

2022

Public quarterly report
3rd Quarter 2022



RIETUMU
BANK

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Mission

The mission of Rietumu Banka is to support and promote the development of Latvian and Baltic economy in a sustainable way by giving a hand to small, medium and large companies in terms of lending and operational infrastructure, while providing investment and asset management services to owners of these companies.

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 Group has zero-tolerance towards bribery, corruption, and money laundering. We are proud to have one of the most numerous and skilled teams in the region that stands ready to fight unfair business practices.

We at Rietumu Banka understand the importance of doing business in a way that for having profit today one does not have to take from tomorrow. Each business has to make its own contribution towards achieving long-term sustainability and banks as the ones controlling the flows of funds have even greater responsibility for this mission to be successful.

Rietumu Banka considers important sharing and promoting social responsibility by providing support and assistance to those in need through operations Nākotnes Atbalsta fonds (Fund for support of future).

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.

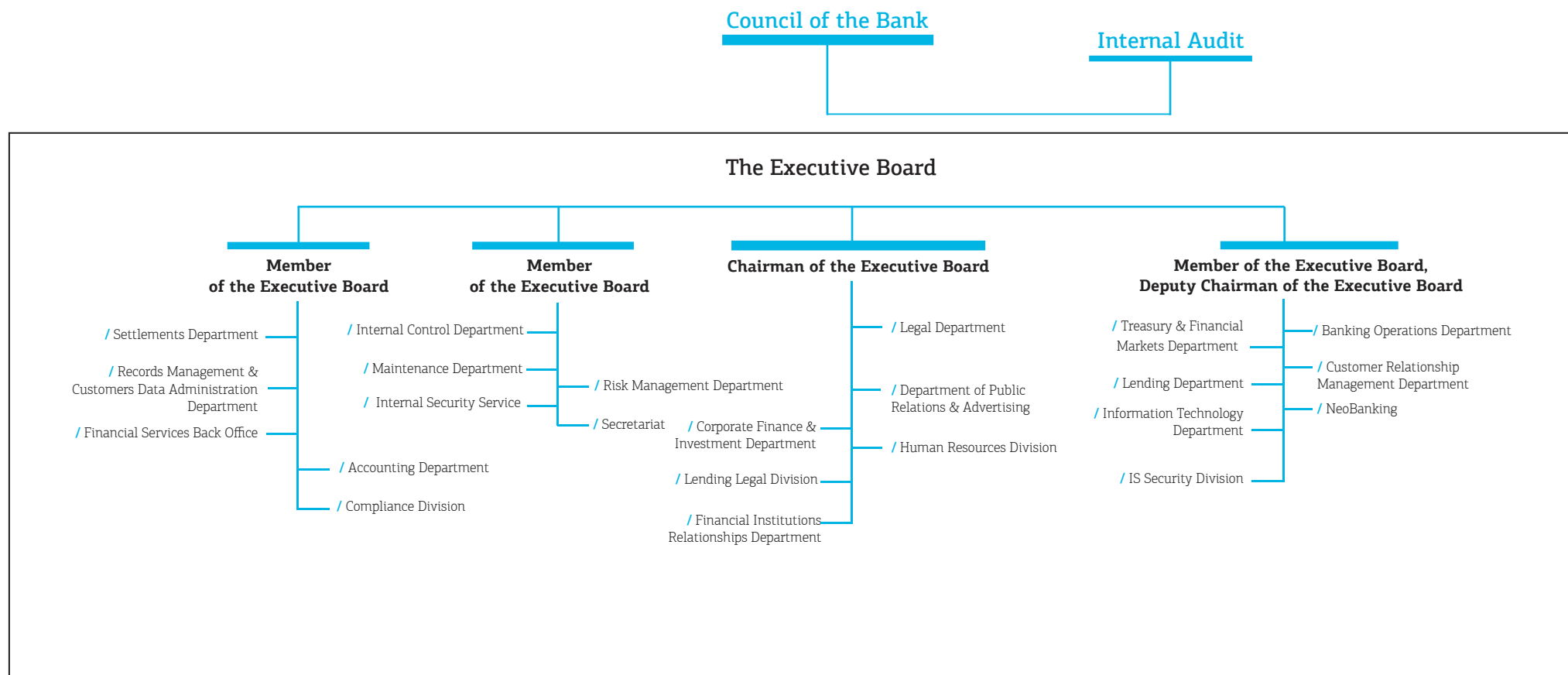
Bank offices

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	13/11/2019 - 13/11/2022
Ruslan Stecyuk	Member of the Executive Board, Deputy Chairman	13/11/2019 - 13/11/2022
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, Vesetas str. 7	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, 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

	Bank 01.01.2022- 30.09.2022 Non-audited	Group 01.01.2022- 30.09.2022 Non-audited	Bank 01.01.2021- 30.09.2021 Non-audited	000'EUR Group 01.01.2021- 30.09.2021 Non-audited
Interest income	28 234	34 830	27 805	36 918
Interest expenses	-7 955	-8 243	-10 094	-10 776
Dividend income	7 934	1 602	2 734	108
Commission and fee income	8 001	8 344	11 296	11 649
Commission and fee expense	-2 285	-2 508	-2 167	-2 554
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	5 425	5 425	4 552	4 552
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	2 129	2 129	2 419	2 419
Net result from foreign exchange trading and revaluation	1 284	9 067	2 665	3 505
Net gain/(loss) from derecognition of non-financial assets	516	1 340	588	2 647
Other income	1 221	5 849	1 164	5 372
Other expense	-41	-1 470	-40	-117
Administrative expense	-20 330	-29 598	-18 904	-28 593
Depreciation	-1 352	-1 418	-1 396	-1 523
Provisions or reversal of provisions	-203	-212	4 094	4 092
Impairment losses	-6 762	-7 114	-3 082	-3 931
PROFIT BEFORE CORPORATE INCOME TAX	15 816	18 023	21 634	23 768
Corporate income tax	-445	-2 671	161	-878
NET PROFIT	15 371	15 352	21 795	22 890
Other comprehensive income for the reporting period	1 842	-3 514	-1 828	-2 406



Condensed Balance Sheet

	000'EUR			
	Bank 30.09.2022 Non-audited	Group 30.09.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
ASSETS				
Cash and demand deposits with central banks	310 287	310 319	320 562	320 601
Demand deposits from credit institutions	28 283	28 687	32 906	33 400
Financial assets at fair value through profit or loss	6 736	7 160	8 264	8 663
Financial assets at fair value through other comprehensive income	17 416	17 416	380 800	380 800
Financial assets at amortised costs	1 076 733	1 034 015	705 669	662 375
Loans, net	632 729	590 011	638 482	595 188
incl.				
loans, gross	657 032	615 323	660 088	617 411
expected credit losses	-24 303	-25 312	-21 606	-22 223
stage 1	-3 007	-2 342	-3 107	-2 396
stage 2	-2 456	-1 808	-3 297	-2 668
stage 3	-18 840	-21 162	-15 202	-17 159
Debt securities, net	444 004	444 004	67 187	67 187
incl.				
debt securities, gross	451 378	451 378	68 319	68 319
expected credit losses	-7 374	-7 374	-1 132	-1 132
stage 1	-1 385	-1 385	-601	-601
stage 2	-492	-492	-467	-467
stage 3	-5 497	-5 497	-64	-64
Tangible assets	62 418	112 279	60 661	114 312
incl.				
fixed assets	25 326	36 564	25 935	36 435
investment property	37 092	75 715	34 726	77 877
Intangible assets	1 263	1 275	1 422	1 436
Investments in subsidiaries and associates	40 316	18 584	40 316	18 612
Tax assets	5	47	5	610
Other assets	12 319	11 132	11 173	14 288
Long-term assets and disposal groups classified as held for sale	-	3 893	3 404	4 414
Total assets	1 555 776	1 544 807	1 565 182	1 559 511
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Due to Bank of Latvia	49 698	49 698	49 993	49 993
Demand deposits due to credit institutions	1 862	1 862	5 291	5 291
Financial instruments at fair value through profit or loss	4 368	4 368	149	149
Financial liabilities at amortised value	1 103 836	1 083 642	1 128 885	1 108 341
incl.				
Deposits	1 074 748	1 071 575	1 100 818	1 098 638
Tax liabilities	-	1 087	-	30
Provisions	33 272	33 254	33 067	33 040
Other liabilities	4 027	7 095	6 297	9 255
Total liabilities	1 197 063	1 181 006	1 223 682	1 206 099
Shareholders' equity	358 713	363 801	341 500	353 412
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	122 335	131 800	100 835	105 106
profit for the period	15 371	14 505	21 500	26 673
fixed asset revaluation reserve	-	1 788	-	1 840
revaluation reserve for financial assets at fair value	-475	-475	-2 317	-2 317
currency translation reserve	-	-8 901	-	-3 597
non-controlling interest	-	3 602	-	4 225
Total liabilities and shareholder's equity	1 555 776	1 544 807	1 565 182	1 559 511
Commitments and guarantees, net	145 057	105 519	139 905	88 204
incl.				
Commitments and guarantees, gross	145 402	105 846	140 045	88 317
expected credit losses	-345	-327	-140	-113
stage 1	-	-	-126	-99
stage 2	-338	-323	-14	-14
stage 3	-7	-4	-	-

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2021.

As a result of the change in the business model, financial assets measured at fair value through other comprehensive income were reclassified to financial assets measured at amortized cost.



Profitability ratios

	Bank 30.09.2022 Non-audited	Group 30.09.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
ROE ¹	6.03%	5.47%	6.37%	7.72%
ROA ²	1.34%	1.27%	1.39%	1.72%

Regulatory requirements and ratios

	Bank 30.09.2022 Non-audited	Group 30.09.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
Capital adequacy ratio	26.12%	25.70%	25.38%	25.43%

Financial ratios

	Bank 30.09.2022 Non-audited	Group 30.09.2022 Non-audited	Bank 31.12.2021 Audited*	Group 31.12.2021 Non-audited
Equity to loan portfolio ratio	56.69%	61.66%	53.49%	59.38%
Loan portfolio to total assets ratio	40.67%	38.19%	40.79%	38.17%
Equity to total assets ratio	23.06%	23.55%	21.82%	22.66%
Deposits to loans ratio	169.86%	181.62%	172.41%	184.59%

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 2021.



Report of equity and minimum capital requirements

Code	Position description	Bank 000'EUR 30.09.2022	Group 000'EUR 30.09.2022
1	Own funds (1.1.+1.2.)	322 285	317 162
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	301 807	296 684
1.1.1.	Common equity tier 1 capital	301 807	296 684
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	20 478	20 478
2	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 233 862	1 234 153
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 111 152	1 077 930
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	8 419	16 296
2.4.	Total risk exposure amount for operational risk	113 592	139 228
2.5.	Total risk exposure amount or credit valuation adjustment	699	699
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)	24.46	24.04
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	246 283	241 147
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	24.46	24.04
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	227 775	222 635
3.5.	Total capital ratio %(1./2.*100)	26.12	25.70
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	223 576	218 430
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	43 953	44 009
4.1.	Capital conservation buffer	30 847	30 854
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	767	813
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	12 339	12 342
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	24.46%	24.04%
5.3.	Tier 1 capital ratio including Pillar II adjustments	24.46%	24.04%
5.4.	Total capital ratio including Pillar II adjustments	26.12%	25.70%

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 30.09.2022	Group 000'EUR 30.09.2022
1.A	Own funds if the transitional period of IFRS 9 would not apply	320 411	315 504
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	299 932	295 026
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	299 932	295 026
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 231 766	1 232 261
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	24.35%	23.94%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	24.35%	23.94%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	26.01%	25.60%

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 30.09.2022	Group 000'EUR 30.09.2022
1	Liquidity buffer	407 115	407 145
2	Net liquidity outflow	139 982	138 749
3	Liquidity coverage ratio (%)	290.83%	293.44%

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.

30.09.2022 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					
Other financial corporations	-	-	26 994	26 994	
Non-financial corporations	-	3 959	10 345	14 304	
Total:	-	3 959	37 339	41 298	11.51%
USA					
Credit institutions	-	-	2 068	2 068	
Other financial corporations	2 988	7	23 319	26 314	
Non-financial corporations	-	1 500	54 026	55 526	
Total:	2 988	1 507	79 413	83 908	23.39%
Securities of other countries:	1 805	11 950	327 252	341 007	
Total securities portfolio:	4 793	17 416	444 004	466 213	

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

