

2020

Public quarterly report
1st Quarter 2020



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.

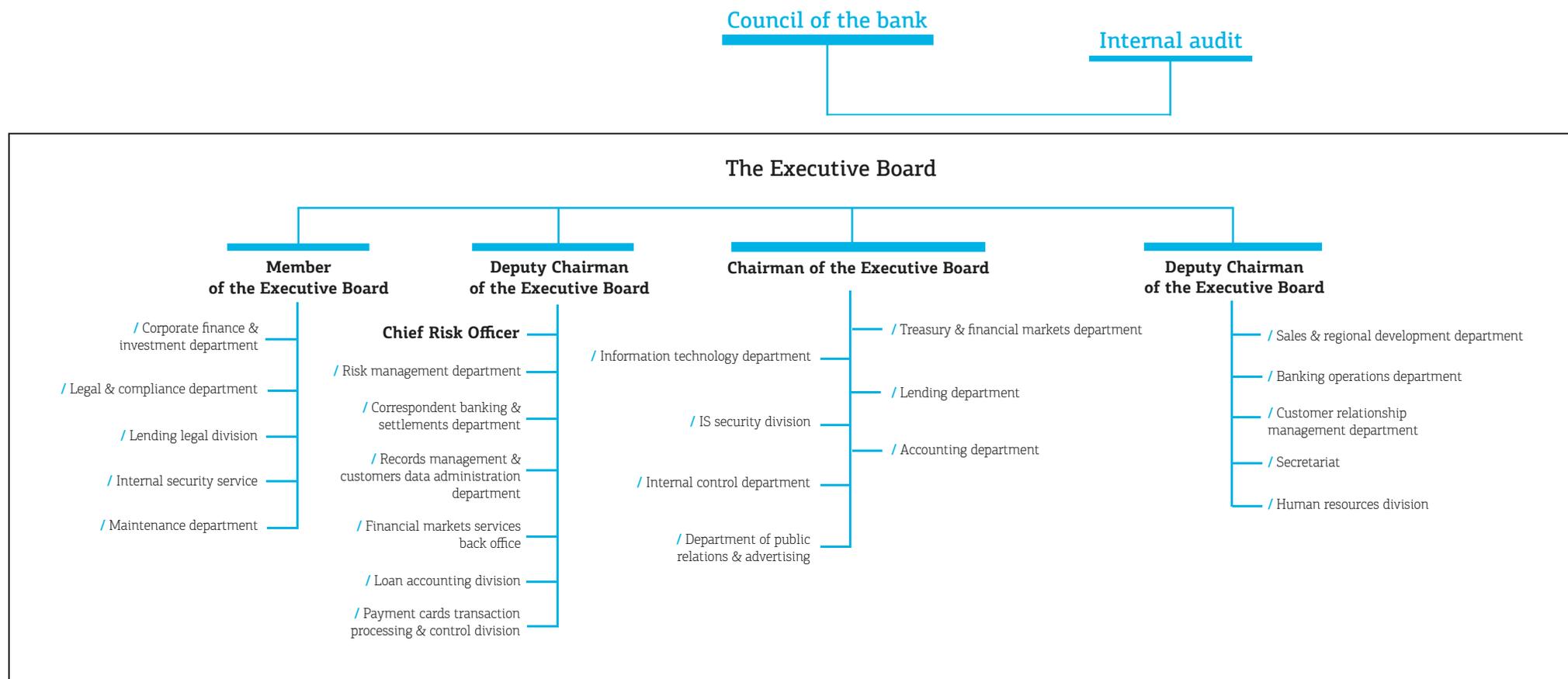
Bank offices

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 (%)	Voiting 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 "Aristīda Briāna 9"	40003780729	LV	Latvia, Riga, Aristida Briana str. 9	PLS	100	100	MMS
8.	SIA "Vesetas 7"	40103182735	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
9.	Rietumu leasing OOO	100188077	BY	Belarus, Minsk, Odоеvskogo str. 117, 6th floor, office 9	LIZ	100	100	MS
10.	SIA "InCREDIT GROUP"	40103307404	LV	Latvia, Riga, Kr.Barona str. 130	CFI	51	51	MS
11.	SIA "KI-135"	40003970065	LV	Latvia, Riga, Brivibas str. 109	PLS	100	100	MMS
12.	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**
13.	SIA "ESP European Steel Production"	40103266905	LV	Latvia, Olaine, Rupnicu str. 4	PLS	100	100	MMS
14.	SIA "Ekoagro"	40003741971	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
15.	AS Rietumu Asset Management IPS	40103753360	LV	Latvia, Riga, Vesetas str. 7	CFI	100	100	MS
16.	SIA "Overseas Estates"	40003943207	LV	Latvia, Ventspils, Dzintaru str. 3A	PLS	100	100	MS
17.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MS
18.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Ganibu dambis 30	PLS	100	100	MS
19.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS

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Income Statement

	000'EUR			
	Bank 31.03.2020 Non-audited	Group 31.03.2020 Non-audited	Bank 31.03.2019 Non-audited	Group 31.03.2019 Non-audited
Interest income	10 271	12 777	9 140	11 860
Interest expenses	-4 634	-4 757	-4 415	-4 501
Dividend income	29	29	1 304	1 307
Commission and fee income	4 092	4 191	8 442	8 520
Commission and fee expense	-1 424	-1 533	-5 855	-5 996
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	1 334	1 334	70	70
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-133	-133	81	114
Net result from foreign exchange trading and revaluation	1 771	-704	2 869	3 448
Net gain/(loss) from derecognition of non-financial assets	267	277	84	157
Other income	286	1 293	400	3 732
Other expense	-48	-314	-4	-108
Administrative expense	-6 531	-9 598	-5 404	-8 379
Depreciation	-718	-802	-735	-1 001
Provisions or reversal of provisions	-188	-180	19	-3
Impairment losses	2 418	972	1 156	797
PROFIT BEFORE CORPORATE INCOME TAX	6 792	2 852	7 152	10 017
Corporate income tax	104	470	245	-36
NET PROFIT	6 896	3 322	7 397	9 981
Other comprehensive income for the reporting period	-29 953	-29 951	3 901	4 051



Condensed Balance Sheet

	000'EUR			
	Bank 31.03.2020 Non-audited	Group 31.03.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
ASSETS				
Cash and demand deposits with central banks	325 949	325 961	503 072	503 089
Demand deposits from credit institutions	58 382	59 137	80 911	81 493
Financial assets at fair value through profit or loss	9 899	10 005	10 049	10 155
Financial assets at fair value through other comprehensive income	321 827	321 827	290 490	290 490
Financial assets at amortised costs	716 765	660 374	699 059	645 827
Loans and receivables, net	655 473	599 082	638 523	585 291
incl.				
loans, gross	685 154	612 951	668 721	599 782
expected credit losses	-29 681	-13 869	-30 198	-14 491
stage 1	-2 004	-2 384	-1 634	-2 016
stage 2	-448	-443	-177	-274
stage 3	-27 229	-11 042	-28 387	-12 201
Debt securities, net	61 292	61 292	60 536	60 536
incl.				
debt securities, gross	61 961	61 961	61 199	61 199
expected credit losses	-669	-669	-663	-663
stage 1	-623	-623	-617	-617
stage 2	-46	-46	-38	-38
stage 3	-	-	-8	-8
Tangible assets	71 336	128 483	69 768	128 472
incl.				
fixed assets	36 349	37 732	34 654	38 413
investment property	34 987	90 751	35 114	90 059
Intangible assets	1 980	1 994	2 074	2 092
Investments in subsidiaries and associates	29 466	3 235	29 466	3 235
Tax assets	375	1 021	174	395
Other assets	13 365	19 005	33 065	40 280
Long-term assets and disposal groups classified as held for sale	-	104	596	763
Total assets	1 549 344	1 531 146	1 718 724	1 706 291
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Demand deposits due to credit institutions	3 781	3 805	2 920	2 920
Financial instruments at fair value through profit or loss	4 018	4 018	94	94
Financial liabilities at amortised value	1 178 073	1 171 816	1 332 529	1 326 265
Tax liabilities	-	219	-	148
Provisions	34 341	34 285	34 154	34 106
Other liabilities	44 417	21 773	41 257	20 908
Total liabilities	1 264 630	1 235 916	1 410 954	1 384 441
Shareholders' equity	284 714	295 230	307 770	321 850
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	82 710	93 628	64 279	71 882
profit for the period	6 896	2 916	18 431	21 739
fixed asset revaluation reserve	-	1 883	-	1 890
revaluation reserve for financial assets at fair value	-26 374	-26 374	3 578	3 578
currency translation reserve	-	-2 851	-	-2 859
non-controlling interest	-	4 546	-	4 138
Total liabilities and shareholder's equity	1 549 344	1 531 146	1 718 724	1 706 291
Commitments and guarantees, net	150 757	108 998	151 728	109 571
incl.				
Commitments and guarantees, gross	151 099	109 283	151 882	109 676
expected credit losses	-342	-285	-154	-105
stage 1	-291	-268	-122	-105
stage 2	-51	-17	-32	-

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2019.



Profitability ratios

	Bank 31.03.2020 Non-audited	Group 31.03.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
ROE ¹	9.14%	3.95%	4.76%	5.75%
ROA ²	1.71%	0.76%	1.10%	1.30%

Regulatory requirements and ratios

	Bank 31.03.2020 Non-audited	Group 31.03.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
Capital adequacy ratio	19.69%	20.35%	21.96%	22.48%

Financial ratios

	Bank 31.03.2020 Non-audited	Group 31.03.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
Equity to loan portfolio ratio	43.44%	49.28%	48.20%	54.99%
Loan portfolio to total assets ratio	42.31%	39.13%	37.15%	34.30%
Equity to total assets ratio	18.38%	19.28%	17.91%	18.86%
Deposits to loans ratio	179.73%	195.60%	208.69%	226.60%

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 2019.



Report of equity and minimum capital requirements

Code	Position description	Bank 000'EUR 31.03.2020	Group 000'EUR 31.03.2020
1	Own funds (1.1.+1.2.)	265 350	272 337
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	237 845	244 832
1.1.1.	Common equity tier 1 capital	237 845	244 832
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	27 505	27 505
2	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 347 509	1 337 956
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 166 923	1 131 372
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	15 852	12 881
2.4.	Total risk exposure amount for operational risk	164 700	193 669
2.5.	Total risk exposure amount or credit valuation adjustment	34	34
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)	17.65	18.30
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	177 207	184 624
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	17.65	18.30
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	156 994	164 555
3.5.	Total capital ratio (%) (1./2.*100)	19.69	20.35
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	157 549	165 301
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	51 269	50 917
4.1.	Capital conservation buffer	33 688	33 449
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	737	744
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	16 844	16 724
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	17.65%	18.30%
5.3.	Tier 1 capital ratio including Pillar II adjustments	17.65%	18.30%
5.4.	Total capital ratio including Pillar II adjustments	19.69%	20.35%

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 31.03.2020	Group 000'EUR 31.03.2020
1.A	Own funds if the transitional period of IFRS 9 would not apply	260 100	267 695
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	232 595	240 190
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	232 595	240 190
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 341 174	1 352 853
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	17.34%	18.02%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	17.34%	18.02%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	19.39%	20.08%

Liquidity coverage ratio calculation

Code	Position description	Bank 000'EUR 31.03.2020	Group 000'EUR 31.03.2020
1	Liquidity buffer	393 574	393 585
2	Net liquidity outflow	48 198	48 614
3	Liquidity coverage ratio (%)	816.58%	809.61%

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

31.03.2020 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*
Netherlands					
Government obligations	-	-	-	-	
Credit institutions	-	10 168	-	10 168	
Other financial corporations	-	5 955	-	5 955	
Non-financial corporations	-	10 389	3 577	13 966	
Total:	-	26 512	3 577	30 089	10.57%
Luxembourg					
Government obligations	-	-	-	-	
Credit institutions	-	954	-	954	
Other financial corporations	-	1 002	25 469	26 471	
Non-financial corporations	-	7 848	-	7 848	
Total:	-	9 804	25 469	35 273	12.39%
USA					
Government obligations	-	-	-	-	
Credit institutions	-	883	-	883	
Other financial corporations	8 116	10 954	-	19 070	
Non-financial corporations	3	28 337	-	28 340	
Total:	8 119	40 174	-	48 293	16.96%
Securities of other countries:	1 436	245 337	32 246	279 019	
Total securities portfolio:	9 555	321 827	61 292	392 674	

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

