

2022

Public quarterly report  
2nd Quarter 2022



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.

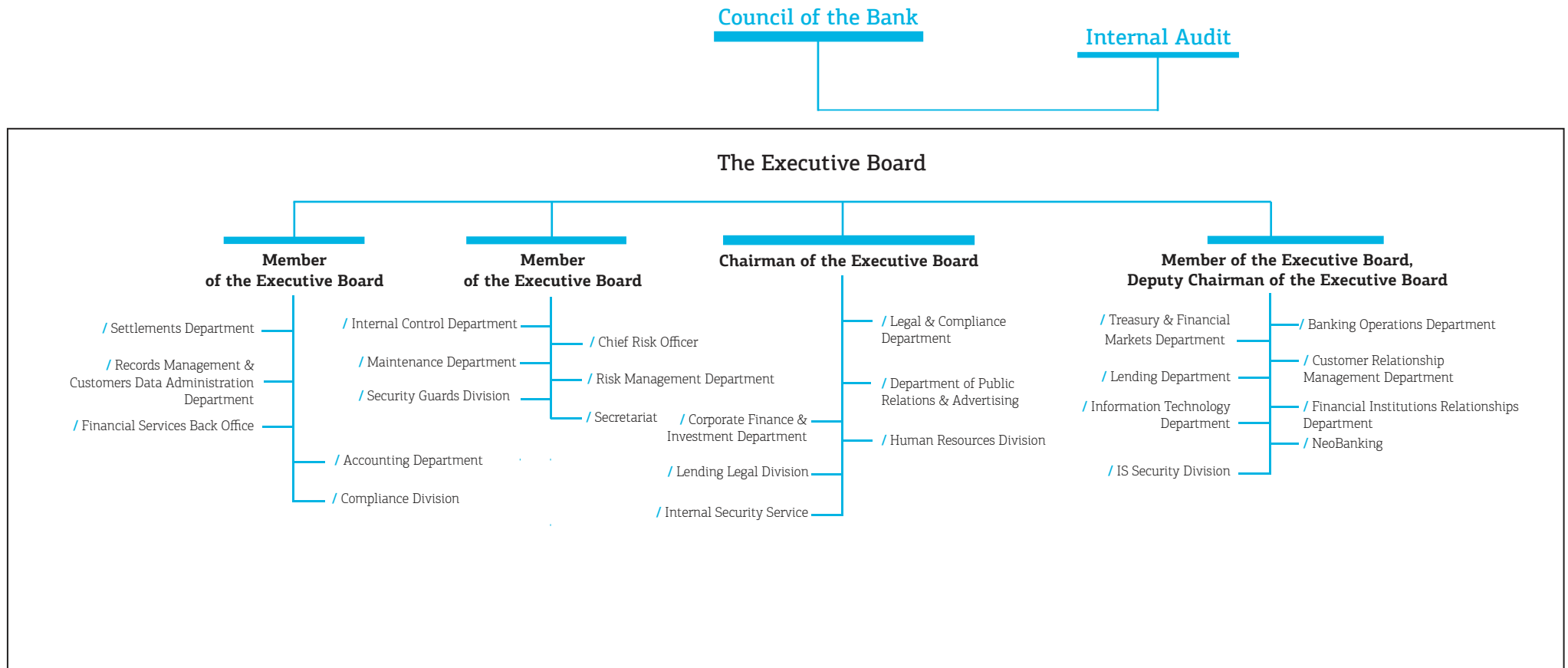
## Bank offices

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
<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
Ilja 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	13/11/2019 - 13/11/2022
Ruslan Stecyuk	Member of the Executive Board, Deputy Chairman	13/11/2019 - 13/11/2022
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, Vesetas str. 7	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, 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 30.06.2022 Non-audited	Group 30.06.2022 Non-audited	Bank 30.06.2021 Non-audited	Group 30.06.2021 Non-audited
Interest income	18 586	22 947	18 545	25 358
Interest expenses	-5 699	-5 885	-6 977	-7 505
Dividend income	28	28	1 811	105
Commission and fee income	5 472	5 688	7 473	7 668
Commission and fee expense	-1 337	-1 496	-1 301	-1 565
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	2 014	2 014	2 420	2 420
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-809	-809	2 452	2 452
Net result from foreign exchange trading and revaluation	962	8 209	2 266	2 895
Net gain/(loss) from derecognition of non-financial assets	436	1 253	394	2 220
Other income	450	4 266	2 504	5 043
Other expense	-8	-8	-6	-163
Administrative expense	-12 811	-18 757	-12 519	-19 423
Depreciation	-894	-949	-926	-1 047
Provisions or reversal of provisions	-124	-121	4 024	4 056
Impairment losses	-4 142	-4 490	-3 516	-2 819
<b>PROFIT BEFORE CORPORATE INCOME TAX</b>	<b>2 124</b>	<b>11 890</b>	<b>16 644</b>	<b>19 695</b>
Corporate income tax	-333	-2 545	459	-571
<b>NET PROFIT</b>	<b>1 791</b>	<b>9 345</b>	<b>17 103</b>	<b>19 124</b>
Other comprehensive income for the reporting period	1 907	-5 842	-844	-1 321



## Condensed Balance Sheet

	000'EUR			
	Bank 30.06.2022 Non-audited	Group 30.06.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
<b>ASSETS</b>				
Cash and demand deposits with central banks	301 155	301 178	320 562	320 601
Demand deposits from credit institutions	31 755	32 202	32 906	33 400
Financial assets at fair value through profit or loss	7 997	8 421	8 264	8 663
Financial assets at fair value through other comprehensive income	21	21	380 800	380 800
Financial assets at amortised costs	1 055 008	1 013 592	705 669	662 375
Loans, net	617 470	576 054	638 482	595 188
incl. loans, gross	642 235	601 838	660 088	617 411
expected credit losses	-24 765	-25 784	-21 606	-22 223
stage 1	-2 357	-1 727	-3 107	-2 396
stage 2	-3 325	-2 634	-3 297	-2 668
stage 3	-19 083	-21 423	-15 202	-17 159
Debt securities, net	437 538	437 538	67 187	67 187
incl. debt securities, gross	441 683	441 683	68 319	68 319
expected credit losses	-4 145	-4 145	-1 132	-1 132
stage 1	-1 410	-1 410	-601	-601
stage 2	-1 192	-1 192	-467	-467
stage 3	-1 543	-1 543	-64	-64
Tangible assets	60 892	113 993	60 661	114 312
fixed assets	25 715	36 536	25 935	36 435
investment property	35 177	77 457	34 726	77 877
Intangible assets	1 313	1 325	1 422	1 436
Investments in subsidiaries and associates	40 316	18 612	40 316	18 612
Tax assets	5	25	5	610
Other assets	6 592	12 214	11 173	14 288
Long-term assets and disposal groups classified as held for sale	-	115	3 404	4 414
<b>Total assets</b>	<b>1 505 054</b>	<b>1 501 698</b>	<b>1 565 182</b>	<b>1 559 511</b>
<b>LIABILITIES AND SHAREHOLDERS'S EQUITY</b>				
Due to Bank of Latvia	49 740	49 740	49 993	49 993
Demand deposits due to credit institutions	1 448	1 448	5 291	5 291
Financial instruments at fair value through profit or loss	3 087	3 087	149	149
Financial liabilities at amortised value	1 068 322	1 048 302	1 128 885	1 108 341
incl. Deposits	1 038 952	1 036 083	1 100 818	1 098 638
Tax liabilities	-	2 481	-	30
Provisions	33 192	33 165	33 067	33 040
Other liabilities	4 068	6 546	6 297	9 255
<b>Total liabilities</b>	<b>1 159 857</b>	<b>1 144 769</b>	<b>1 223 682</b>	<b>1 206 099</b>
<b>Shareholders' equity</b>	<b>345 197</b>	<b>356 929</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	131 793	100 835	105 106
profit for the period	1 791	8 476	21 500	26 673
fixed asset revaluation reserve	-	1 794	-	1 840
revaluation reserve for financial assets at fair value	-411	-411	-2 317	-2 317
currency translation reserve	-	-11 299	-	-3 597
non-controlling interest	-	5 094	-	4 225
<b>Total liabilities and shareholder's equity</b>	<b>1 505 054</b>	<b>1 501 698</b>	<b>1 565 182</b>	<b>1 559 511</b>
<b>Commitments and guarantees, net</b>	<b>170 089</b>	<b>109 034</b>	<b>139 905</b>	<b>88 204</b>
incl. Commitments and guarantees, gross	170 354	109 272	140 045	88 317
expected credit losses	-265	-238	-140	-113
stage 1	-256	-237	-126	-99
stage 2	-9	-1	-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 30.06.2022 Non-audited	Group 30.06.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
ROE <sup>1</sup>	1.07%	4.86%	6.37%	7.72%
ROA <sup>2</sup>	0.23%	1.12%	1.39%	1.72%

## Regulatory requirements and ratios

	Bank 30.06.2022 Non-audited	Group 30.06.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
Capital adequacy ratio	26.22%	25.37%	25.38%	25.43%

## Financial ratios

	Bank 30.06.2022 Non-audited	Group 30.06.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
Equity to loan portfolio ratio	55.91%	61.96%	53.49%	59.38%
Loan portfolio to total assets ratio	41.03%	38.36%	40.79%	38.17%
Equity to total assets ratio	22.94%	23.77%	21.82%	22.66%
Deposits to loans ratio	168.26%	179.86%	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 000'EUR 30.06.2022	Group 000'EUR 30.06.2022
<b>1</b>	<b>Own funds (1.1.+1.2.)</b>	<b>319 968</b>	<b>311 392</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	300 404	291 828
1.1.1.	Common equity tier 1 capital	300 404	291 828
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	19 564	19 564
<b>2</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>1 220 100</b>	<b>1 227 639</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 101 185	1 080 555
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	5 226	7 759
2.4.	Total risk exposure amount for operational risk	113 592	139 228
2.5.	Total risk exposure amount or credit valuation adjustment	97	97
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)	24.62	23.77
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	245 500	236 584
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	24.62	23.77
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	227 198	218 170
3.5.	Total capital ratio (%) (1./2.*100)	26.22	25.37
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	222 360	213 181
<b>4</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>43 325</b>	<b>43 622</b>
4.1.	Capital conservation buffer	30 502	30 691
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	622	655
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	12 201	12 276
<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	24.62%	23.77%
5.3.	Tier 1 capital ratio including Pillar II adjustments	24.62%	23.77%
5.4.	Total capital ratio including Pillar II adjustments	26.22%	25.37%

## 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 30.06.2022	Group 000'EUR 30.06.2022
1.A	Own funds if the transitional period of IFRS 9 would not apply	318 093	309 734
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	298 529	290 170
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	298 529	290 170
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 217 969	1 225 702
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	24.51%	23.67%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	24.51%	23.67%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	26.12%	25.27%

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 30.06.2022	Group 000'EUR 30.06.2022
1	Liquidity buffer	393 122	393 144
2	Net liquidity outflow	111 682	110 198
3	Liquidity coverage ratio (%)	352.00%	356.76%



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.

30.06.2022 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	000'EUR % of shareholders' equity*
Issuer					
<b>Luxembourg</b>					
Other financial corporations	-	-	27 000	27 000	
Non-financial corporations	-	-	11 055	11 055	
<b>Total:</b>	-	-	<b>38 055</b>	<b>38 055</b>	<b>11.02%</b>
<b>USA</b>					
Credit institutions	-	-	1 948	1 948	
Other financial corporations	5 815	9	21 854	27 678	
Non-financial corporations	-	-	55 125	55 125	
<b>Total:</b>	<b>5 815</b>	<b>9</b>	<b>78 927</b>	<b>84 751</b>	<b>24.55%</b>
<b>Securities of other countries:</b>	<b>1 764</b>	<b>12</b>	<b>320 556</b>	<b>322 332</b>	
<b>Total securities portfolio:</b>	<b>7 579</b>	<b>21</b>	<b>437 538</b>	<b>445 138</b>	

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

