

Interim report

January-June 2024



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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

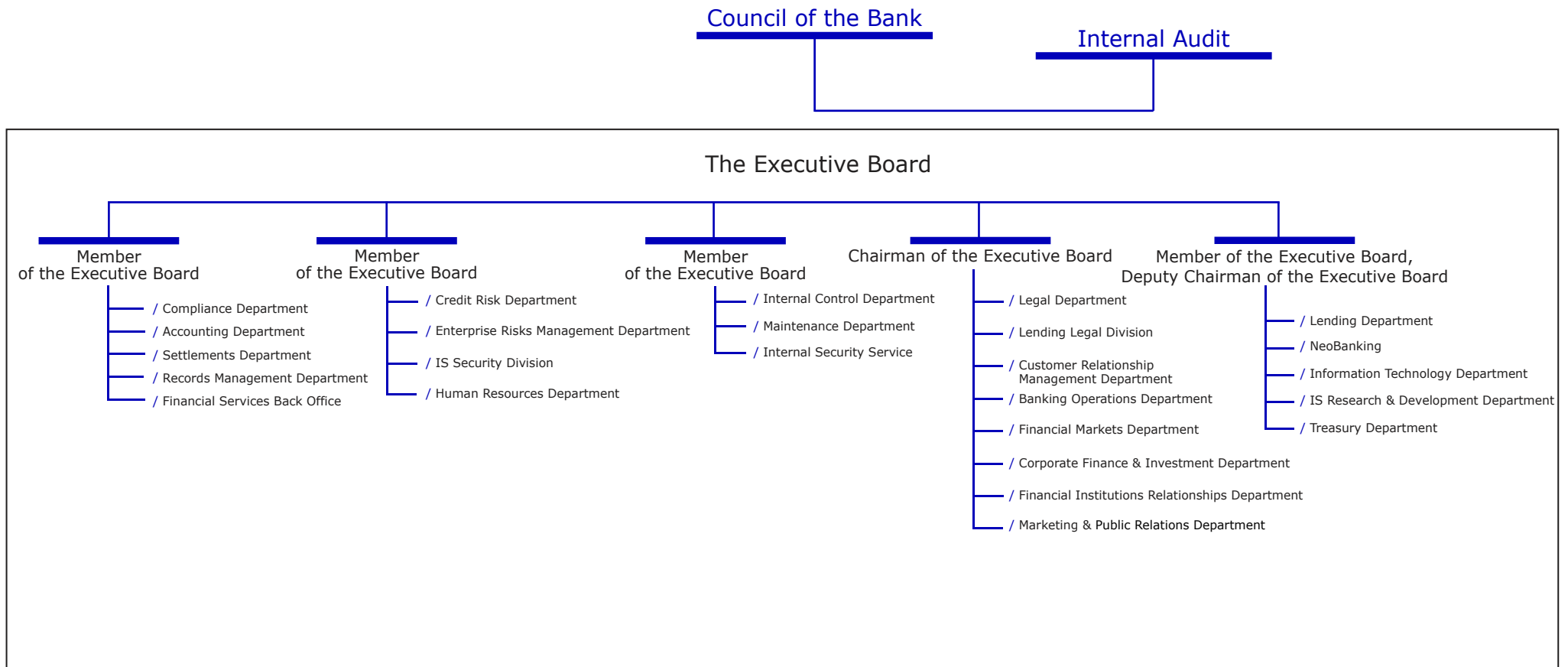
For achieving the set goals, the Bank has worked out and has been effectively implementing its corporate strategy focusing on the following areas:

- 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

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%
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	13/06/2024 - 12/06/2029
Arkadijs Suharenko	Deputy Chairman of the Council	13/06/2024 - 12/06/2029
Dermot Fachtna Desmond	Deputy Chairman of the Council	13/06/2024 - 12/06/2029
Valentins Blugers	Member of the Council	13/06/2024 - 12/06/2029
Iļja Suharenko	Member of the Council	13/06/2024 - 12/06/2029
Charles William Larson Jr.	Member of the Council	13/06/2024 - 12/06/2029

The Executive Board of the Bank

Name	Position	Date of appointment
Jelena Buraja	Chairman of the Executive Board	14/10/2022 - 13/10/2025
Ruslan Stecyuk	Member of the Executive Board, Deputy Chairman	14/10/2022 - 13/10/2025
Mihails Birzgalis	Member of the Executive Board	19/08/2021 - 19/08/2024
Vladlens Topcijans	Member of the Executive Board	29/08/2023 - 28/09/2026
Sandris Straume	Member of the Executive Board, Chief Risk Officer	21/10/2022 - 20/10/2025

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 "OVERSEAS Estates"	40003943207	LV	Latvia, Ventspils, Dzintaru str. 3A	PLS	100	100	MS
9	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MMS
10	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
11	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS

* 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	Group	Bank	Group
	01.01.2024-	01.01.2024-	01.01.2023-	01.01.2023-
	30.06.2024	30.06.2024	30.06.2023	30.06.2023
	Non-audited	Non-audited	Non-audited	Non-audited
Interest income	33 508	37 082	26 935	30 354
Interest expenses	-13 548	-13 447	-5 541	-5 635
Dividend income	1 209	285	143	143
Commission and fee income	4 953	4 951	4 563	4 565
Commission and fee expense	-878	-1 090	-775	-942
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	-482	-482	-288	-288
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-198	-198	-121	-121
Net result from foreign exchange trading and revaluation	264	1 641	-5	-4 524
Net gain/(loss) from derecognition of non-financial assets	-30	-27	255	254
Other income	229	3 007	868	2 381
Other expense	-54	-62	-28	-317
Administrative expense	-14 989	-20 237	-14 408	-18 950
Depreciation	-1 059	-772	-864	-751
Provisions or reversal of provisions	-237	-240	99	97
Impairment losses	-1 427	-1 886	-3 585	-1 011
Profit or loss arising from investments in subsidiaries, joint ventures and associates recognised using the equity method	-	-	-	599
PROFIT BEFORE CORPORATE INCOME TAX	7 261	8 525	7 248	5 854
Corporate income tax	-1 852	-2 161	-184	675
NET PROFIT	5 409	6 364	7 064	6 529
Other comprehensive income for the reporting period	4 836	3 617	5 141	9 351

Financial performance

Condensed Balance Sheet

000'EUR

	Bank 30.06.2024 Non-audited	Group 30.06.2024 Non-audited	Bank 31.12.2023 Audited*	Group 31.12.2023 Non-audited
ASSETS				
Cash and demand deposits with central banks	231 774	231 802	350 330	350 366
Demand deposits from credit institutions	13 937	14 372	13 528	14 060
Financial assets at fair value through profit or loss	4 771	5 207	6 225	6 718
Financial assets at fair value through other comprehensive income	233 547	233 547	268 399	268 399
Financial assets at amortised cost	725 908	692 399	713 977	679 825
Loans, net	673 972	640 463	656 367	622 215
<i>incl.</i>				
<i>loans, gross</i>	711 521	672 217	692 155	651 761
<i>expected credit losses</i>	-37 549	-31 754	-35 788	-29 546
<i>stage 1</i>	-5 347	-4 911	-4 738	-4 133
<i>stage 2</i>	-3 230	-3 226	-3 001	-3 005
<i>stage 3</i>	-28 972	-23 617	-28 049	-22 408
Debt securities, net	51 936	51 936	57 610	57 610
<i>incl.</i>				
<i>debt securities, gross</i>	55 378	55 378	61 390	61 390
<i>expected credit losses</i>	-3 442	-3 442	-3 780	-3 780
<i>stage 1</i>	-479	-479	-921	-921
<i>stage 2</i>	-108	-108	-107	-107
<i>stage 3</i>	-2 855	-2 855	-2 752	-2 752
Tangible assets	69 718	132 440	71 017	131 563
<i>incl.</i>				
<i>fixed assets</i>	28 142	33 785	28 900	33 810
<i>investment property</i>	41 576	98 655	42 117	97 753
Intangible assets	1 820	1 826	1 557	1 564
Investments in subsidiaries and associates	69 567	48 352	69 567	48 352
Tax assets	-	87	-	104
Other assets	13 065	11 220	13 704	11 897
Long-term assets and disposal groups classified as held for sale	-	5	300	303
Total assets	1 364 107	1 371 257	1 508 604	1 513 151
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Due to Bank of Latvia	-	-	51 479	51 479
Demand deposits due to credit institutions	16 720	16 720	4 828	4 828
Financial instruments at fair value through profit or loss	2 649	2 649	2 024	2 024
Financial liabilities at amortised cost	960 192	946 975	1 047 145	1 031 283
<i>incl.</i>				
<i>deposits</i>	926 139	926 743	1 011 146	1 010 008
Tax liabilities	1 651	2 401	3 048	3 806
Provisions	33 655	33 649	33 418	33 408
Other liabilities	8 527	9 968	6 195	7 744
Total liabilities	1 023 394	1 012 362	1 148 137	1 134 572
Shareholders' equity	340 713	358 895	360 467	378 579
<i>incl.</i>				
<i>paid-in share capital</i>	168 916	168 916	168 916	168 916
<i>share premium</i>	52 543	52 543	52 543	52 543
<i>reserve capital</i>	23	23	23	23
<i>retained earnings of previous years</i>	123 981	134 855	141 446	149 455
<i>profit for the period</i>	5 409	5 762	12 534	15 064
<i>fixed asset revaluation reserve</i>	-	6 730	-	6 670
<i>revaluation reserve for financial assets at fair value</i>	-10 159	-10 159	-14 995	-14 995
<i>currency translation reserve</i>	-	-4 599	-	-3 319
<i>non-controlling interest</i>	-	4 824	-	4 222
Total liabilities and shareholder's equity	1 364 107	1 371 257	1 508 604	1 513 151
Commitments and guarantees, net	141 215	124 237	144 554	114 174
<i>incl.</i>				
<i>commitments and guarantees, gross</i>	141 942	124 958	145 044	114 655
<i>expected credit losses</i>	-727	-721	-490	-481
<i>stage 1</i>	-671	-667	-358	-349
<i>stage 2</i>	-56	-54	-132	-132

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2023.

After the audit of the annual financial statements there were significant changes in several positions.

The reason for the changes in the positions Investments in subsidiaries and associates and Financial instruments at fair value through profit or loss - disclosure of investment in equity in the newly obtained associated company at fair value.

The reason for the changes in the position Other assets - reclassification of overtaken assets to Investment property and disclosure of deposit platform commissions netted.

Deferred tax asset was derecognized for one of the Group's subsidiaries.

Profitability ratios

	Bank 30.06.2024 Non-audited	Group 30.06.2024 Non-audited	Bank 31.12.2023 Audited*	Group 31.12.2023 Non-audited
ROE ¹	3.12%	3.23%	3.61%	4.07%
ROA ²	0.74%	0.81%	0.86%	1.07%

Regulatory requirements and ratios

	Bank 30.06.2024 Non-audited	Group 30.06.2024 Non-audited	Bank 31.12.2023 Audited*	Group 31.12.2023 Non-audited
Capital adequacy ratio	23.67%	23.85%	25.65%	23.54%

Financial ratios

	Bank 30.06.2024 Non-audited	Group 30.06.2024 Non-audited	Bank 31.12.2023 Audited*	Group 31.12.2023 Non-audited
Equity to loan portfolio ratio	50.55%	56.04%	54.92%	60.84%
Loan portfolio to total assets ratio	49.41%	46.71%	43.51%	41.12%
Equity to total assets ratio	24.98%	26.17%	23.89%	25.02%
Deposits to loans ratio	137.42%	144.70%	154.05%	162.32%

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 2023.

Report of equity and minimum capital requirements

No.	Position	Bank 000'EUR 30.06.2024	Group 000'EUR 30.06.2024
1	Own funds (1.1.+1.2.)	283 982	288 759
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	270 498	275 275
1.1.1.	Common equity tier 1 capital	270 498	275 275
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	13 484	13 484
2	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 199 642	1 210 784
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 078 030	1 065 965
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	5 764	4 688
2.4.	Total risk exposure amount for operational risk	115 562	139 845
2.5.	Total risk exposure amount or credit valuation adjustment	286	286
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)	22.55	22.74
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	216 514	220 790
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	22.55	22.74
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	198 519	202 628
3.5.	Total capital ratio (%) (1./2.*100)	23.67	23.85
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	188 011	191 896
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	42 106	42 538
4.1.	Capital conservation buffer	29 991	30 270
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	3 118	3 187
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	8 997	9 081
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	22.55%	22.74%
5.3.	Tier 1 capital ratio including Pillar II adjustments	22.55%	22.74%
5.4.	Total capital ratio including Pillar II adjustments	23.67%	23.85%

JSC 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

No.	Position	Bank 000'EUR 30.06.2024	Group 000'EUR 30.06.2024
1	Liquidity buffer	298 451	298 478
2	Net liquidity outflow	102 091	102 635
3	Liquidity coverage ratio (%)	292.34%	290.82%

Information on 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.

000'EUR

31.03.2024 Non-audited Issuer	Financial instruments at fair value through profit or loss	Financial instruments at fair value through other comprehensive income	Financial instruments at amortised costs	TOTAL	% of shareholders' equity*
Luxembourg					
Other financial corporations	-	1 955	25 372	27 327	
Non-financial corporations	115	5 552	413	6 080	
Total:	115	7 507	25 785	33 407	9.81%
USA					
Credit institutions	-	1 736	-	1 736	
Other financial corporations	3 944	10 289	-	14 233	
Non-financial corporations	-	29 766	832	30 598	
Total:	3 944	41 791	832	46 567	13.67%
Securities of other countries:	350	184 249	25 320	209 919	
Total securities portfolio:	4 409	233 547	51 937	289 893	

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