



Interim report

January-September 2023



Contents

/ 3	General information
/ 4	The structure of JSC Rietumu Banka
/ 5	Shareholders of the Bank The Council of the Bank The Executive Board of the Bank
/ 6	Consolidation group
/ 7-10	Financial performance
	Income statement
	Condensed Balance Sheet
	Profitability ratios
	Regulatory requirements and ratios
	Financial ratios
	Report of equity and minimum capital requirements
	Liquidity coverage ratio calculation
/ 11	Risk management
/ 12	Attachment



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:

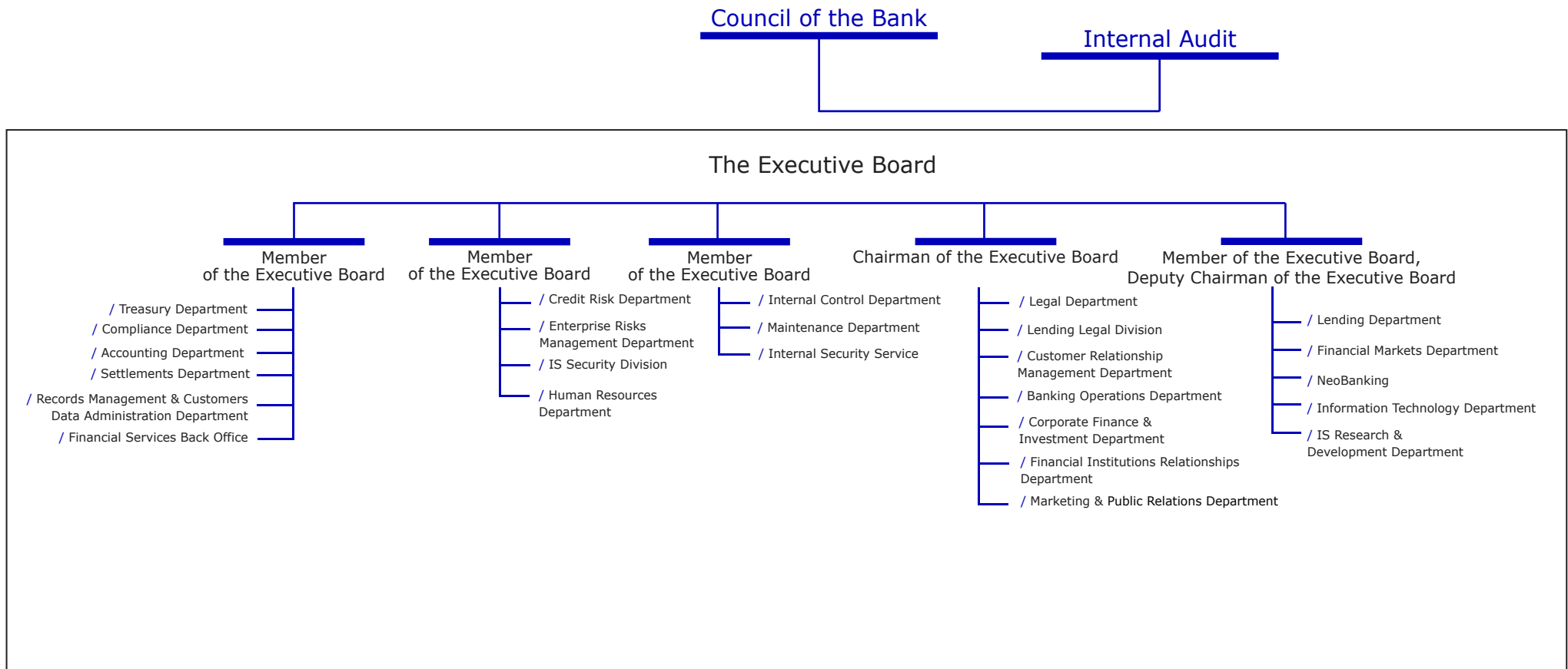
- / Cooperation with customers working on international scale, customers who own production companies, distribution networks, retail chains, transportation and real estate enterprises, import and export oriented companies, as well as customers with cross-border business requirements, etc.
- / Assets 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%
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	03/05/2023 - 02/05/2026
Arkadijs Suharenko	Deputy Chairman of the Council	03/05/2023 - 02/05/2026
Dermot Fachtina Desmond	Deputy Chairman of the Council	03/05/2023 - 02/05/2026
Valentins Blugers	Member of the Council	03/05/2023 - 02/05/2026
Iļja Suharenko	Member of the Council	03/05/2023 - 02/05/2026

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	14/10/2022 - 13/10/2025
Mihails Birzgars	Chairman 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, Risk Director	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	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
12	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	Group	Bank	Group
	01.01.2023- 30.09.2023 Non-audited	01.01.2023- 30.09.2023 Non-audited	01.01.2022- 30.09.2022 Non-audited	01.01.2022- 30.09.2022 Non-audited
Interest income	43 360	48 603	28 234	34 830
Interest expenses	-10 159	-10 203	-7 955	-8 243
Dividend income	759	759	7 934	1 602
Commission and fee income	6 781	6 783	8 001	8 344
Commission and fee expense	-1 225	-1 439	-2 285	-2 508
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	-602	-602	5 425	5 425
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-111	-111	2 129	2 129
Net result from foreign exchange trading and revaluation	106	-5 674	1 284	9 067
Net gain/(loss) from derecognition of non-financial assets	357	382	516	1 340
Other income	2 965	5 957	1 221	5 849
Other expense	-33	-302	-41	-1 470
Administrative expense	-22 445	-28 707	-20 330	-29 598
Depreciation	-1 450	-1 124	-1 352	-1 418
Provisions or reversal of provisions	415	414	-203	-212
Impairment losses	-5 845	-3 295	-6 762	-7 114
Profit or loss arising from investments in subsidiaries, joint ventures and associates recognised using the equity method	-	-1	-	-
PROFIT BEFORE CORPORATE INCOME TAX	12 873	11 440	15 816	18 023
Corporate income tax	-223	359	-445	-2 671
NET PROFIT	12 650	11 799	15 371	15 352
Other comprehensive income for the reporting period	8 047	13 357	1 842	-3 514

Condensed Balance Sheet

000'EUR

	Bank 30.09.2023 Non-audited	Group 30.09.2023 Non-audited	Bank 31.12.2022 Audited*	Group 30.09.2023 Non-audited
ASSETS				
Cash and demand deposits with central banks	290 104	290 126	248 584	248 618
Demand deposits from credit institutions	15 035	15 477	13 757	14 490
Financial assets at fair value through profit or loss	4 453	4 937	5 522	5 966
Financial assets at fair value through other comprehensive income	282 128	282 128	351 038	351 038
Financial assets at amortised cost	706 699	671 859	670 469	630 787
Loans, net	644 254	609 414	604 332	564 650
incl.				
	<i>loans, gross</i>	674 441	629 070	587 662
	<i>expected credit losses</i>	-30 187	-24 738	-23 012
	<i>stage 1</i>	-4 853	-2 973	-2 291
	<i>stage 2</i>	-2 035	-5 479	-1 621
	<i>stage 3</i>	-23 299	-16 286	-19 100
Debt securities, net	62 445	62 445	66 137	66 137
incl.				
	<i>debt securities, gross</i>	65 743	68 394	68 394
	<i>expected credit losses</i>	-3 298	-2 257	-2 257
	<i>stage 1</i>	-936	-1 008	-1 008
	<i>stage 2</i>	-101	-326	-326
	<i>stage 3</i>	-2 261	-923	-923
Tangible assets	65 325	125 435	59 215	121 882
	<i>fixed assets</i>	28 516	22 957	28 286
	<i>investment property</i>	36 809	36 258	93 596
Intangible assets	1 446	1 453	1 246	1 255
Investments in subsidiaries and associates	37 162	15 944	40 262	18 584
Tax assets	5	1 576	5	567
Other assets	12 313	10 164	11 135	7 658
Long-term assets and disposal groups classified as held for sale	303	306	1 343	1 377
Total assets	1 414 973	1 419 405	1 402 576	1 402 222
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Due to Bank of Latvia	50 968	50 968	49 811	49 811
Demand deposits due to credit institutions	3 905	3 905	1 679	1 679
Financial instruments at fair value through profit or loss	1 530	1 530	551	551
Financial liabilities at amortised cost	959 169	943 258	978 929	961 712
incl.				
	<i>Deposits</i>	923 979	951 824	949 801
Tax liabilities	-	819	-	862
Provisions	33 314	33 304	33 729	33 719
Other liabilities	11 591	13 515	4 079	5 886
Total liabilities	1 060 477	1 047 299	1 068 778	1 054 220
Shareholders' equity	354 496	372 106	333 798	348 002
incl.				
	<i>paid-in share capital</i>	168 916	168 916	168 916
	<i>share premium</i>	52 543	52 543	52 543
	<i>reserve capital</i>	23	23	23
	<i>retained earnings of previous years</i>	141 446	149 425	131 838
	<i>profit for the period</i>	12 650	10 990	17 660
	<i>fixed asset revaluation reserve</i>	-	6 644	6 735
	<i>revaluation reserve for financial assets at fair value</i>	-21 082	-21 082	-29 130
	<i>currency translation reserve</i>	-	975	-4 426
	<i>non-controlling interest</i>	-	3 672	3 843
Total liabilities and shareholder's equity	1 414 973	1 419 405	1 402 576	1 402 222
Commitments and guarantees, net	158 404	112 870	188 288	147 328
incl.				
	<i>Commitments and guarantees, gross</i>	158 790	189 090	148 120
	<i>expected credit losses</i>	-386	-802	-792
	<i>stage 1</i>	-	-797	-787
	<i>stage 2</i>	-386	-5	-5

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2022.

After the annual audit, there are significant changes in the position Financial assets at amortised costs, Debt securities, and in the position Financial assets at fair value through other comprehensive income. Reasons for the changes - cancellation of reclassification of securities.

Profitability ratios

	Bank 30.09.2023 Non-audited	Group 30.09.2023 Non-audited	Bank 31.12.2022 Audited*	Group 31.12.2022 Non-audited
ROE ¹	4.87%	3.99%	5.66%	4.96%
ROA ²	1.25%	1.06%	1.29%	1.18%

Regulatory requirements and ratios

	Bank 30.09.2023 Non-audited	Group 30.09.2023 Non-audited	Bank 31.12.2022 Audited*	Group 31.12.2022 Non-audited
Capital adequacy ratio	25.33%	25.76%	24.66%	24.85%

Financial ratios

	Bank 30.09.2023 Non-audited	Group 30.09.2023 Non-audited	Bank 31.12.2022 Audited*	Group 31.12.2022 Non-audited
Equity to loan portfolio ratio	55.02%	61.06%	55.23%	61.63%
Loan portfolio to total assets ratio	45.53%	42.93%	43.09%	40.27%
Equity to total assets ratio	25.05%	26.22%	23.80%	24.82%
Deposits to loans ratio	143.42%	151.41%	157.50%	168.21%

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 2022.

Report of equity and minimum capital requirements

No.	Position	Bank 000'EUR 30.09.2023	Group 000'EUR 30.09.2023
1	Own funds (1.1.+1.2.)	293 138	298 429
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	276 126	281 417
1.1.1.	Common equity tier 1 capital	276 126	281 417
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	17 012	17 012
2	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 157 189	1 158 282
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 026 614	1 008 260
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	11 026	8 373
2.4.	Total risk exposure amount for operational risk	119 027	141 127
2.5.	Total risk exposure amount or credit valuation adjustment	522	522
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)	23.86	24.30
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	224 052	229 294
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	23.86	24.30
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	206 695	211 920
3.5.	Total capital ratio (%) (1./2.*100)	25.33	25.76
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	200 563	205 766
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	42 902	42 988
4.1.	Capital conservation buffer	28 930	28 957
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	2 400	2 448
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	11 572	11 583
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	23.86%	24.30%
5.3.	Tier 1 capital ratio including Pillar II adjustments	23.86%	24.30%
5.4.	Total capital ratio including Pillar II adjustments	25.33%	25.76%

Starting from 2023, transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds applied to the Group and the Bank according to Regulation (EU) 2017/2395 had expired.

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 30.09.2023	Group 000'EUR 30.09.2023
1	Liquidity buffer	353 752	353 773
2	Net liquidity outflow	95 758	97 432
3	Liquidity coverage ratio (%)	369.42%	363.10%

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					
30.09.2023 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	-	1 849	24 949	26 798	
Non-financial corporations	-	6 977	577	7 554	
Total:	-	8 826	25 526	34 352	9.69%
USA					
Credit institutions	-	1 689	-	1 689	
Other financial corporations	3 201	16 578	493	20 272	
Non-financial corporations	-	34 840	2 574	37 414	
Total:	3 201	53 107	3 067	59 375	16.75%
Securities of other countries:	428	220 195	33 852	254 475	
Total securities portfolio:	3 629	282 128	62 445	348 202	