

2021

Public quarterly report
2nd 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.

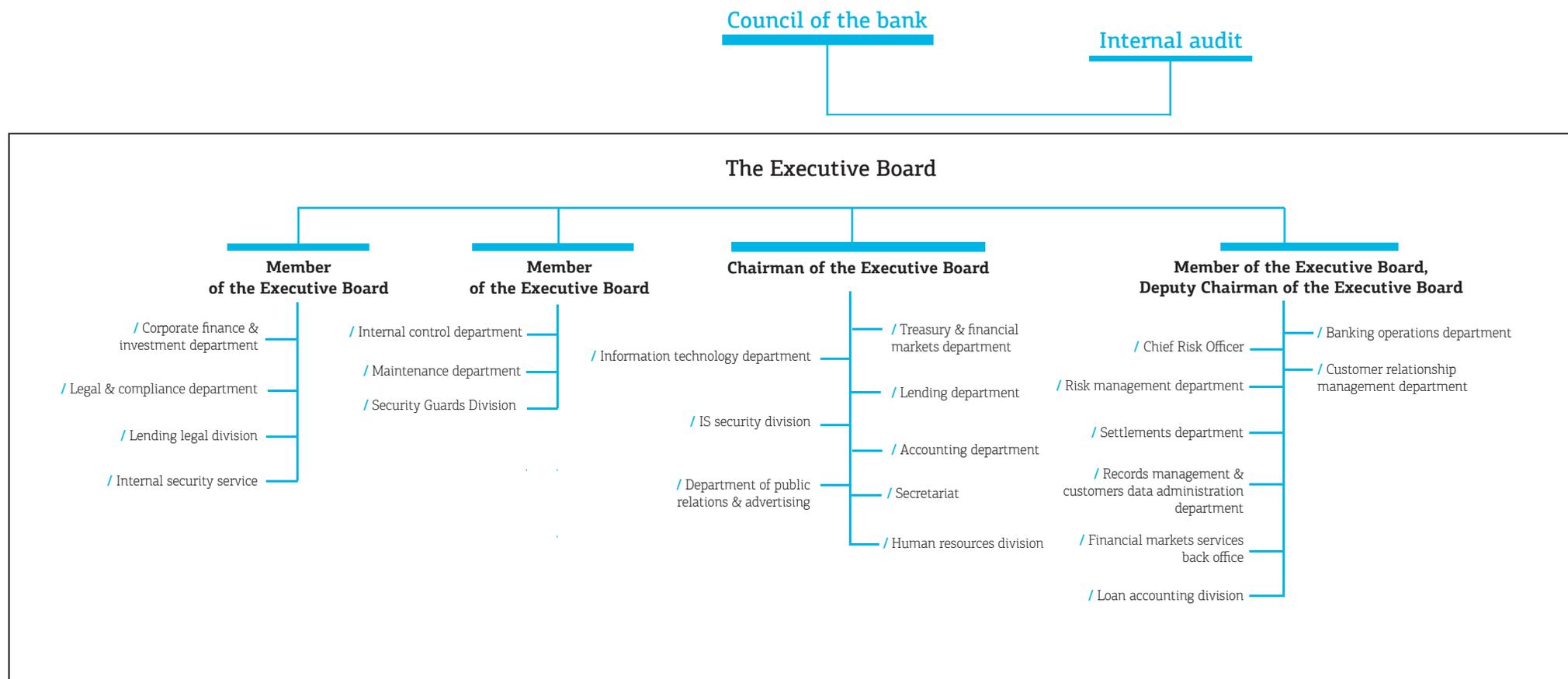
Bank offices

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
Ilja Suharenko	Member of the Council	06/04/2021 - 06/04/2024

The Executive Board of the Bank

Name	Position	Date of appointment
Rolf Paul Fuls	Chairman of the Executive Board	13/11/2019 - 23/09/2022
Ruslan Stecyuk	Member of the Executive Board, Deputy Chairman	13/11/2019 - 23/09/2022
Jelena Buraja	Member of the Executive Board	13/11/2019 - 23/09/2022
Vladlens Topcjans	Member of the Executive Board	02/09/2020 - 24/08/2023



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 "Aristīda Briāna 9"	40003780729	LV	Latvia, Riga, Aristida Briana str. 9	PLS	100	100	MMS
6.	SIA "Vesetas 7"	40103182735	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
7.	Rietumu leasing OOO	100188077	BY	Belarus, Minsk, Odoevskogo str. 117, 6th floor, office 9	LIZ	100	100	MS
8.	SIA "InCREDIT GROUP"	40103307404	LV	Latvia, Riga, Kr.Barona str. 130	CFI	51	51	MS
9.	SIA "ESP European Steel Production"	40103266905	LV	Latvia, Olaine, Rupnicu str. 4	PLS	100	100	MMS
10.	SIA "Ekoagro"	40003741971	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
11.	AS Rietumu Asset Management IPS	40103753360	LV	Latvia, Riga, Vesetas str. 7	CFI	100	100	MS
12.	SIA "Overseas Estates"	40003943207	LV	Latvia, Ventspils, Dzintaru str. 3A	PLS	100	100	MS
13.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MMS
14.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Ganību dambis 30	PLS	100	100	MS
15.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
16.	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 30.06.2021 Non-audited	Group 30.06.2021 Non-audited	Bank 30.06.2020 Non-audited	Group 30.06.2020 Non-audited
Interest income	18 545	25 358	20 199	25 313
Interest expenses	-6 977	-7 505	-9 003	-9 186
Dividend income	1 811	105	435	57
Commission and fee income	7 473	7 668	8 876	9 151
Commission and fee expense	-1 301	-1 565	-2 290	-2 508
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	2 420	2 420	2 167	2 167
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	2 452	2 452	-113	-113
Net result from foreign exchange trading and revaluation	2 266	2 895	2 687	1 397
Net gain/(loss) from derecognition of non-financial assets	394	2 220	485	510
Other income	2 504	5 043	684	4 298
Other expense	-6	-163	-14	-1 455
Administrative expense	-12 519	-19 423	-12 612	-18 501
Depreciation	-926	-1 047	-1 339	-1 146
Provisions or reversal of provisions	4 024	4 056	-147	-161
Impairment losses	-3 516	-2 819	-287	-3 123
PROFIT BEFORE CORPORATE INCOME TAX	16 644	19 695	9 728	6 700
Corporate income tax	459	-571	-28	68
NET PROFIT	17 103	19 124	9 700	6 768
Other comprehensive income for the reporting period	-844	-1 321	-12 355	-12 935



Condensed Balance Sheet

	000'EUR			
	Bank 30.06.2021 Non-audited	Group 30.06.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
ASSETS				
Cash and demand deposits with central banks	374 705	374 735	261 340	261 362
Demand deposits from credit institutions	38 141	38 652	76 818	77 240
Financial assets at fair value through profit or loss	7 079	7 188	16 141	16 250
Financial assets at fair value through other comprehensive income	331 413	331 412	344 496	344 496
Financial assets at amortised costs	678 038	635 328	670 637	624 377
Loans, net	614 248	571 538	606 346	560 086
incl.				
loans, gross	630 787	588 003	619 031	573 234
expected credit losses	-16 539	-16 465	-12 685	-13 148
stage 1	-1 929	-2 143	-1 475	-1 904
stage 2	-1 899	-1 277	-1 349	-926
stage 3	-12 711	-13 045	-9 861	-10 318
Debt securities, net	63 790	63 790	64 291	64 291
incl.				
debt securities, gross	64 803	64 803	65 399	65 399
expected credit losses	-1 013	-1 013	-1 108	-1 108
stage 1	-436	-436	-583	-583
stage 2	-571	-571	-525	-525
stage 3	-6	-6	-	-
Tangible assets	64 238	115 005	67 605	119 223
incl.				
fixed assets	26 273	37 026	26 714	37 344
investment property	37 965	77 979	40 891	81 879
Intangible assets	1 800	1 811	1 923	1 936
Investments in subsidiaries and associates	42 871	18 917	27 319	3 233
Tax assets	5	720	-	825
Other assets	40 898	45 035	12 904	18 384
Long-term assets and disposal groups classified as held for sale	-	59	-	4 577
Total assets	1 579 188	1 568 862	1 479 183	1 471 903
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Demand deposits due to credit institutions	863	863	4 465	4 482
Financial instruments at fair value through profit or loss	3 042	3 042	54	54
Financial liabilities at amortised value	1 197 919	1 174 322	1 110 930	1 090 238
incl.				
Deposits	1 169 944	1 164 842	1 082 424	1 077 488
Tax liabilities	-	47	-	151
Provisions	30 201	30 136	34 225	34 191
Other liabilities	6 891	13 986	5 495	12 668
Total liabilities	1 238 916	1 222 396	1 155 169	1 141 784
Shareholders' equity	340 272	346 466	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	105 093	82 710	93 645
profit for the period	17 103	18 257	18 125	11 433
fixed asset revaluation reserve	-	1 838	-	1 869
revaluation reserve for financial assets at fair value	852	852	1 697	1 697
currency translation reserve	-	-4 182	-	-3 736
non-controlling interest	-	3 126	-	3 729
Total liabilities and shareholder's equity	1 579 188	1 568 862	1 479 183	1 471 903
Commitments and guarantees, net	162 440	106 695	158 439	103 205
incl.				
Commitments and guarantees, gross	162 641	106 830	158 663	103 396
expected credit losses	-201	-135	-224	-191
stage 1	-186	-135	-224	-191
stage 2	-15	-	-	-

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



Profitability ratios

	Bank 30.06.2021 Non-audited	Group 30.06.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
ROE ¹	10.30%	10.75%	5.84%	3.61%
ROA ²	2.19%	2.32%	1.25%	0.75%

Regulatory requirements and ratios

	Bank 30.06.2021 Non-audited	Group 30.06.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
Capital adequacy ratio	23.26%	23.04%	22.76%	22.61%

Financial ratios

	Bank 30.06.2021 Non-audited	Group 30.06.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
Equity to loan portfolio ratio	55.40%	60.62%	53.44%	58.94%
Loan portfolio to total assets ratio	38.90%	36.43%	40.99%	38.05%
Equity to total assets ratio	21.55%	22.08%	21.90%	22.43%
Deposits to loans ratio	190.47%	203.81%	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 30.06.2021	Group 000'EUR 30.06.2021
1	Own funds (1.1.+1.2.)	307 745	306 284
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	287 994	286 533
1.1.1.	Common equity tier 1 capital	287 994	286 533
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	19 751	19 751
2	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 322 954	1 329 382
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 186 482	1 165 212
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	5 950	10 360
2.4.	Total risk exposure amount for operational risk	150 286	153 574
2.5.	Total risk exposure amount or credit valuation adjustment	236	236
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)	21.77	21.55
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	228 461	226 711
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	21.77	21.55
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	208 617	206 770
3.5.	Total capital ratio (%) (1./2.*100)	23.26	23.04
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	201 909	199 933
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	50 216	50 480
4.1.	Capital conservation buffer	33 074	33 235
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	605	628
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	16 537	16 617
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	21.77%	21.55%
5.3.	Tier 1 capital ratio including Pillar II adjustments	21.77%	21.55%
5.4.	Total capital ratio including Pillar II adjustments	23.26%	23.04%

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 30.06.2021	Group 000'EUR 30.06.2021
1.A	Own funds if the transitional period of IFRS 9 would not apply	303 995	302 968
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	284 244	283 217
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	284 244	283 217
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 318 896	1 325 705
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	21.55%	21.36%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	21.55%	21.36%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	23.05%	22.85%

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 30.06.2021	Group 000'EUR 30.06.2021
1	Liquidity buffer	452 413	452 441
2	Net liquidity outflow	70 151	69 263
3	Liquidity coverage ratio (%)	644.92%	653.22%



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.

30.06.2021 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					
Government obligations	-	-	-	-	
Credit institutions	-	1 042	-	1 042	
Other financial corporations	-	1 089	24 963	26 052	
Non-financial corporations	-	8 409	-	8 409	
Total:	-	10 540	24 963	35 503	10.43%
USA					
Government obligations	-	-	-	-	
Credit institutions	-	2 525	-	2 525	
Other financial corporations	4 670	18 574	-	23 244	
Non-financial corporations	3	39 578	2 785	42 366	
Total:	4 673	60 677	2 785	68 135	20.02%
Securities of other countries:	1 655	260 196	36 042	297 893	
Total securities portfolio:	6 328	331 413	63 790	401 531	

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

