

2019 Public quarterly report
1st Quarter 2019



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Mission

The Bank offers qualitative and professional financial services for the dynamically growing enterprises and high-net-worth individuals from Latvia, the CIS, Europe and other world regions.

The Bank aims at providing premium quality service, our 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 endeavors to strengthen its leading positions in wealth management and corporate client service in Latvia and beyond.

The Bank aspires to increase its efficiency ratios and strengthen its market position aiming at ensuring stable profitability. The Bank seeks the stable development achieved by means of effective internal technology and administrative infrastructure.

The Bank is also planning to foster the improvement of risks and control management systems, staff training and professional growth of all its employees.

Rietumu is a socially responsible Latvian bank rendering support for those in need through our Rietumu Bank 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.

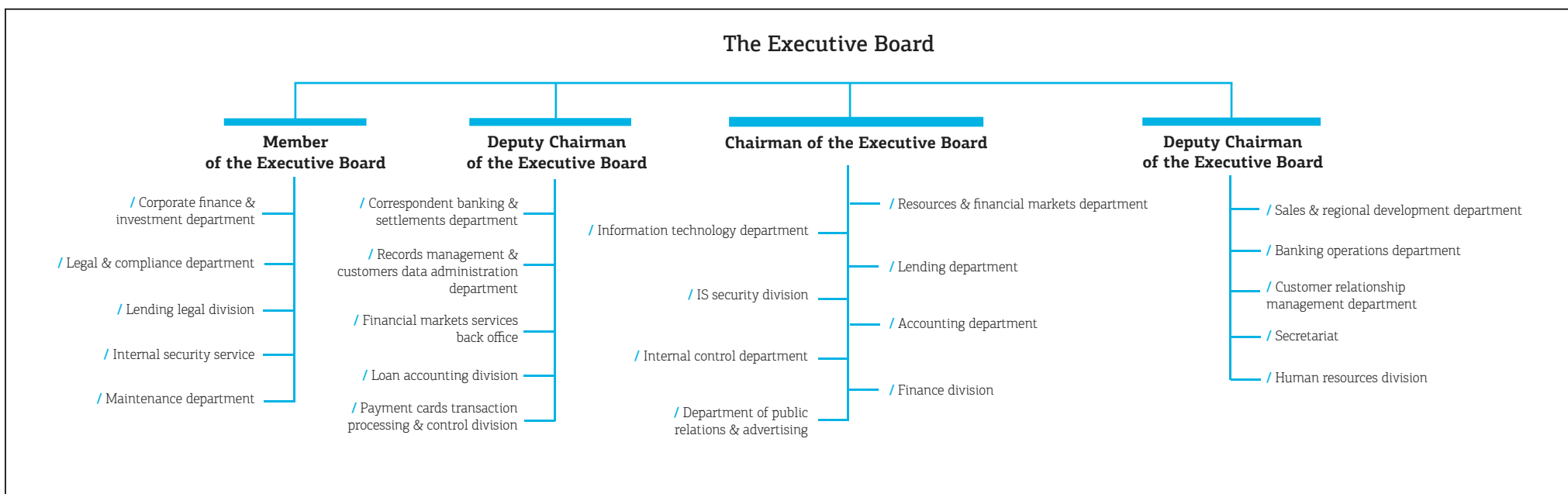
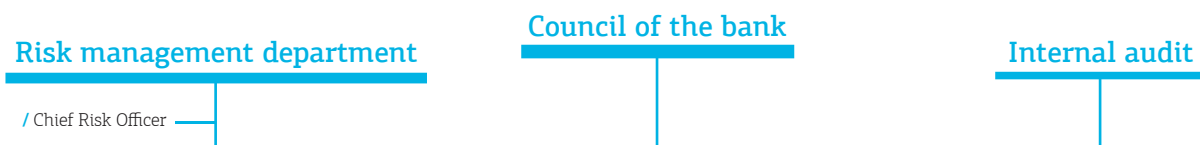
Bank offices

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	25/09/97(14/05/18-14/05/21)
Arkadijs Suharenko	Deputy Chairman of the Council	25/09/97(14/05/18-14/05/21)
Brendan Thomas Murphy	Deputy Chairman of the Council	07/09/05(14/05/18-14/05/21)
Dermot Fachtna Desmond	Member of the Council	07/09/05(14/05/18-14/05/21)
Valentins Blugers	Member of the Council	25/03/11(14/05/18-14/05/21)

The Executive Board of the Bank

Name	Position	Date of appointment
Rolf Paul Fuls	Member of the Board, First Vice President Chairman of the Executive Board	26/11/10(05/10/16-04/10/19) from 24/04/18
Ruslans Stecjuks	Member of the Board, First Vice President Member of the Executive Board, Deputy Chairman	18/10/10(05/10/16-04/10/19) from 24/04/18
Ilija Suharenko	Member of the Board, First Vice President Member of the Executive Board, Deputy Chairman	18/10/10(05/10/16-04/10/19) from 24/04/18
Jelena Buraja	Member of the Board, Senior Vice President Member of the Executive Board	05/10/16(05/10/16-04/10/19) from 24/04/18



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 "M322"	40103247406	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
8.	SIA "Aristīda Briāna 9"	40003780729	LV	Latvia, Riga, Aristida Briana str. 9	PLS	100	100	MMS
9.	SIA "H-Blok"	40003839376	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
10.	SIA "Deviņdesmit seši"	40003492087	LV	Latvia, Jurmala, Juras str. 56	PLS	100	100	MMS
11.	SIA "Ventio"	41203010746	LV	Latvia, Jurmala, Juras str. 56	PLS	100	100	MMS
12.	SIA "Route 96"	40003856126	LV	Latvia, Marupes region, Zilites str. 1	PLS	100	100	MMS
13.	SIA "Vangažu Nekustamie īpašumi"	40103463243	LV	Latvia, Incukalna region, Vangazi, Gaujas str. 24/34	PLS	100	100	MMS
14.	SIA "D 47"	40103458986	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
15.	SIA "Vesetas 7"	40103182735	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
16.	Rietumu leasing OOO	100188077	BY	Belarus, Minsk, Odoevskogo str. 117, 6th floor, office 9	LIZ	100	100	MS
17.	SIA "InCREDIT GROUP"	40103507404	LV	Latvia, Riga, Kr.Barona str. 130	CFI	51	51	MS
18.	SIA "Multi Pluss"	40003636787	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.



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**
19.	SIA "KI-135"	40003970065	LV	Latvia, Riga, Brivibas str. 109	PLS	100	100	MMS
20.	SIA "U-10"	50103841951	LV	Latvia, Riga, Garozes str. 25-1	PLS	67	67	MMS
21.	SIA "KINI LAND"	40103703726	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
22.	SIA "ESP European Steel Production"	40103266905	LV	Latvia, Olaine, Rupnicu str. 4	PLS	100	100	MMS
23.	SIA "Penrox Petroleum"	40003970050	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
24.	SIA "Ekoagro"	40003741971	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
25.	SIA "Bērzaunes 13"	40103839137	LV	Latvia, Riga, Sofijas str. 8	PLS	100	100	MMS
26.	SIA "SBD"	40003868002	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
27.	AS Rietumu Asset Management IPS	40103753360	LV	Latvia, Riga, Vesetas str. 7	CFI	100	100	MS
28.	SIA "Overseas Estates"	40003943207	LV	Latvia, Ventspils, Dzintaru str. 3A	PLS	100	100	MS
29.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MS
30.	PH Servis OOO	1147746132820	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MMS
31.	RAM Cash Reserve Fund-USD	23.07.2014/148	LV	Latvia, Riga, Vesetas str. 7	CFI	99.17	99.17	CT
32.	RAM Global Equity USD	20.08.2014/166	LV	Latvia, Riga, Vesetas str. 7	CFI	57.95	57.95	CT
33.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Ganību dambis 30	PLS	100	100	MS
34.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS

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Income Statement

	000'EUR			
	Bank 31.03.2019 Non-audited	Group 31.03.2019 Non-audited	Bank 31.03.2018 Non-audited	Group 31.03.2018 Non-audited
Interest income	9 140	11 860	15 494	19 204
Interest expenses	-4 415	-4 501	-3 772	-4 201
Dividend income	1 304	1 307	22	22
Commission and fee income	8 442	8 520	17 121	17 190
Commission and fee expense	-5 855	-5 996	-11 031	-11 131
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	70	70	-1 786	-1 786
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	81	114	-194	-199
Net result from foreign exchange trading and revaluation	2 869	3 448	8 761	8 738
Net gain/(loss) from derecognition of non-financial assets	84	157	-6	-6
Other income	401	3 732	586	3 724
Other expense	-4	-108	-11	-957
Administrative expense	-5 404	-8 379	-10 073	-14 106
Depreciation	-735	-1 001	-337	-400
Impairment losses	1 175	794	1 594	1 136
PROFIT / (LOSS) BEFORE CORPORATE INCOME TAX	7 153	10 017	16 368	17 228
Corporate income tax	245	-36	-623	-366
NET PROFIT / (LOSS)	7 398	9 981	15 745	16 862
Other comprehensive income for the reporting period	3 902	4 051	-806	-1 281



Condensed Balance Sheet

	000'EUR			
	Bank 31.03.2019 Non-audited	Group 31.03.2019 Non-audited	Bank 31.12.2018 Audited*	Group 31.12.2018 Non-audited
ASSETS				
Cash and demand deposits with central banks	554 549	554 578	466 444	466 465
Demand deposits from credit institutions	70 102	70 590	91 828	92 443
Financial assets at fair value through profit or loss	11 595	11 090	11 671	11 815
Financial assets at fair value through other comprehensive income	209 580	209 580	159 405	159 405
Financial assets at amortised costs	728 040	653 555	730 881	656 861
Loans and receivables, net	686 826	612 340	695 344	621 324
incl.				
loans, gross	772 291	683 015	782 015	693 135
expected credit losses	-85 465	-70 675	-86 671	-71 811
stage 1	-1 747	-1 996	-2 363	-2 509
stage 2	-190	-269	-679	-721
stage 3	-83 528	-68 410	-83 629	-68 581
Debt securities, net	41 214	41 215	35 537	35 537
incl.				
debt securities, gross	41 821	41 822	36 127	36 127
expected credit losses	-607	-607	-590	-590
stage 1	-607	-607	-590	-590
Reverse repo loans	-	-	-	-
Tangible assets	49 159	127 965	17 729	125 512
fixed assets	39 887	41 605	8 386	41 139
investment property	9 272	86 360	9 343	84 373
Intangible assets	2 364	2 364	2 498	2 499
Investments in subsidiaries and associates	32 809	3 213	32 809	3 215
Tax assets	3 263	3 730	2 835	3 398
Other assets	17 883	22 481	26 306	33 195
Long-term assets and disposal groups classified as held for sale	-	13	-	1 160
Total assets	1 679 344	1 659 159	1 542 406	1 555 968
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Balances due to central banks	-	-	-	-
Demand deposits due to credit institutions	1 721	1 863	2 190	2 245
Financial instruments at fair value through profit or loss	560	560	-	-
Financial liabilities at amortised value	1 126 317	1 117 600	1 033 697	1 026 828
Tax liabilities	-	39	-	243
Provisions	34 119	34 079	34 138	34 076
Other liabilities	47 818	28 726	14 871	24 027
Total liabilities	1 210 535	1 182 867	1 084 896	1 087 419
Shareholders' equity	468 809	476 292	457 510	468 549
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	88	23	88
retained earnings of previous years	238 274	240 813	216 791	223 099
profit for the period	7 398	9 764	21 483	22 750
fixed asset revaluation reserve	-	1 908	-	1 914
revaluation reserve for financial assets at fair value	1 655	1 655	-2 246	-2 246
currency translation reserve	-	-2 722	-	-2 879
non-controlling interest	-	3 327	-	4 364
Total liabilities and shareholder's equity	1 679 344	1 659 159	1 542 406	1 555 968
Contingent liabilities, net	4 500	4 500	4 274	4 274
incl.				
contingent liabilities, gross	4 501	4 501	4 275	4 275
expected credit losses	-1	-1	-1	-1
stage 1	-1	-1	-1	-1
Financial commitments, net	19 408	10 947	17 533	8 841
incl.				
financial commitments, gross	19 526	11 026	17 670	8 917
expected credit losses	-118	-79	-137	-76
stage 1	-112	-78	-126	-75
stage 2	-6	-1	-11	-1

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2018.



Profitability ratios

	Bank 31.03.2019 Non-audited	Group 31.03.2019 Non-audited	Bank 31.12.2018 Audited*	Group 31.12.2018 Non-audited
ROE ¹	6.25%	8.20%	4.62%	4.80%
ROA ²	1.79%	2.35%	1.14%	1.20%
Cost/income ratio ³	50.66%	50.42%	45.99%	50.40%

Regulatory requirements and ratios

	Bank 31.03.2019 Non-audited	Group 31.03.2019 Non-audited	Bank 31.12.2018 Audited*	Group 31.12.2018 Non-audited
Capital adequacy ratio	35.03%	35.01%	36.62%	36.01%
Note: minimum allowed by FCMC	12.30%	12.30%	12.10%	12.10%

Financial ratios

	Bank 31.03.2019 Non-audited	Group 31.03.2019 Non-audited	Bank 31.12.2018 Audited*	Group 31.12.2018 Non-audited
Equity to loan portfolio ratio	68.26%	77.78%	65.80%	75.41%
Loan portfolio to total assets ratio	40.90%	36.91%	45.08%	39.93%
Equity to total assets ratio	27.92%	28.71%	29.66%	30.11%
Deposits to loans ratio	163.98%	182.51%	148.63%	165.26%

¹Annualised profit/loss for the reporting period over average equity

²Annualised profit/loss for the reporting period over average assets

³Expenses over income (Administrative expenses + depreciation and amortization of intangible assets and fixed assets cost) / (net interest income + dividend income + net commission and gain/loss arising from dealing in financial instruments + result of financial instrument revaluation + other ordinary income - other ordinary expenses + financial assets available for sale negative revaluation reserve)*100

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2018.



Report of equity and minimum capital requirements

Code	Position description	Bank 000'EUR 31.03.2019	Group 000'EUR 31.03.2019
1	Own funds (1.1.+1.2.)	464 850	461 143
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	356 102	352 395
1.1.1.	Common equity tier 1 capital	356 102	352 395
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	108 748	108 748
2	Total risk exposure amount(2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 327 112	1 317 293
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 107 119	1 067 304
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	1 475	7 283
2.4.	Total risk exposure amount for operational risk	218 518	242 706
2.5.	Total risk exposure amount or credit valuation adjustment	0	0
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)	26.83	26.75
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	296 382	293 117
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	26.83	26.75
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	276 475	273 358
3.5.	Total capital ratio %(1./2.*100)	35.03	35.01
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	358 682	355 760
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	53 520	53 134
4.1.	Capital conservation buffer	33 178	32 932
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	435	443
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	19 907	19 759
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	26.83%	26.75%
5.3.	Tier 1 capital ratio including Pillar II adjustments	26.83%	26.75%
5.4.	Total capital ratio including Pillar II adjustments	35.03%	35.01%

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 31.03.2019	Group 000'EUR 31.03.2019
1.A	Own funds if the transitional period of IFRS 9 would not apply	458 475	455 514
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	349 727	346 765
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	349 727	346 765
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 319 675	1 310 958
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	26.50%	26.45%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	26.50%	26.45%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	34.74%	34.75%

Liquidity coverage ratio calculation

Code	Position description	Bank 000'EUR 31.03.2019	Group 000'EUR 31.03.2019
1	Liquidity buffer	588 142	588 170
2	Net liquidity outflow	33 857	33 920
3	Liquidity coverage ratio (%)	1 737.13%	1 734.01%

Risk management can be found in the last annual report:
<http://www.rietumu.com/bank-finance-audited>

