratio including Pillar II adjustments	22.47%	22.74%
5.4.	Total capital ratio including Pillar II adjustments	23.99%	24.26%

Starting from 2023, transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds applied to the Group and the Bank according to Regulation (EU) 2017/2395 had expired.

JSC 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

No.	Position	Bank 000'EUR 31.03.2023	Group 000'EUR 31.03.2023
1	Liquidity buffer	229 724	229 736
2	Net liquidity outflow	121 289	121 196
3	Liquidity coverage ratio (%)	189.40%	189.56%



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
31.03.2023 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	-	1 849	24 892	26 741	
Non-financial corporations	-	11 013	1 316	12 329	
<b>Total:</b>	-	<b>12 862</b>	<b>26 208</b>	<b>39 070</b>	<b>11.43%</b>
<b>USA</b>					
Credit institutions	-	1 689	-	1 689	
Other financial corporations	3 122	19 218	489	22 829	
Non-financial corporations	-	43 634	3 046	46 680	
<b>Total:</b>	<b>3 122</b>	<b>64 541</b>	<b>3 535</b>	<b>71 198</b>	<b>20.82%</b>
<b>Securities of other countries:</b>	<b>288</b>	<b>263 408</b>	<b>36 126</b>	<b>299 822</b>	
<b>Total securities portfolio:</b>	<b>3 410</b>	<b>340 811</b>	<b>65 869</b>	<b>410 090</b>	

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

