

## **Rietumu Bank's New Chairman of the Board: our motto is "Play by the rules"**

**At the end of April significant changes took place in the management of Rietumu Bank.**

**New bank's Board was appointed by the Council, and one of the bank's long-time top managers Rolf Fuls was assigned as a Chairman of the Board.**

**In an interview to «Dienas bizness» newspaper Rolf Fuls described bank's new strategy and spoke about the future plans on business development.**

***Natalja Daine***

*You became the head of the Bank during the period of changes. Do you feel confident that everything you have planned is possible to implement?*

I have worked in Rietumu for more than 20 years and am constant and longest-standing member of the Board. Owing to this, I know the Bank from the inside and see all of our advantages and opportunities. That is why the answer is definitely yes.

*What are the main advantages?*

First of all, we are large Bank not only on the size of assets, but also on the level of equity. At the end of the previous year we were third on this indice. This initially indicates stability.

The higher is the capital base of the Bank, the more we have various perspectives and opportunities for maneuver. For example, owing to this, now we have more resources for development of lending than most other Latvian banks.

For many years Rietumu has had independent professional management that allows for taking most objective decisions. Perfect team of specialists, lack of excessive bureaucracy.

Important advantage is the level of our service. I am confident that this provides us with competitive advantages both in the Baltic States and more widely in Europe. We know how to work personally, gain insight of every project, set up our product line according to the needs of a specific business.

Finally, we have perfect modern technologies. All of this as a whole creates strong basis for the development of new business directions.

*During the last time the Bank took a number of drastic decisions – introduced euro as a base currency, decided to refuse from servicing of 4000 customers. Do you find these decisions to be justified?*

Under the prevailing circumstances – yes. Moreover, I would like to underline that all of these decisions are important not only to us as the Bank, but also to our customers.

The very necessity of transformation was not a surprise for us, but the speed of changes, tight deadlines force us to work extremely intensively. That is why from the very beginning we started acting very operatively – in order to even more raise stability and protect interests of customers.

The Bank has always had high liquidity, but we decided to raise it yet more and sold bonds with this aim. In that way, at the core of the reputational crisis of Latvian financial system we were able to cover all of our liabilities without a problem.

On our own initiative we switched to servicing in euro currency – this is also important strategic step and I am sure that the advantages of it will be evaluated by our customers.

We refused from cooperation with large group of clients that now are classified as clients of unacceptable high risk. All of them should go through the compliance procedure, in other words, confirm the lawfulness of source of funds.

*Does that mean no more shell companies?*

This structure of organization of business does not have future. However, this does not refer only to Latvia – this is global tendency, Latvia just appeared to be the first.

Five or ten years ago so called shell companies were legitimately used during foundation of holdings. However, the legislation is changing, understanding of risks becoming different, as a result – requirements to the banks become different. This is reality and we have to accept it.

We understand that such rapid changes are not that simple both for us and for our customers. We try to help them, describe that performance of these necessary procedures now will make their life easier in future.

We have started working on this in the middle of March. I believe that soon we shall turn that page.

Our motto today is “Play by the rules”. The game according to the transparent rules that are clear to legislators, regulator and customers. Now we are launching the advertising company with this motto.

*However, there are also other, “good clients” who are leaving Latvian banks. Are you facing such problem?*

Yes, we have such cases. Today this is the problem of Latvia, reputational problem of its financial system.

In the view of recent events, the reputation of the sector has suffered, and it is quite natural, that some of the clients feel insecure. The main thing that we can do in this situation is to renew their trust. Then, I am sure, the major part of them will return to us. We will be pleased to have them back.

Fortunately, we have inverse trend – many new customers are coming to us, and we are opening new current accounts.

*Where are these clients from and why do they choose your Bank?*

I can tell that major part of these clients are from the Baltic States, including Latvia. Beside other objective advantages, they are choosing us due to our stability and reputation.

*Rietumu has always been specializing on servicing of international customers. Today the government says about the decrease of stake of non-residents in Latvian banks to 5%. Who you will be working with in future?*

The figure of 5% needs to be clarified. We are mystified at what they mean when they say "non-resident"? Is, for example, a Lithuanian company a non-resident? Latvia itself is a small country, but it is a part of "united Europe". We were always told that.

We proceed from the assumption that the work that is currently underway has the goal of achieving a 100% share of "clean" clients in Latvian banks. And geography is not in the first place here.

We consider that our home market is the Baltics and other regions of Europe. We still had enough clients from the countries of the European Union; therefore, "reconstruction" in this sense is not a problem for us.

As for new clients, it is important for us that they represent a modern, real business. We, as a universal bank, on our part are ready to provide all the necessary services – besides, let me emphasize, a very high level of service.

*What services are you going to focus on in the future?*

Now we continue to develop the future strategy in detail, but the main directions are already clear.

First of all, this is lending. We have a relatively small but high-quality loan portfolio, and there are all opportunities for its expansion, including at the local regional market.

We intend to create a powerful credit and investment area which will deal with investing in the projects of our clients. We want to become closer to the business of our clients to cooperate more actively.

We will develop the financing of international trade, export-import operations. In addition, we have extensive experience and good positions in this business.

Another important area is the management of private wealth, portfolio investment, operations on stock market.

We will keep the card business "in focus". We will also continue to actively develop the area, which has been set up several years ago - the maintenance of Internet commerce.

*What are the changes in the Bank's Executive Board related to?*

It is a part of the whole big transformation program. The bank becomes more compact; at least in the foreseeable future it will become smaller in size. Accordingly, the number of employees in many divisions is also decreasing.

For the same reasons, there have been changes in the membership of the Board. Previously, it consisted of eight people, now it consists of five. All the current members of the Board have been also its members before.

*Up to now, you have not been a public figure. Tell us about your career in Rietumu.*

I was born in South Africa, graduated from the University of Pretoria in the early 90's and was also qualified as a Chartered Accountant.

This education gave me a good base for a career in finance. It has started with the audit company Deloitte. Since this company is international, I soon found myself in Slovakia, where I worked for about a year, and then continued to work in the Baltics.

In Latvia, Rietumu Bank became our first large corporate client. I directly cooperated with its shareholders, and they made a very positive impression on me both as people and as business partners. In addition, I was always attracted to work in the bank, and when in 1997 they had invited me to join the Rietumu team, I immediately agreed.

The following year I started working at the Bank's Executive Board, where for many years I was responsible for financial planning and control, as well as treasury, technology development, correspondent relations and various client areas such as lending and wealth management. This experience will be very useful to me in a new position, and as always I will work with full dedication.

*How do you see the prospects of Latvian financial system? Do you think that it will overcome the current crisis?*

In a joke they say that the more crises the banker passes through, the better he becomes. In my lifetime, there were already several crises, and each of our financial branches managed to overcome them.

Certainly, all crises are different, and the peculiarity of the current one is that, as I have already mentioned, it is not actually financial, but reputational. But in the future, I am sure, problems will be overcome, confidence will be restored, and in a few years the current events will become a training case for future bankers.