

2020

Public quarterly report
2nd Quarter 2020



RIETUMU
BANK

Contents

/ 3	General information
/ 4	The structure of JSC Rietumu Banka
/ 5	Shareholders of the Bank The Council of the Bank The Executive Board of the Bank
/ 6	Consolidation group
/ 7-11	Financial performance
	Income statement
	Condensed Balance Sheet
	Profitability ratios
	Regulatory requirements and ratios
	Financial ratios
	Report of equity and minimum capital requirements
	Liquidity coverage ratio calculation
/ 12	Risk management
/ 13	Attachments



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.

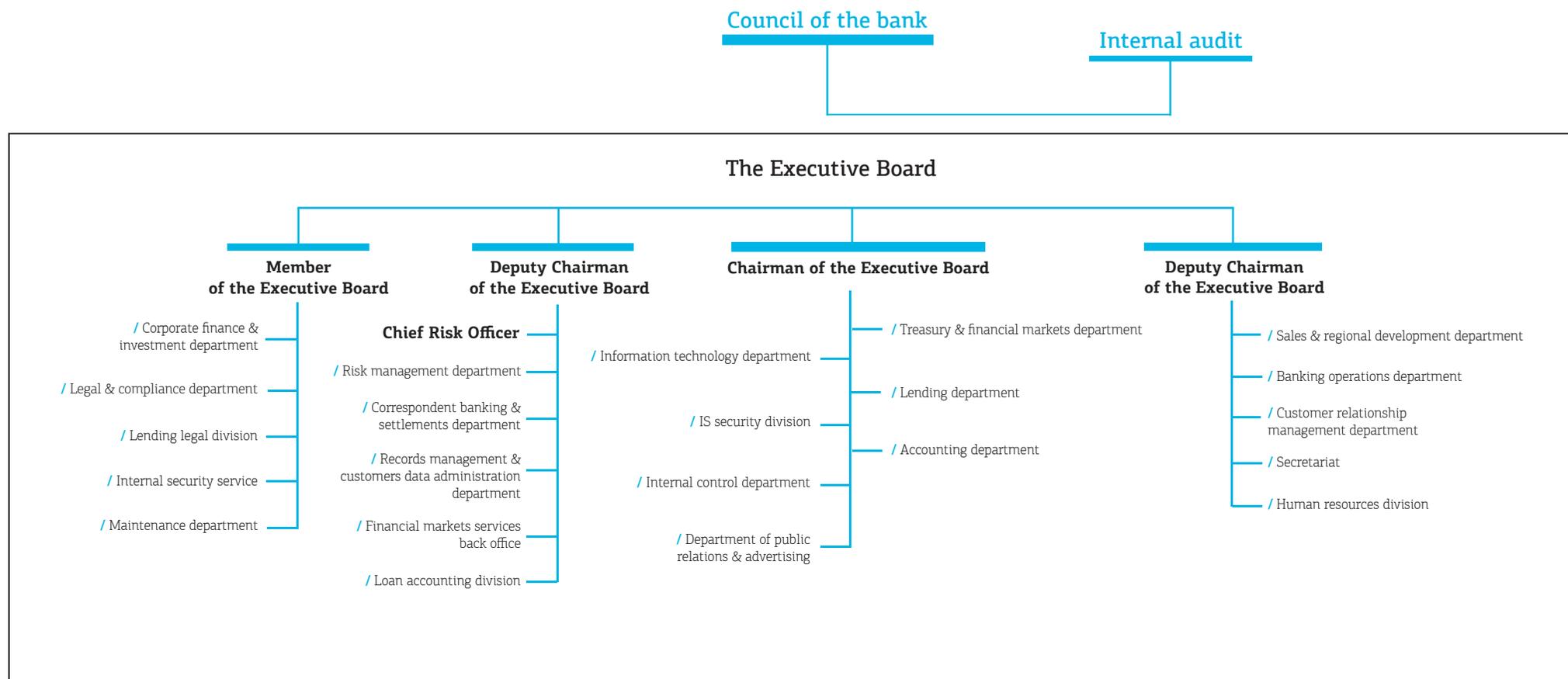
Bank offices

The information about Rietumu Bank Worldwide offices can be found:

<https://www.rietumu.com/en/about-bank/bank-details>



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.

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 "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
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	MMS
18.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Ganību dambis 30	PLS	100	100	MS
19.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS

* 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 30.06.2020 Non-audited	Group 30.06.2020 Non-audited	Bank 30.06.2019 Non-audited	Group 30.06.2019 Non-audited
Interest income	20 199	25 313	19 227	24 179
Interest expenses	-9 003	-9 186	-8 778	-8 960
Dividend income	435	57	3 201	415
Commission and fee income	8 876	9 151	18 104	18 364
Commission and fee expense	-2 290	-2 508	-12 478	-12 759
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	2 167	2 167	757	757
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-113	-113	81	17
Net result from foreign exchange trading and revaluation	2 687	1 397	5 616	6 291
Net gain/(loss) from derecognition of non-financial assets	485	510	104	-72
Other income	684	4 298	1 560	5 312
Other expense	-14	-1 455	-7	-235
Administrative expense	-12 612	-18 501	-11 383	-17 121
Depreciation	-1 339	-1 146	-1 461	-2 006
Provisions or reversal of provisions	-147	-161	-74	-54
Impairment losses	-287	-3 123	671	-186
PROFIT BEFORE CORPORATE INCOME TAX	9 728	6 700	15 140	13 942
Corporate income tax	-28	68	-23	-657
NET PROFIT	9 700	6 768	15 117	13 285
Other comprehensive income for the reporting period	-12 355	-12 935	5 690	6 048



Condensed Balance Sheet

	000'EUR			
	Bank 30.06.2020 Non-audited	Group 30.06.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
ASSETS				
Cash and demand deposits with central banks	315 237	315 262	503 072	503 089
Demand deposits from credit institutions	48 707	49 230	80 911	81 493
Financial assets at fair value through profit or loss	10 144	10 250	10 049	10 155
Financial assets at fair value through other comprehensive income	346 926	346 926	290 490	290 490
Financial assets at amortised costs	716 383	660 990	699 059	645 827
Loans and receivables, net	656 238	600 845	638 523	585 291
incl.				
loans, gross	686 507	616 229	668 721	599 782
expected credit losses	-30 269	-15 384	-30 198	-14 491
stage 1	-1 925	-2 301	-1 634	-2 016
stage 2	-286	-410	-177	-274
stage 3	-28 058	-12 673	-28 387	-12 201
Debt securities, net	60 145	60 145	60 536	60 536
incl.				
debt securities, gross	61 307	61 307	61 199	61 199
expected credit losses	-1 162	-1 162	-663	-663
stage 1	-549	-549	-617	-617
stage 2	-613	-613	-38	-38
stage 3	-	-	-8	-8
Tangible assets	70 922	128 616	69 768	128 472
incl.				
fixed assets	35 856	37 474	34 654	38 413
investment property	35 066	91 142	35 114	90 059
Intangible assets	1 925	1 939	2 074	2 092
Investments in subsidiaries and associates	29 465	3 233	29 466	3 235
Tax assets	105	504	174	395
Other assets	25 769	30 490	33 065	40 280
Long-term assets and disposal groups classified as held for sale	-	267	596	763
Total assets	1 565 583	1 547 707	1 718 724	1 706 291
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Demand deposits due to credit institutions	3 571	3 571	2 920	2 920
Financial instruments at fair value through profit or loss	1 692	1 692	94	94
Financial liabilities at amortised value	1 213 180	1 178 264	1 332 529	1 326 265
Tax liabilities	-	133	-	148
Provisions	34 301	34 266	34 154	34 106
Other liabilities	7 724	14 084	41 257	20 908
Total liabilities	1 260 468	1 232 010	1 410 954	1 384 441
Shareholders' equity	305 115	315 697	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	93 635	64 279	71 882
profit for the period	9 700	6 062	18 431	21 739
fixed asset revaluation reserve	-	1 876	-	1 890
revaluation reserve for financial assets at fair value	-8 777	-8 777	3 578	3 578
currency translation reserve	-	-3 425	-	-2 859
non-controlling interest	-	4 844	-	4 138
Total liabilities and shareholder's equity	1 565 583	1 547 707	1 718 724	1 706 291
Commitments and guarantees, net	140 010	95 345	151 728	109 571
incl.				
Commitments and guarantees, gross	140 311	95 611	151 882	109 676
expected credit losses	-301	-266	-154	-105
stage 1	-273	-238	-122	-105
stage 2	-13	-13	-32	-
stage 3	-15	-15	-	-

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



Profitability ratios

	Bank 30.06.2020 Non-audited	Group 30.06.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
ROE ¹	6.45%	3.97%	4.76%	5.75%
ROA ²	1.22%	0.79%	1.10%	1.30%

Regulatory requirements and ratios

	Bank 30.06.2020 Non-audited	Group 30.06.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
Capital adequacy ratio	19.59%	20.15%	21.96%	22.48%

Financial ratios

	Bank 30.06.2020 Non-audited	Group 30.06.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
Equity to loan portfolio ratio	46.49%	52.54%	48.20%	54.99%
Loan portfolio to total assets ratio	41.92%	38.82%	37.15%	34.30%
Equity to total assets ratio	19.49%	20.40%	17.91%	18.86%

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 30.06.2020	Group 000'EUR 30.06.2020
1	Own funds (1.1.+1.2.)	273 604	280 240
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	247 981	254 617
1.1.1.	Common equity tier 1 capital	247 981	254 617
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	25 623	25 623
2	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 396 305	1 390 459
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 224 252	1 189 493
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	7 317	7 261
2.4.	Total risk exposure amount for operational risk	164 700	193 669
2.5.	Total risk exposure amount or credit valuation adjustment	36	36
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)	17.76	18.31
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	185 147	192 046
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	17.76	18.31
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	164 203	171 189
3.5.	Total capital ratio (%) (1./2.*100)	19.59	20.15
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	161 900	169 003
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	52 686	52 471
4.1.	Capital conservation buffer	34 908	34 761
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	324	329
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	17 454	17 381
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	17.76%	18.31%
5.3.	Tier 1 capital ratio including Pillar II adjustments	17.76%	18.31%
5.4.	Total capital ratio including Pillar II adjustments	19.59%	20.15%



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 30.06.2020	Group 000'EUR 30.06.2020
1.A	Own funds if the transitional period of IFRS 9 would not apply	268 354	275 598
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	242 731	249 975
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	242 731	249 975
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 389 977	1 385 349
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	17.46%	18.04%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	17.46%	18.04%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	19.31%	19.89%

Liquidity coverage ratio calculation

Code	Position description	Bank 000'EUR 30.06.2020	Group 000'EUR 30.06.2020
1	Liquidity buffer	389 134	389 134
2	Net liquidity outflow	56 425	55 807
3	Liquidity coverage ratio (%)	689.65%	697.28%

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

30.06.2020 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	-	9 786	-	9 786	
Other financial corporations	-	8 745	-	8 745	
Non-financial corporations	-	10 886	3 236	14 122	
Total:	-	29 417	3 236	32 653	10.70%
Luxembourg					
Government obligations	-	-	-	-	
Credit institutions	-	1 007	-	1 007	
Other financial corporations	-	1 061	24 835	25 896	
Non-financial corporations	-	9 348	-	9 348	
Total:	-	11 416	24 835	36 251	11.88%
USA					
Government obligations	-	-	-	-	
Credit institutions	-	895	-	895	
Other financial corporations	7 848	11 536	-	19 384	
Non-financial corporations	3	30 121	-	30 124	
Total:	7 851	42 552	-	50 403	16.52%
Securities of other countries:	2 082	263 541	32 074	297 697	
Total securities portfolio:	9 933	346 926	60 145	417 004	

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

