

2019

Public quarterly report
4th Quarter 2019



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.

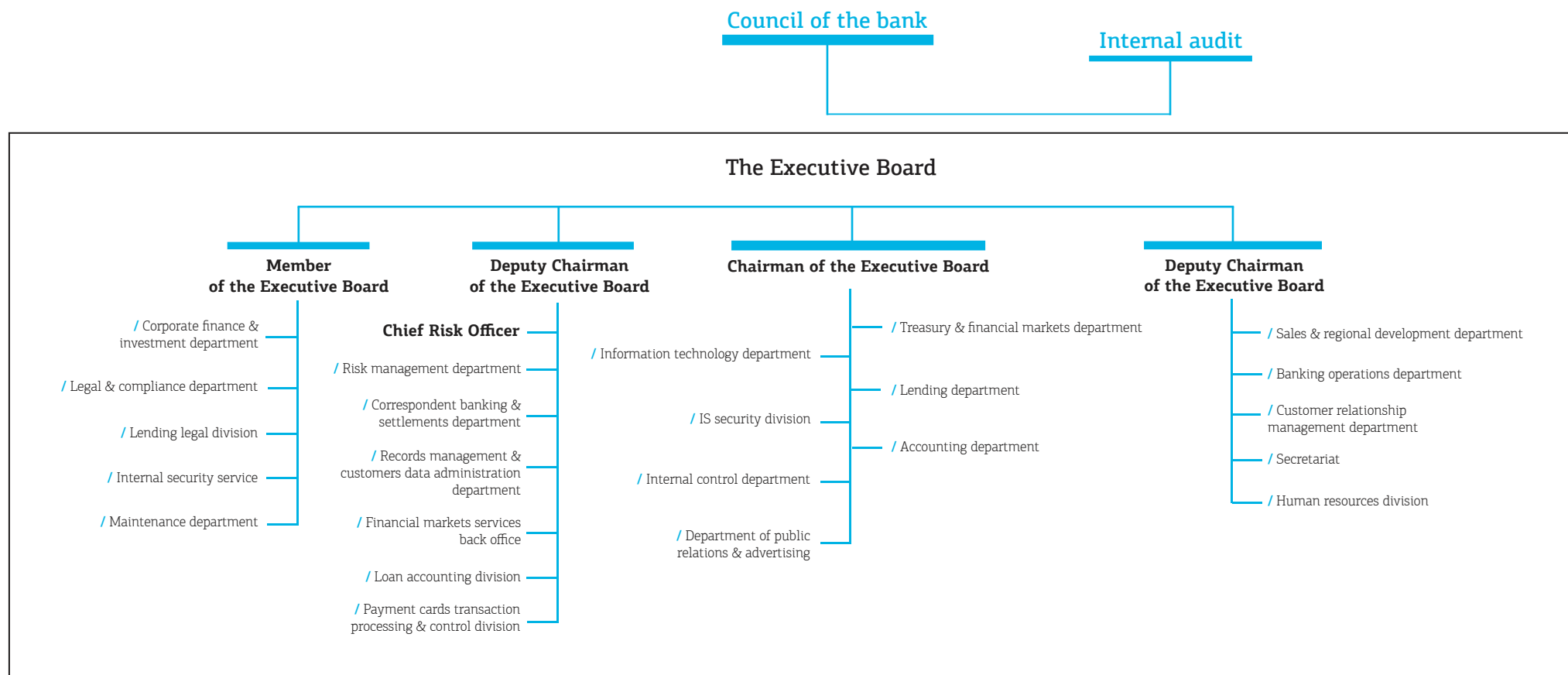
Bank offices

The information about Rietumu Bank Worldwide offices can be found:

<http://www.rietumu.com/bank-offices>



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
Companies non-residents, total	33 650 918		47 111 285	33.11%
Boswell (International) Consulting Limited	33 650 918	1.4	47 111 285	33.11%
Companies residents, total	51 278 829		71 790 361	50.46%
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%
Others	16 703 953	1.4	23 385 534	16.43%
Total shares with voting rights	101 633 700		142 287 180	100.00%
Shares without voting rights	19 020 308	1.4	26 628 431	
Paid-in share capital total	120 654 008		168 915 611	

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
Ruslans Stecjuks	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 - 23/09/2022
Jelena Buraja	Member of the Executive Board	23/09/2019 - 23/09/2022



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.

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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	MMS
7.	SIA "M322"	40103247406	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
8.	SIA "Aristīda Briāna 9"	40003780729	LV	Latvia, Riga, Aristīda Briāna str. 9	PLS	100	100	MMS
9.	SIA "H-Blok"	40003839376	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
10.	SIA "D 47"	40103458986	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
11.	SIA "Vesetas 7"	40103182735	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
12.	Rietumu leasing OOO	100188077	BY	Belarus, Minsk, Odoevskogo str. 117, 6th floor, office 9	LIZ	100	100	MS
13.	SIA "InCREDIT GROUP"	40103307404	LV	Latvia, Riga, Kr.Barona str. 130	CFI	51	51	MS
14.	SIA "KI-135"	40003970065	LV	Latvia, Riga, Brivibas str. 109	PLS	100	100	MMS
15.	SIA "U-10"	50103841951	LV	Latvia, Riga, Garozes str. 25-1	PLS	67	67	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.



No.	Name of company	Registration number	Registration location code	Registration address	Type of activities*	Interest in share capital (%)	Voiting shares (%)	Basis for inclusion in the group**
16.	SIA "ESP European Steel Production"	40103266905	LV	Latvia, Olaine, Rupnicu str. 4	PLS	100	100	MMS
17.	SIA "Ekoagro"	40003741971	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
18.	AS Rietumu Asset Management IPS	40103753360	LV	Latvia, Riga, Vesetas str. 7	CFI	100	100	MS
19.	SIA "Overseas Estates"	40003943207	LV	Latvia, Ventspils, Dzintaru str. 3A	PLS	100	100	MS
20.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MS
21.	PH Servis OOO	1147746132820	RU	Russia, Moscow, 117246. Nauchnij pr. 20	PLS	100	100	MMS
22.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Ganibu dambis 30	PLS	100	100	MS
23.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	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 31.12.2019 Non-audited	Group 31.12.2019 Non-audited	Bank 31.12.2018 Audited*	Group 31.12.2018 Non-audited
Interest income	38 811	51 763	47 583	60 168
Interest expenses	-17 323	-17 903	-13 900	-15 497
Dividend income	3 254	142	2 036	1 478
Commission and fee income	34 349	34 909	67 101	67 618
Commission and fee expense	-21 830	-22 378	-30 315	-30 836
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	2 078	1 499	-1 334	-1 334
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	675	611	803	940
Net result from foreign exchange trading and revaluation	10 394	11 560	15 562	12 692
Net gain/(loss) from derecognition of non-financial assets	298	173	-15	1 743
Other income	2 832	14 321	2 880	14 062
Other expense	-393	-2 940	-374	-7 281
Administrative expense	-22 982	-35 019	-32 803	-44 461
Depreciation	-2 852	-2 617	-1 327	-2 435
Provisions or reversal of provisions	-16	-29	-13 931	-13 912
Impairment losses	-8 084	-8 802	-17 486	-16 557
PROFIT / (LOSS) BEFORE CORPORATE INCOME TAX	19 211	25 290	22 480	26 388
Corporate income tax	-674	-1 546	-997	-1 388
NET PROFIT / (LOSS)	18 537	23 744	21 483	25 000
Other comprehensive income for the reporting period	5 824	5 820	-3 715	-3 676

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2018.



Condensed Balance Sheet

	000'EUR			
	Bank 31.12.2019 Non-audited	Group 31.12.2019 Non-audited	Bank 31.12.2018 Audited*	Group 31.12.2018 Non-audited
ASSETS				
Cash and demand deposits with central banks	503 072	503 089	466 444	466 465
Demand deposits from credit institutions	80 911	81 493	91 828	92 443
Financial assets at fair value through profit or loss	10 049	10 155	11 671	11 815
Financial assets at fair value through other comprehensive income	290 490	290 490	159 405	159 405
Financial assets at amortised costs	699 058	645 947	730 881	656 861
Loans and receivables, net	638 523	585 412	695 344	621 324
incl.				
loans, gross	668 721	599 782	782 015	693 135
expected credit losses	-30 198	-14 370	-86 671	-71 811
stage 1	-1 634	-2 019	-2 363	-2 509
stage 2	-177	-283	-679	-721
stage 3	-28 387	-12 068	-83 629	-68 581
Debt securities, net	60 535	60 535	35 537	35 537
incl.				
debt securities, gross	61 199	61 199	36 127	36 127
expected credit losses	-664	-664	-590	-590
stage 1	-617	-617	-590	-590
stage 2	-38	-38	-	-
stage 3	-9	-9	-	-
Tangible assets	69 769	128 471	17 729	125 512
incl.				
fixed assets	34 655	38 412	8 386	41 139
investment property	35 114	90 059	9 343	84 373
Intangible assets	2 074	2 092	2 498	2 499
Investments in subsidiaries and associates	29 466	3 235	32 809	3 215
Tax assets	174	395	2 835	3 398
Other assets	33 065	40 281	26 306	33 195
Long-term assets and disposal groups classified as held for sale	596	763	-	1 160
Total assets	1 718 724	1 706 411	1 542 406	1 555 968
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Demand deposits due to credit institutions	2 920	2 920	2 190	2 245
Financial instruments at fair value through profit or loss	94	94	-	-
Financial liabilities at amortised value	1 332 529	1 326 265	1 033 697	1 026 828
Tax liabilities	-	146	-	243
Provisions	34 154	34 105	34 138	34 076
Other liabilities	41 151	20 808	14 871	24 027
Total liabilities	1 410 848	1 384 338	1 084 896	1 087 419
Shareholders' equity	307 876	322 073	457 510	468 549
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	88
retained earnings of previous years	64 279	71 882	216 791	223 099
profit for the period	18 537	21 905	21 483	22 750
fixed asset revaluation reserve	-	1 886	-	1 914
revaluation reserve for financial assets at fair value	3 578	3 578	-2 246	-2 246
currency translation reserve	-	-2 856	-	-2 879
non-controlling interest	-	4 196	-	4 364
Total liabilities and shareholder's equity	1 718 724	1 706 411	1 542 406	1 555 968
Contingent liabilities, net	13 832	13 832	4 274	4 274
incl.				
contingent liabilities, gross	13 833	13 833	4 275	4 275
expected credit losses	-1	-1	-1	-1
stage 1	-1	-1	-1	-1
Financial commitments, net	137 896	95 739	17 533	8 841
incl.				
financial commitments, gross	138 049	95 843	17 670	8 917
expected credit losses	-153	-104	-137	-76
stage 1	-121	-104	-126	-75
stage 2	-32	-	-11	-1

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2018.



Profitability ratios

	Bank 31.12.2019 Non-audited	Group 31.12.2019 Non-audited	Bank 31.12.2018 Audited*	Group 31.12.2018 Non-audited
ROE ¹	4.79%	5.79%	4.62%	4.80%
ROA ²	1.11%	1.31%	1.14%	1.20%
Cost/income ratio ³	48.61%	52.45%	45.99%	50.40%

Regulatory requirements and ratios

	Bank 31.12.2019 Non-audited	Group 31.12.2019 Non-audited	Bank 31.12.2018 Audited*	Group 31.12.2018 Non-audited
Capital adequacy ratio	19.82%	20.16%	36.62%	36.01%

Financial ratios

	Bank 31.12.2019 Non-audited	Group 31.12.2019 Non-audited	Bank 31.12.2018 Audited*	Group 31.12.2018 Non-audited
Equity to loan portfolio ratio	48.22%	55.02%	65.80%	75.41%
Loan portfolio to total assets ratio	37.15%	34.31%	45.08%	39.93%
Equity to total assets ratio	17.91%	18.87%	29.66%	30.11%
Deposits to loans ratio	208.69%	226.55%	148.63%	165.26%

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

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

³Expenses over income (Administrative expenses + depreciation and amortization of intangible assets and fixed assets cost) / (net interest income + dividend income + net commission and gain/loss arising from dealing in financial instruments + result of financial instrument revaluation + other ordinary income - other ordinary expenses + financial assets available for sale negative revaluation reserve)*100

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2018.



Report of equity and minimum capital requirements

Code	Position description	Bank 000'EUR 31.12.2019	Group 000'EUR 31.12.2019
1	Own funds (1.1.+1.2.)	280 974	285 629
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	251 667	256 322
1.1.1.	Common equity tier 1 capital	251 667	256 322
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	29 307	29 307
2	Total risk exposure amount(2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 417 457	1 416 590
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 194 464	1 164 103
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	4 463	9 769
2.4.	Total risk exposure amount for operational risk	218 518	242 706
2.5.	Total risk exposure amount or credit valuation adjustment	12	12
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-
2.7.	Other risk exposure amounts	-	-
3	Capital ratios and capital levels		
3.1.	CET 1 Capital ratio (%) (1.1.1./2.*100)	17.75	18.09
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	187 881	192 575
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	17.75	18.09
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	166 620	171 327
3.5.	Total capital ratio %(1./2.*100)	19.82	20.16
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	167 577	172 302
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	53 975	53 948
4.1.	Capital conservation buffer	35 436	35 415
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	821	826
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	17 718	17 707
5	Capital ratios due to Pillar II adjustments		
5.1.	Amount of asset value adjustment appropriate for prudential purposes	-	-
5.2.	CET1 capital ratio including Pillar II adjustments	17.75%	18.09%
5.3.	Tier 1 capital ratio including Pillar II adjustments	17.75%	18.09%
5.4.	Total capital ratio including Pillar II adjustments	19.82%	20.16%

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 31.12.2019	Group 000'EUR 31.12.2019
1.A	Own funds if the transitional period of IFRS 9 would not apply	274 599	279 999
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	245 291	250 692
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	245 291	250 692
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 409 741	1 410 317
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	17.40%	17.78%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	17.40%	17.78%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	19.48%	19.85%

Liquidity coverage ratio calculation

Code	Position description	Bank 000'EUR 31.12.2019	Group 000'EUR 31.12.2019
1	Liquidity buffer	557 925	557 939
2	Net liquidity outflow	87 222	86 382
3	Liquidity coverage ratio (%)	639.66%	645.90%

Risk management can be found in the last annual report:

<http://www.rietumu.com/bank-finance-audited>



Analysis of the Bank's securities portfolio distribution

Bank'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					
31.12.2019 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*
Luxembourg					
Financial institutions	-	2 108	24 766	26 874	
Private institutions	-	5 789	-	5 789	
Total:	-	7 897	24 766	32 663	10.61%
USA					
Financial institutions	7 915	13 332	-	21 247	
Private institutions	3	25 395	-	25 398	
Total:	7918	38 727	-	46 645	15.15%
Securities of other countries:	1 593	243 866	35 769	281 228	91.34%
Total securities portfolio:	9 511	290 490	60 535	360 536	

At the end of the reporting period the total volume of the Bank's securities portfolio amounted to EUR 360.5 m. 59.99% of the investment was made in securities with investment grade credit ratings. The biggest concentration of investments by country was in USA (15.15% of Bank's shareholders' equity).

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

Analysis of the Group's securities portfolio distribution

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

000'EUR					
31.12.2019 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
Luxembourg					
Financial institutions	-	2 108	24 766	26 874	
Private institutions	-	5 789	-	5 789	
Total:	-	7 897	24 766	32 663	10.14%
USA					
Financial institutions	7 915	13 332	-	21 247	
Private institutions	3	25 395	-	25 398	
Total:	7 918	38 727	-	46 645	14.48%
Securities of other countries:	1 593	243 866	35 769	281 228	87.32%
Total securities portfolio:	9 511	290 490	60 535	360 536	

