

2021

Public quarterly report
4th 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.

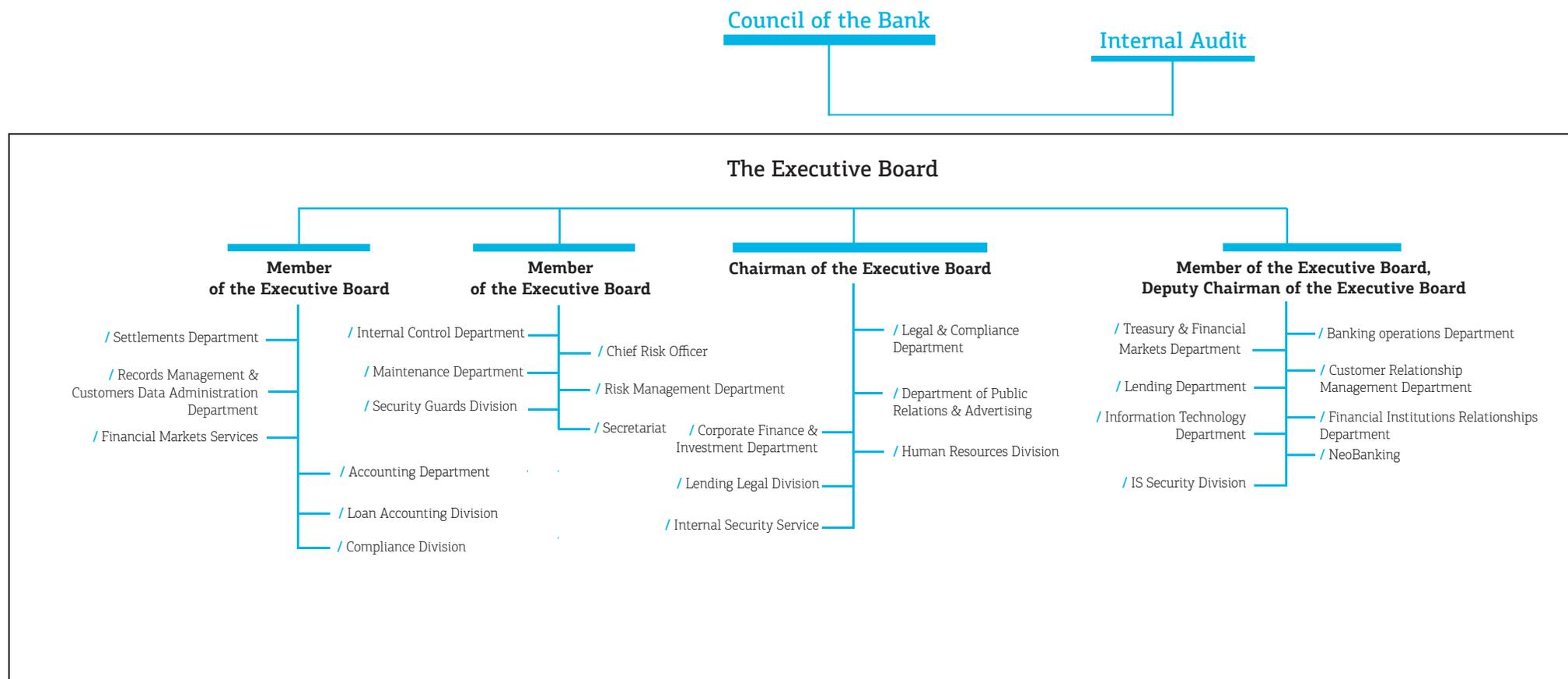
Bank offices

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
Jelena Buraja	Chairman of the Executive Board	19/08/2021 - 19/08/2024
Ruslan Stecyuk	Member of the Executive Board, Deputy Chairman	23/09/2019 - 23/09/2022
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, Ganību dambis 30	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, Vesetas str. 7	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 31.12.2021 Non-audited	Group 31.12.2021 Non-audited	Bank 31.12.2020 Non-audited	Group 31.12.2020 Non-audited
Interest income	37 560	49 697	40 454	49 570
Interest expenses	-12 681	-13 564	-15 183	-15 707
Dividend income	2 764	139	3 024	138
Commission and fee income	14 930	15 562	18 086	18 595
Commission and fee expense	-2 894	-3 373	-3 049	-3 454
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	6 095	4 390	2 888	2 888
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	3 966	3 966	6 245	6 245
Net result from foreign exchange trading and revaluation	3 085	4 052	5 372	2 210
Net gain/(loss) from derecognition of non-financial assets	1 103	3 543	752	857
Other income	6 581	17 644	7 489	13 750
Other expense	-566	-2 932	-1 001	-5 335
Administrative expense	-24 888	-37 899	-25 546	-35 445
Depreciation	-1 842	-1 935	-1 974	-2 005
Provisions or reversal of provisions	1 158	1 154	-72	-86
Impairment losses	-12 923	-10 602	-18 324	-17 827
Profit or loss arising from investments in subsidiaries, joint ventures and associates recognised using the equity method	-	-	-335	-605
PROFIT BEFORE CORPORATE INCOME TAX	21 448	29 842	18 826	13 789
Corporate income tax	52	-1 230	-701	-996
NET PROFIT	21 500	28 612	18 125	12 793
Other comprehensive income for the reporting period	-4 014	-3 899	-7 766	-7 885



Condensed Balance Sheet

	000'EUR			
	Bank 31.12.2021 Non-audited	Group 31.12.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
ASSETS				
Cash and demand deposits with central banks	320 562	320 601	261 340	261 362
Demand deposits from credit institutions	32 906	33 400	76 818	77 240
Financial assets at fair value through profit or loss	8 264	8 663	16 141	16 250
Financial assets at fair value through other comprehensive income	380 800	380 800	344 496	344 496
Financial assets at amortised costs	705 669	662 375	670 637	624 377
Loans, net	638 482	595 188	606 346	560 086
incl.				
loans, gross	660 088	617 411	619 031	573 234
expected credit losses	-21 606	-22 223	-12 685	-13 148
stage 1	-3 107	-2 396	-1 475	-1 904
stage 2	-3 297	-2 668	-1 349	-926
stage 3	-15 202	-17 159	-9 861	-10 318
Debt securities, net	67 187	67 187	64 291	64 291
incl.				
debt securities, gross	68 319	68 319	65 399	65 399
expected credit losses	-1 132	-1 132	-1 108	-1 108
stage 1	-601	-601	-583	-583
stage 2	-467	-467	-525	-525
stage 3	-64	-64	-	-
Tangible assets	60 661	114 312	67 605	119 223
incl.				
fixed assets	25 935	36 435	26 714	37 344
investment property	34 726	77 877	40 891	81 879
Intangible assets	1 422	1 436	1 923	1 936
Investments in subsidiaries and associates	40 316	18 612	27 319	3 233
Tax assets	5	610	-	825
Other assets	11 173	14 288	12 904	18 384
Long-term assets and disposal groups classified as held for sale	3 404	4 414	-	4 577
Total assets	1 565 182	1 559 511	1 479 183	1 471 903
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Due to Bank of Latvia	49 993	49 993	-	-
Demand deposits due to credit institutions	5 291	5 291	4 465	4 482
Financial instruments at fair value through profit or loss	149	149	54	54
Financial liabilities at amortised value	1 128 885	1 108 341	1 110 930	1 090 238
incl.				
Deposits	1 100 818	1 098 638	1 082 424	1 077 488
Tax liabilities	-	51	-	151
Provisions	33 067	33 040	34 225	34 191
Other liabilities	6 297	9 255	5 495	12 668
Total liabilities	1 223 682	1 206 120	1 155 169	1 141 784
Shareholders' equity	341 500	353 391	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	105 106	82 710	93 645
profit for the period	21 500	26 648	18 125	11 433
fixed asset revaluation reserve	-	1 840	-	1 869
revaluation reserve for financial assets at fair value	-2 317	-2 317	1 697	1 697
currency translation reserve	-	-3 593	-	-3 736
non-controlling interest	-	4 225	-	3 729
Total liabilities and shareholder's equity	1 565 182	1 559 511	1 479 183	1 471 903
Commitments and guarantees, net	139 905	88 204	158 439	103 205
incl.				
Commitments and guarantees, gross	140 045	88 317	158 663	103 396
expected credit losses	-140	-113	-224	-191
stage 1	-126	-99	-224	-191
stage 2	-14	-14	-	-

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



Profitability ratios

	Bank 31.12.2021 Non-audited	Group 31.12.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
ROE ¹	6.37%	7.72%	5.84%	3.61%
ROA ²	1.39%	1.72%	1.25%	0.75%

Regulatory requirements and ratios

	Bank 31.12.2021 Non-audited	Group 31.12.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
Capital adequacy ratio	23.34%	23.04%	22.76%	22.61%

Financial ratios

	Bank 31.12.2021 Non-audited	Group 31.12.2021 Non-audited	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited
Equity to loan portfolio ratio	53.49%	59.37%	53.44%	58.94%
Loan portfolio to total assets ratio	40.79%	38.17%	40.99%	38.05%
Equity to total assets ratio	21.82%	22.66%	21.90%	22.43%
Deposits to loans ratio	172.41%	184.59%	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 31.12.2021	Group 000'EUR 31.12.2021
1	Own funds (1.1.+1.2.)	295 159	291 876
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	276 320	273 037
1.1.1.	Common equity tier 1 capital	276 320	273 037
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	18 839	18 839
2	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 264 388	1 267 069
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 126 061	1 104 942
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	7 712	8 224
2.4.	Total risk exposure amount for operational risk	130 286	153 574
2.5.	Total risk exposure amount or credit valuation adjustment	329	329
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)	21.85	21.55
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	219 423	216 019
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	21.85	21.55
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	200 457	197 013
3.5.	Total capital ratio (%) (1./2.*100)	23.34	23.04
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	194 008	190 510
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	44 857	44 975
4.1.	Capital conservation buffer	31 610	31 677
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	603	627
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	12 644	12 671
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	21.85%	21.55%
5.3.	Tier 1 capital ratio including Pillar II adjustments	21.85%	21.55%
5.4.	Total capital ratio including Pillar II adjustments	23.34%	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 31.12.2021	Group 000'EUR 31.12.2021
1.A	Own funds if the transitional period of IFRS 9 would not apply	291 409	288 561
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	272 570	269 722
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	272 570	269 722
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 260 285	1 263 350
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	21.63%	21.35%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	21.63%	21.35%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	23.12%	22.84%

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 31.12.2021	Group 000'EUR 31.12.2021
1	Liquidity buffer	397 673	397 711
2	Net liquidity outflow	103 093	102 237
3	Liquidity coverage ratio (%)	385.74%	389.01%



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.

31.12.2021 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					
Credit institutions	-	1 028	-	1 028	
Other financial corporations	-	2 115	25 314	27 429	
Non-financial corporations	-	9 744	1 477	11 221	
Total:	-	12 887	26 791	39 678	11.62%
USA					
Credit institutions	-	1 744	-	1 744	
Other financial corporations	5 911	25 451	-	31 362	
Non-financial corporations	3	44 801	4 148	48 952	
Total:	5 914	71 996	4 148	82 058	24.03%
Securities of other countries:	1 730	295 917	36 248	333 895	
Total securities portfolio:	7 644	380 800	67 187	455 631	

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

