

2020

Public quarterly report
4th 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 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.

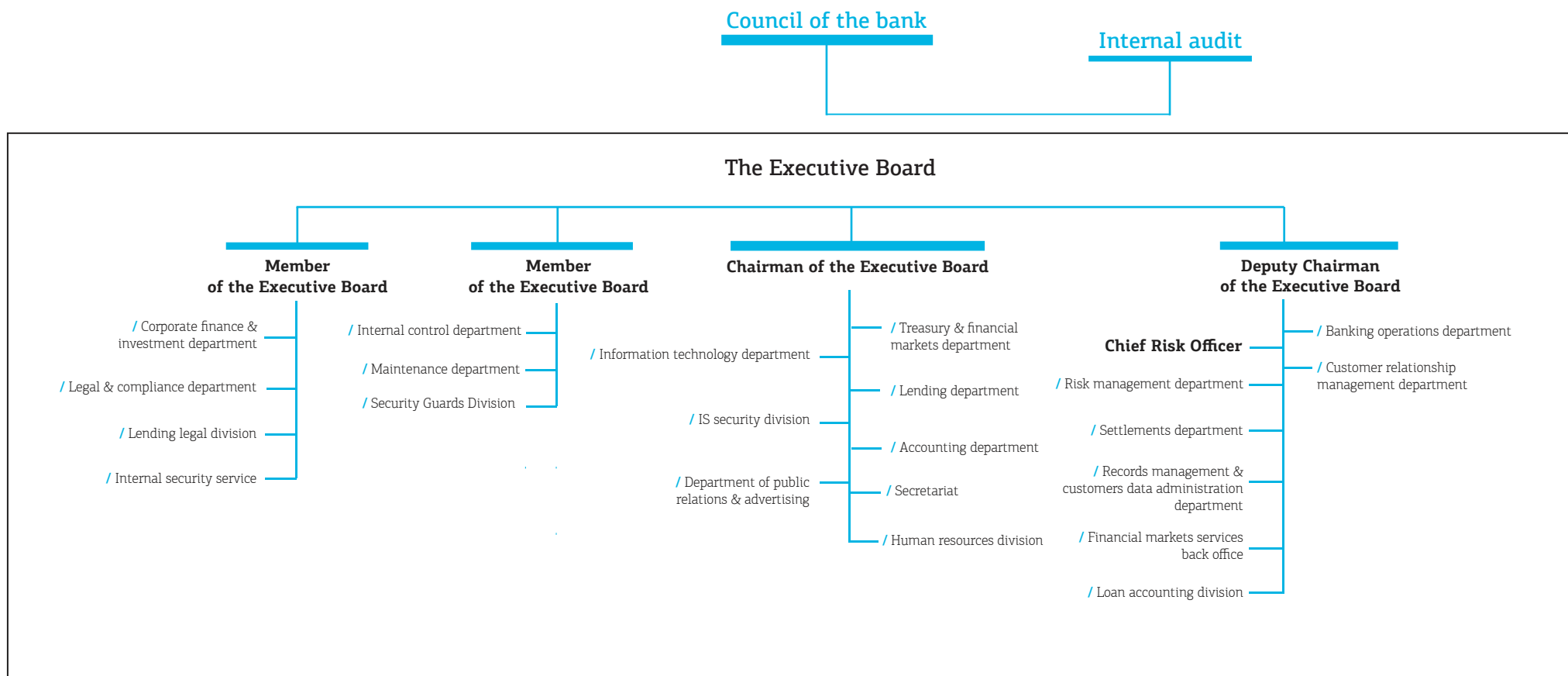
Bank offices

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	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	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
Ruslan Stecyuk	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 - 05/10/2020
Jelena Buraja	Member of the Executive Board	23/09/2019 - 23/09/2022
Vladlens Topcijans	Member of the Executive Board	24/08/2020 - 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.

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 "Lilijas 28"	40103252765	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
6.	SIA "Aristīda Briāna 9"	40003780729	LV	Latvia, Riga, Aristida Briana str. 9	PLS	100	100	MMS
7.	SIA "Vesetas 7"	40103182735	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
8.	Rietumu leasing OOO	100188077	BY	Belarus, Minsk, Odoevskogo str. 117, 6th floor, office 9	LIZ	100	100	MS
9.	SIA "InCREDIT GROUP"	40103307404	LV	Latvia, Riga, Kr.Barona str. 130	CFI	51	51	MS
10.	SIA "KI-135"	40003970065	LV	Latvia, Riga, Brivibas str. 109	PLS	100	100	MMS
11.	SIA "ESP European Steel Production"	40103266905	LV	Latvia, Olaine, Rupnicu str. 4	PLS	100	100	MMS
12.	SIA "Ekoagro"	40003741971	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
13.	AS Rietumu Asset Management IPS	40103753360	LV	Latvia, Riga, Vesetas str. 7	CFI	100	100	MS
14.	SIA "Overseas Estates"	40003943207	LV	Latvia, Ventpils, Dzintaru str. 3A	PLS	100	100	MS
15.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MMS
16.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Ganību dambis 30	PLS	100	100	MS
17.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
18.	SIA "COCHERA DEVELOPMENT GROUP"	40003968198	LV	Latvia, Riga, Brivibas 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 31.12.2020 Audited*	Group 31.12.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
Interest income	40 454	49 570	38 811	51 547
Interest expenses	-15 183	-15 707	-17 324	-17 894
Dividend income	3 024	138	3 254	142
Commission and fee income	18 086	18 595	17 719	18 279
Commission and fee expense	-3 049	-3 454	-5 200	-5 748
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	2 888	2 888	2 078	1 715
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	6 245	6 245	675	611
Net result from foreign exchange trading and revaluation	5 372	2 210	10 394	11 560
Net gain/(loss) from derecognition of non-financial assets	752	857	298	173
Other income	7 489	13 750	2 832	13 009
Other expense	-1 001	-5 335	-393	-2 940
Administrative expense	-25 546	-35 445	-23 088	-35 125
Depreciation	-1 974	-2 005	-2 852	-2 622
Provisions or reversal of provisions	-72	-86	-16	-29
Impairment losses	-18 324	-17 827	-8 083	-8 929
Profit or loss arising from investments in subsidiaries, joint ventures and associates recognised using the equity method	-335	-605	-	1 317
PROFIT BEFORE CORPORATE INCOME TAX	18 826	13 789	19 105	25 066
Corporate income tax	-701	-996	-674	-1 546
NET PROFIT	18 125	12 793	18 431	23 520
Other comprehensive income for the reporting period	-1 881	-2 780	5 824	5 820



Condensed Balance Sheet

	000'EUR			
	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
ASSETS				
Cash and demand deposits with central banks	261 340	261 362	503 072	503 089
Demand deposits from credit institutions	76 818	77 240	80 911	81 493
Financial assets at fair value through profit or loss	16 141	16 250	10 049	10 155
Financial assets at fair value through other comprehensive income	344 496	344 496	290 490	290 490
Financial assets at amortised costs	670 637	624 377	699 059	645 827
Loans, net	606 346	560 086	638 523	585 291
incl. loans, gross	619 031	573 234	668 721	599 782
expected credit losses	-12 685	-13 148	-30 198	-14 491
stage 1	-1 475	-1 904	-1 634	-2 016
stage 2	-1 349	-926	-177	-274
stage 3	-9 861	-10 318	-28 387	-12 201
Debt securities, net	64 291	64 291	60 536	60 536
incl. debt securities, gross	65 399	65 399	61 199	61 199
expected credit losses	-1 108	-1 108	-663	-663
stage 1	-583	-583	-617	-617
stage 2	-525	-525	-38	-38
stage 3	-	-	-8	-8
Tangible assets	67 605	119 223	69 768	128 472
fixed assets	26 714	37 344	34 654	38 413
investment property	40 891	81 879	35 114	90 059
Intangible assets	1 923	1 936	2 074	2 092
Investments in subsidiaries and associates	27 319	3 233	29 466	3 235
Tax assets	-	825	174	395
Other assets	12 904	18 384	33 065	40 280
Long-term assets and disposal groups classified as held for sale	-	4 577	596	763
Total assets	1 479 183	1 471 903	1 718 724	1 706 291
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Demand deposits due to credit institutions	4 465	4 482	2 920	2 920
Financial instruments at fair value through profit or loss	54	54	94	94
Financial liabilities at amortised value	1 110 930	1 090 238	1 368 162	1 333 765
incl. Deposits	1 082 424	1 077 488	1 332 529	1 325 554
Tax liabilities	-	151	-	148
Provisions	34 225	34 191	34 154	34 106
Other liabilities	5 495	12 668	5 624	13 408
Total liabilities	1 155 169	1 141 784	1 410 954	1 384 441
Shareholders' equity	324 014	330 119	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	93 645	64 279	71 882
profit for the period	18 125	11 433	18 431	21 739
fixed asset revaluation reserve	-	1 869	-	1 890
revaluation reserve for financial assets at fair value	1 697	1 697	3 578	3 578
currency translation reserve	-	-3 736	-	-2 859
non-controlling interest	-	3 729	-	4 138
Total liabilities and shareholder's equity	1 479 183	1 471 903	1 718 724	1 706 291
Commitments and guarantees, net	158 439	103 205	151 728	109 571
incl. Commitments and guarantees, gross	158 663	103 396	151 882	109 676
expected credit losses	-224	-191	-154	-105
stage 1	-224	-191	-122	-105
stage 2	-	-	-32	-

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2019 and 2020.



Profitability ratios

	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
ROE ¹	5.84%	3.61%	4.79%	5.79%
ROA ²	1.25%	0.75%	1.11%	1.31%

Regulatory requirements and ratios

	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
Capital adequacy ratio	22.76%	22.61%	19.82%	20.16%

Financial ratios

	Bank 31.12.2020 Audited*	Group 31.12.2020 Non-audited	Bank 31.12.2019 Audited*	Group 31.12.2019 Non-audited
Equity to loan portfolio ratio	53.44%	58.94%	48.20%	54.99%
Loan portfolio to total assets ratio	40.99%	38.05%	37.15%	34.30%
Equity to total assets ratio	21.90%	22.43%	17.91%	18.86%
Deposits to loans ratio	178.52%	192.38%	208.69%	226.48%

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 and 2020.



Report of equity and minimum capital requirements

Code	Position description	Bank 000'EUR 31.12.2020	Group 000'EUR 31.12.2020
1	Own funds (1.1.+1.2.)	296 915	296 693
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	276 184	275 962
1.1.1.	Common equity tier 1 capital	276 184	275 962
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	20 731	20 731
2	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 304 390	1 312 286
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 163 942	1 143 733
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	10 120	14 937
2.4.	Total risk exposure amount for operational risk	130 286	153 574
2.5.	Total risk exposure amount or credit valuation adjustment	42	42
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)	21.17	21.03
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	217 486	216 909
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	21.17	21.03
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	197 921	197 225
3.5.	Total capital ratio (%) (1./2.*100)	22.76	22.61
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	192 564	191 710
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	49 208	49 512
4.1.	Capital conservation buffer	32 610	32 807
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	293	301
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	16 305	16 404
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	21.17%	21.03%
5.3.	Tier 1 capital ratio including Pillar II adjustments	21.17%	21.03%
5.4.	Total capital ratio including Pillar II adjustments	22.76%	22.61%

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 31.12.2020	Group 000'EUR 31.12.2020
1.A	Own funds if the transitional period of IFRS 9 would not apply	291 665	292 051
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	270 934	271 320
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	270 934	271 320
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 298 806	1 307 246
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	20.86%	20.76%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	20.86%	20.76%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	22.46%	22.34%

Liquidity coverage ratio calculation

Code	Position description	Bank 000'EUR 31.12.2020	Group 000'EUR 31.12.2020
1	Liquidity buffer	340 538	340 559
2	Net liquidity outflow	74 236	73 030
3	Liquidity coverage ratio (%)	458.72%	466.35%

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.

31.12.2020 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	-	1 031	-	1 031	
Other financial corporations	-	1 082	24 799	25 881	
Non-financial corporations	-	8 588	-	8 588	
Total:	-	10 701	24 799	35 500	10.96%
USA					
Government obligations	-	-	-	-	
Credit institutions	-	819	-	819	
Other financial corporations	13 603	11 583	-	25 186	
Non-financial corporations	3	32 040	3 178	35 221	
Total:	13 606	44 442	3 178	61 226	18.90%
Securities of other countries:	1 854	289 353	36 314	327 521	
Total securities portfolio:	15 460	344 496	64 291	424 247	

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

