

2021

Public quarterly report
3rd Quarter 2021



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 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.

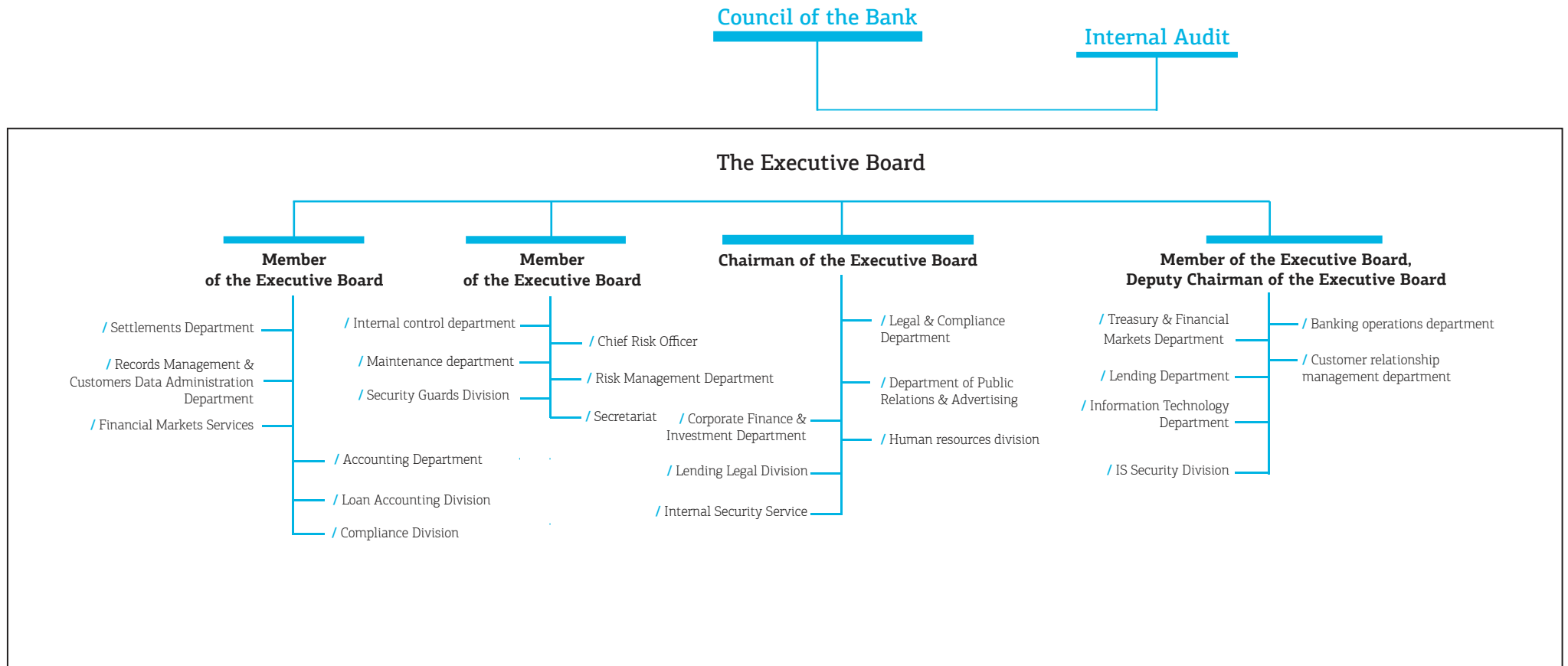
Bank offices

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 shares	EUR The nominal value of shares	EUR Paid-in share capital	% of share capital with voting rights
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	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
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	19/08/2021 - 19/08/2024
Ruslan Stecyuk	Member of the Executive Board, Deputy Chairman	23/09/2019 - 23/09/2022
Mihails Birzgals	Member of the Executive Board	19/08/2021 - 19/08/2024
Vladlens Topcjans	Member of the Executive Board	02/09/2020 - 02/09/2023



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 "ESP European Steel Production"	40103266905	LV	Latvia, Olaine, Rupnicu str. 4	PLS	100	100	MMS
9.	SIA "Ekoagro"	40003741971	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
10.	AS Rietumu Asset Management IPS	40103753360	LV	Latvia, Riga, Vesetas str. 7	IPS	100	100	MS
11.	SIA "Overseas Estates"	40003943207	LV	Latvia, Ventspils, Dzintaru str. 3A	PLS	100	100	MS
12.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MMS
13.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Ganību dambis 30	PLS	100	100	MS
14.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
15.	SIA "COCHERA DEVELOPMENT GROUP"	40003968198	LV	Latvia, Riga, Brīvības 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 30.09.2021 Non-audited	Group 30.09.2021 Non-audited	Bank 30.09.2020 Non-audited	Group 30.09.2020 Non-audited
Interest income	27 805	36 918	30 325	38 089
Interest expenses	-10 094	-10 776	-12 905	-13 174
Dividend income	2 734	108	2 943	57
Commission and fee income	11 296	11 649	13 702	14 081
Commission and fee expense	-2 167	-2 554	-3 004	-3 349
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	4 552	4 552	2 743	2 743
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	2 419	2 419	-208	-209
Net result from foreign exchange trading and revaluation	2 665	3 505	4 213	360
Net gain/(loss) from derecognition of non-financial assets	588	2 647	738	842
Other income	1 164	5 372	1 189	6 584
Other expense	-40	-117	-19	-1 497
Administrative expense	-18 904	-28 593	-18 717	-27 024
Depreciation	-1 396	-1 523	-1 895	-1 611
Provisions or reversal of provisions	4 094	4 092	-89	-105
Impairment losses	-3 082	-3 931	-594	-3 573
PROFIT BEFORE CORPORATE INCOME TAX	21 634	23 768	18 422	12 214
Corporate income tax	161	-878	-314	-566
NET PROFIT	21 795	22 890	18 108	11 648
Other comprehensive income for the reporting period	-1 828	-2 406	-7 766	-7 885



Condensed Balance Sheet

	000'EUR			
	Bank 30.09.2021 Non-audited	Group 30.09.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
ASSETS				
Cash and demand deposits with central banks	251 256	251 288	261 340	261 362
Demand deposits from credit institutions	23 833	24 169	76 818	77 240
Financial assets at fair value through profit or loss	7 660	7 768	16 141	16 250
Financial assets at fair value through other comprehensive income	359 682	359 682	344 496	344 496
Financial assets at amortised costs	719 240	680 059	670 637	624 377
Loans, net	654 851	615 670	606 346	560 086
incl.				
loans, gross	670 608	632 824	619 031	573 234
expected credit losses	-15 757	-17 154	-12 685	-13 148
stage 1	-1 972	-2 165	-1 475	-1 904
stage 2	-2 002	-1 384	-1 349	-926
stage 3	-11 783	-13 605	-9 861	-10 318
Debt securities, net	64 389	64 389	64 291	64 291
incl.				
debt securities, gross	65 588	65 588	65 399	65 399
expected credit losses	-1 199	-1 199	-1 108	-1 108
stage 1	-598	-598	-583	-583
stage 2	-601	-601	-525	-525
Tangible assets	62 66	112 580	67 605	119 223
incl.				
fixed assets	26 267	36 261	26 714	37 344
investment property	36 393	76 319	40 891	81 879
Intangible assets	1 757	1 772	1 923	1 936
Investments in subsidiaries and associates	42 871	18 866	27 319	3 233
Tax assets	5	773	-	825
Other assets	31 836	35 787	12 904	18 384
Long-term assets and disposal groups classified as held for sale	-	20	-	4 577
Total assets	1 500 800	1 492 764	1 479 183	1 471 903
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Demand deposits due to credit institutions	952	952	4 465	4 482
Financial instruments at fair value through profit or loss	2 899	2 899	54	54
Financial liabilities at amortised value	1 115 273	1 094 474	1 110 930	1 090 238
incl.				
Deposits	1 086 769	1 085 288	1 082 424	1 077 488
Tax liabilities	-	26	-	151
Provisions	30 131	30 100	34 225	34 191
Other liabilities	7 564	15 160	5 495	12 668
Total liabilities	1 156 819	1 143 611	1 155 169	1 141 784
Shareholders' equity	343 981	349 153	324 014	330 119
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	100 835	105 099	82 710	93 645
profit for the period	21 795	21 607	18 125	11 433
fixed asset revaluation reserve	-	1 831	-	1 869
revaluation reserve for financial assets at fair value	-131	-131	1 697	1 697
currency translation reserve	-	-4 277	-	-3 736
non-controlling interest	-	3 542	-	3 729
Total liabilities and shareholder's equity	1 500 800	1 492 764	1 479 183	1 471 903
Commitments and guarantees, net	145 616	93 026	158 439	103 205
incl.				
Commitments and guarantees, gross	145 747	93 126	158 663	103 396
expected credit losses	-131	-100	-224	-191
stage 1	-131	-100	-224	-191

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2020.



Profitability ratios

	Bank 30.09.2021 Non-audited	Group 30.09.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
ROE ¹	8.65%	8.41%	5.84%	3.61%
ROA ²	1.87%	1.86%	1.25%	0.75%

Regulatory requirements and ratios

	Bank 30.09.2021 Non-audited	Group 30.09.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
Capital adequacy ratio	23.09%	22.82%	22.76%	22.61%

Financial ratios

	Bank 30.09.2021 Non-audited	Group 30.09.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
Equity to loan portfolio ratio	52.53%	56.71%	53.44%	58.94%
Loan portfolio to total assets ratio	43.63%	41.24%	40.99%	38.05%
Equity to total assets ratio	22.92%	23.39%	21.90%	22.43%
Deposits to loans ratio	165.96%	176.28%	178.52%	192.38%

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

²Annualised 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 2020.



Report of equity and minimum capital requirements

Code	Position description	Bank 000'EUR 30.09.2021	Group 000'EUR 30.09.2021
1	Own funds (1.1.+1.2.)	299 344	297 603
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	280 049	278 308
1.1.1.	Common equity tier 1 capital	280 049	278 308
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	19 295	19 295
2	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 296 674	1 303 976
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 159 523	1 139 716
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	6 508	10 329
2.4.	Total risk exposure amount for operational risk	130 286	153 574
2.5.	Total risk exposure amount or credit valuation adjustment	357	357
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)	21.60	21.34
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	221 699	219 629
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	21.60	21.34
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	202 249	200 069
3.5.	Total capital ratio (%) (1./2.*100)	23.09	22.82
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	195 610	193 285
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	49 230	49 529
4.1.	Capital conservation buffer	32 417	32 599
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	605	630
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	16 208	16 300
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	21.60%	21.34%
5.3.	Tier 1 capital ratio including Pillar II adjustments	21.60%	21.34%
5.4.	Total capital ratio including Pillar II adjustments	23.09%	22.82%



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 30.09.2021	Group 000'EUR 30.09.2021
1.A	Own funds if the transitional period of IFRS 9 would not apply	295 594	294 287
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	276 299	274 992
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	276 299	274 992
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 292 644	1 300 335
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	21.37%	21.15%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	21.37%	21.15%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	22.87%	22.63%

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 30.09.2021	Group 000'EUR 30.09.2021
1	Liquidity buffer	345 331	345 361
2	Net liquidity outflow	58 930	58 295
3	Liquidity coverage ratio (%)	586.01%	592.43%



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.

30.09.2021 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	000'EUR % of shareholders' equity*
Issuer					
Luxembourg					
Credit institutions	-	1 030	-	1 030	
Other financial corporations	-	1 071	25 506	26 577	
Non-financial corporations	-	8 985	1 038	10 023	
Total:	-	11 086	26 544	37 630	10.94%
USA					
Credit institutions	-	1 717	-	1 717	
Other financial corporations	4 793	23 482	-	28 275	
Non-financial corporations	3	41 175	1 932	43 110	
Total:	4 796	66 374	1 932	73 102	21.25%
Securities of other countries:	1 693	282 222	35 913	319 828	
Total securities portfolio:	6 489	359 682	64 389	430 560	

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

