

2018 Public quarterly report
4th Quarter 2018



RIETUMU
BANK

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
/ 6-7	Consolidation group
/ 8-12	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
/ 13	Risk management



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.

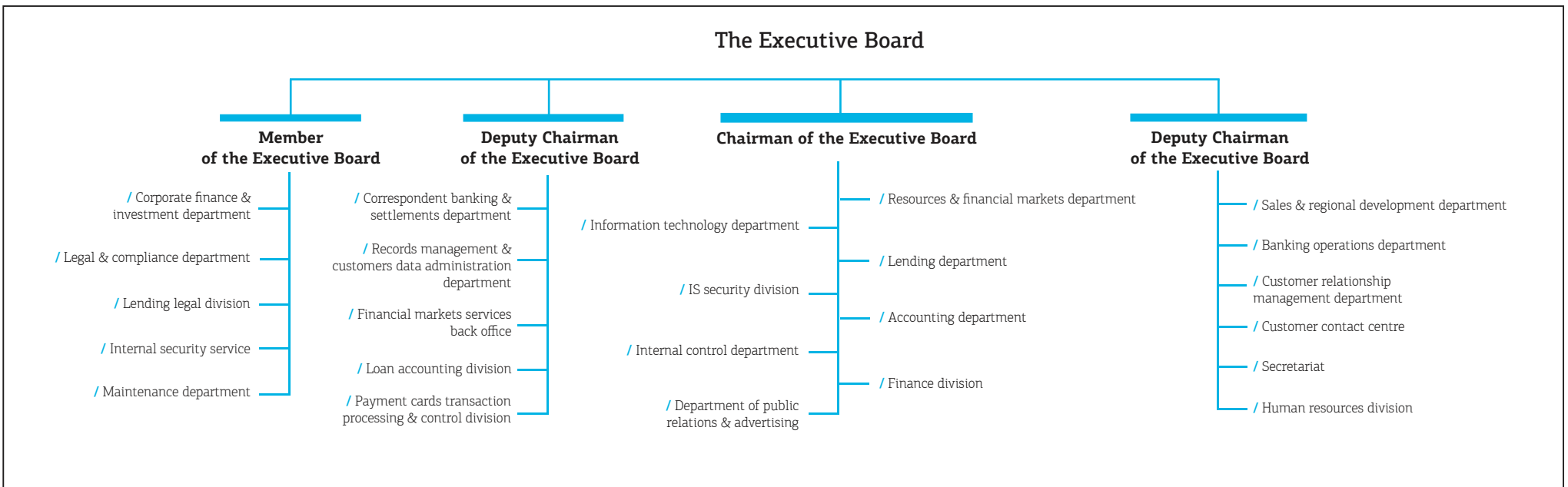
Bank offices

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(04/04/18-04/04/21)
Arkadijs Suharenko	Deputy Chairman of the Council	25/09/97(04/04/18-04/04/21)
Brendan Thomas Murphy	Deputy Chairman of the Council	07/09/05(04/04/18-04/04/21)
Dermot Fachtna Desmond	Member of the Council	07/09/05(04/04/18-04/04/21)
Valentins Blugers	Member of the Council	25/03/11(04/04/18-04/04/21)

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.

1/2

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 "Vangažu Nekustamie īpašumi-2"	40103449678	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
19.	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**
20.	SIA "KI-135"	40003970065	LV	Latvia, Riga, Brivibas str. 109	PLS	100	100	MMS
21.	SIA "U-10"	50103841951	LV	Latvia, Riga, Garozes str. 25-1	PLS	67	67	MMS
22.	SIA "KINI LAND"	40103703726	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
23.	SIA "ESP European Steel Production"	40103266905	LV	Latvia, Olaine, Rupnicu str. 4	PLS	100	100	MMS
24.	SIA "Penrox Petroleum"	40003970050	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
25.	SIA "Ekoagro"	40003741971	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MMS
26.	SIA "Bērzaunes 13"	40103839137	LV	Latvia, Riga, Sofijas str. 8	PLS	100	100	MMS
27.	SIA "SBD"	40003868002	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
28.	AS Rietumu Asset Management IPS	40103753360	LV	Latvia, Riga, Vesetas str. 7	CFI	100	100	MS
29.	SIA "Overseas Estates"	40003943207	LV	Latvia, Ventspils, Dzintaru str. 3A	PLS	100	100	MS
30.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MS
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

* 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.

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Income Statement

	000'EUR			
	Bank 31.12.2018 Non-audited	Group 31.12.2018 Non-audited	Bank 31.12.2017 Audited*	Group 31.12.2017 Audited*
Interest income	46 256	60 123	78 300	89 192
Interest expenses	-13 900	-15 497	-19 121	-20 743
Dividend income	2 036	1 478	2 978	544
Commission and fee income	67 101	67 618	71 762	72 712
Commission and fee expense	-30 315	-30 836	-37 823	-38 191
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	-1 334	-1 334	482	449
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	803	1 110	-17	874
Net result from foreign exchange trading and revaluation	13 562	12 692	23 347	23 030
Net gain/(loss) from derecognition of non-financial assets	-15	1 743	-84	-348
Other income	2 880	13 926	4 447	18 325
Other expense	-374	-6 597	-1 827	-9 632
Administrative expense	-38 549	-50 199	-66 030	-77 940
Depreciation	-1 327	-2 435	-2 008	-2 418
Impairment losses	-11 671	-11 339	-13 398	-14 861
PROFIT / (LOSS) BEFORE CORPORATE INCOME TAX	35 153	40 453	41 008	40 993
Corporate income tax	-1 492	-1 883	-7 974	-7 209
NET PROFIT / (LOSS)	33 661	38 570	33 034	33 784
Other comprehensive income for the reporting period	-3 358	-3 364	-757	2 097

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2017.



Condensed Balance Sheet

	000'EUR			
	Bank 31.12.2018 Non-audited	Group 31.12.2018 Non-audited	Bank 31.12.2017 Audited*	Group 31.12.2017 Audited*
ASSETS				
Cash and demand deposits with central banks	466 444	466 465	875 856	875 868
Demand deposits from credit institutions	91 828	92 443	461 442	462 146
Financial assets at fair value through profit or loss	11 671	11 652	445	15 556
Financial assets at fair value through other comprehensive income**	159 405	159 569	342 861	329 699
Financial assets at amortised costs	735 300	662 063	1 235 129	1 154 662
Loans and receivables, net	699 763	626 525	916 987	836 323
incl.				
loans, gross	780 688	693 090	1 007 297	913 123
expected credit losses***	-80 925	-66 565	-90 310	-76 800
stage 1	-2 363	-2 509	-	-
stage 2	-679	-721	-	-
stage 3	-77 883	-63 335	-	-
Debt securities, net	35 537	35 537	277 317	277 514
incl.				
debt securities, gross	36 127	36 127	-	-
expected credit losses	-590	-590	-	-
stage 1	-590	-590	-	-
Reverse repo loans	-	-	40 825	40 825
Tangible assets	17 729	126 119	18 374	130 523
fixed assets	8 386	41 139	7 904	40 978
investment property	9 343	84 980	10 470	89 545
Intangible assets	2 498	2 499	2 632	2 633
Investments in subsidiaries and associates	32 809	3 215	34 002	3 220
Tax assets	2 340	2 903	-	59
Other assets	26 368	33 165	27 879	37 551
Long-term assets and disposal groups classified as held for sale	-	1 160	-	220
Total assets	1 546 392	1 561 253	2 998 620	3 012 137
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Balances due to central banks	-	-	120 000	120 000
Demand deposits due to credit institutions	2 190	2 245	26 459	27 187
Financial instruments at fair value through profit or loss	-	-	30	30
Financial liabilities at amortised value	1 033 697	1 026 766	2 359 783	2 348 396
Tax liabilities	-	242	316	877
Provisions	20 138	20 076	20 000	20 000
Other liabilities	20 679	29 851	12 418	21 222
Total liabilities	1 076 704	1 079 180	2 539 006	2 537 712
Shareholders' equity	469 688	482 073	459 614	474 425
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	216 791	223 099	201 122	207 931
profit for the period	33 661	36 317	33 034	32 141
fixed asset revaluation reserve	-	1 829	-	1 381
revaluation reserve for financial assets at fair value****	-2 246	-2 246	3 976	3 409
currency translation reserve	-	-2 837	-	-2 383
non-controlling interest	-	4 364	-	10 399
Total liabilities and shareholder's equity	1 546 392	1 561 253	2 998 620	3 012 137
Contingent liabilities, net	4 274	4 274	6 627	6 627
incl.				
contingent liabilities, gross	4 275	4 275	-	-
expected credit losses	-1	-1	-	-
stage 1	-1	-1	-	-
Financial commitments, net	17 534	8 841	27 410	19 407
incl.				
financial commitments, gross	17 671	8 917	-	-
expected credit losses	-137	-76	-	-
stage 1	-126	-75	-	-
stage 2	-11	-1	-	-

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2017.

**In 2017 "Available-for-sale financial assets" in accordance with IAS 39

*** In 2017 "Specific impairment allowance" in accordance with IAS 39

**** In 2017 "Available for sale financial assets revaluation reserve" in accordance with IAS 39



Profitability ratios

	Bank 31.12.2018 Non-audited	Group 31.12.2018 Non-audited	Bank 31.12.2017 Audited*	Group 31.12.2017 Audited*
ROE ¹	7.22%	7.61%	7.02%	6.89%
ROA ²	1.78%	1.92%	1.03%	1.03%
Cost/income ratio ³	45.99%	50.40%	55.97%	44.31%

Regulatory requirements and ratios

	Bank 31.12.2018 Non-audited	Group 31.12.2018 Non-audited	Bank 31.12.2017 Audited*	Group 31.12.2017 Audited*
Capital adequacy ratio	33.71%	33.18%	24.36%	24.08%
Note: minimum allowed by FCMC	12.10%	12.10%	12.10%	12.10%

Financial ratios

	Bank 31.12.2018 Non-audited	Group 31.12.2018 Non-audited	Bank 31.12.2017 Audited*	Group 31.12.2017 Audited*
Equity to loan portfolio ratio	67.12%	76.94%	50.12%	56.73%
Loan portfolio to total assets ratio	45.25%	40.13%	30.58%	27.77%
Equity to total assets ratio	30.37%	30.88%	15.33%	15.75%
Deposits to loans ratio	147.69%	163.88%	257.28%	280.80%

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 2017.



Report of equity and minimum capital requirements

Code	Position description	Bank	Group
		000'EUR 31.12.2018	000'EUR 31.12.2018
1	Own funds (1.1.+1.2.)	441 747	441 597
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	331 474	331 324
1.1.1.	Common equity tier 1 capital	331 474	331 324
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	110 273	110 273
2	Total risk exposure amount(2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 310 249	1 330 919
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 049 363	1 044 791
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	2 847	8 729
2.4.	Total risk exposure amount for operational risk	258 059	277 399
2.5.	Total risk exposure amount or credit valuation adjustment	-	-
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)	25.30	24.89
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	272 512	271 433
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	25.30	24.89
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	252 859	251 469
3.5.	Total capital ratio %(1./2.*100)	33.71	33.18
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	336 927	335 124
4	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	52 763	53 601
4.1.	Capital conservation buffer	32 756	33 273
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	353	364
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	19 654	19 964
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	25.30%	24.89%
5.3.	Tier 1 capital ratio including Pillar II adjustments	25.30%	24.89%
5.4.	Total capital ratio including Pillar II adjustments	33.71%	33.18%

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 31.12.2018	Group 000'EUR 31.12.2018
1.A	Own funds if the transitional period of IFRS 9 would not apply	434 621	435 305
1.1.A	Tier 1 capital if the transitional period of IFRS 9 would not apply	324 348	325 032
1.1.1.A	Tier 1 core capital if the transitional period of IFRS 9 would not apply	324 348	325 032
2.A	Total exposure value if the transitional period of IFRS 9 would not apply	1 301 968	1 323 880
3.1.A	Tier 1 core capital ratio if the transitional period of IFRS 9 would not apply	24.91%	24.55%
3.3.A	Tier 1 capital ratio if the transitional period of IFRS 9 would not apply	24.91%	24.55%
3.5.A	Total capital ratio if the transitional period of IFRS 9 would not apply	33.38%	32.88%

Liquidity coverage ratio calculation

Code	Position description	Bank 000'EUR 31.12.2018	Group 000'EUR 31.12.2018
1	Liquidity buffer	492 780	493 435
2	Net liquidity outflow	38 197	38 247
3	Liquidity coverage ratio (%)	1290.09%	1290.13%

Risk management can be found in the last annual report:

<http://www.rietumu.com/bank-finance-audited>

