

# Interim report

January-September 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

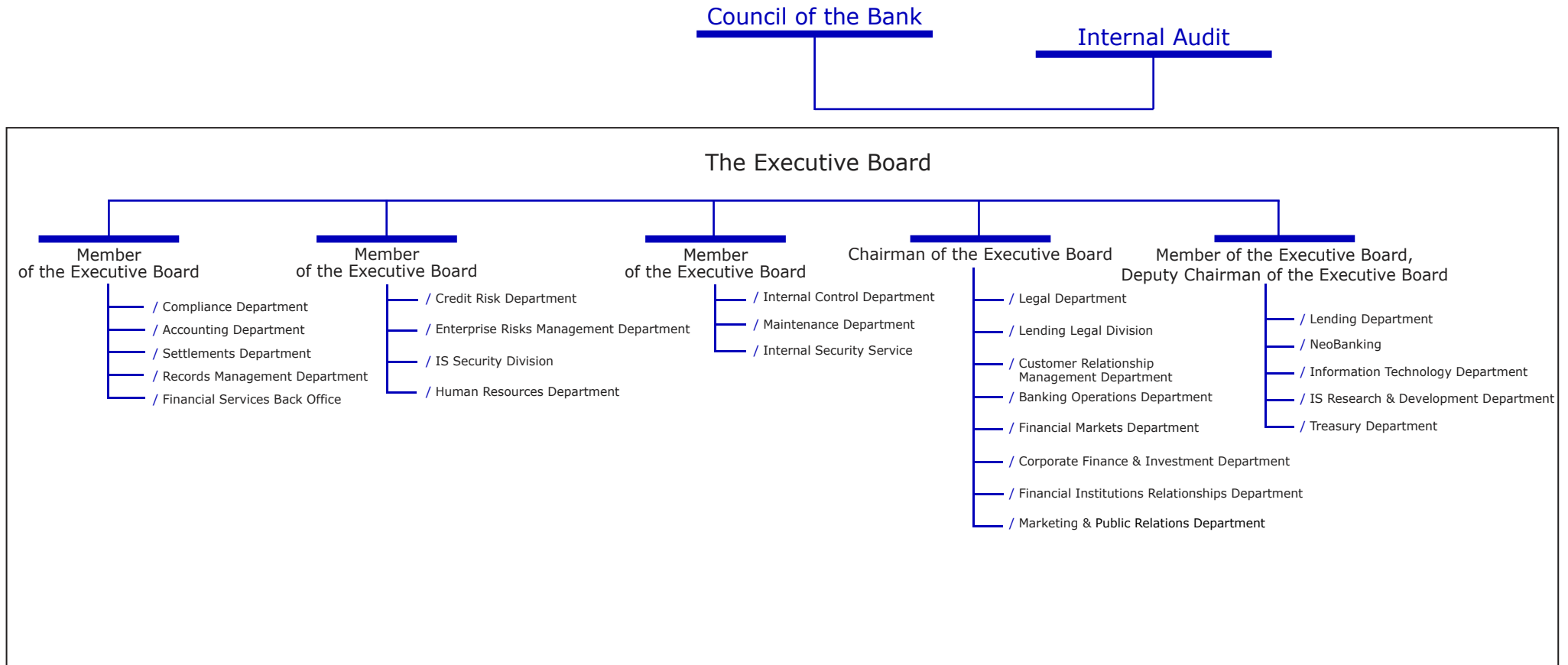
For achieving the set goals, the Bank has worked out and has been effectively implementing its corporate strategy focusing on the following areas:

- 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
<b>Companies non-residents, total</b>	<b>33 650 918</b>		<b>47 111 285</b>	<b>33.11%</b>
Boswell (International) Consulting Limited	33 650 918	1.4	47 111 285	33.11%
<b>Companies residents, total</b>	<b>51 278 829</b>		<b>71 790 361</b>	<b>50.46%</b>
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%
<b>Others</b>	<b>16 703 953</b>	<b>1.4</b>	<b>23 385 534</b>	<b>16.43%</b>
<b>Shares with voting rights</b>	<b>101 633 700</b>		<b>142 287 180</b>	<b>100.00%</b>
<b>Shares without voting rights</b>	<b>19 020 308</b>	<b>1.4</b>	<b>26 628 431</b>	
<b>Paid-in share capital total</b>	<b>120 654 008</b>		<b>168 915 611</b>	

# 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	21/08/2024 - 20/08/2029
Ruslan Stecyuk	Member of the Executive Board, Deputy Chairman	21/08/2024 - 20/08/2029
Mihails Birzgalis	Member of the Executive Board	21/08/2024 - 20/08/2029
Vladlens Topcijans	Member of the Executive Board	21/08/2024 - 20/08/2029
Sandris Straume	Member of the Executive Board, Chief Risk Officer	21/08/2024 - 20/08/2029

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			
	<b>Bank</b>	Group	<b>Bank</b>	Group
	<b>01.01.2024-</b>	01.01.2024-	<b>01.01.2023-</b>	01.01.2023-
	<b>30.09.2024</b>	<b>30.09.2024</b>	<b>30.09.2023</b>	<b>30.09.2023</b>
	<b>Non-audited</b>	Non-audited	<b>Non-audited</b>	Non-audited
Interest income	49 124	54 918	43 360	48 603
Interest expenses	-19 560	-19 390	-10 159	-10 203
Dividend income	2 412	311	759	759
Commission and fee income	7 252	7 250	6 781	6 783
Commission and fee expense	-1 322	-1 664	-1 225	-1 439
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	-610	-610	-602	-602
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	1 845	1 845	-111	-111
Net result from foreign exchange trading and revaluation	554	-361	106	-5 674
Net gain/(loss) from derecognition of non-financial assets	-1 809	-1 952	357	382
Other income	334	4 746	2 965	5 957
Other expense	-58	-67	-33	-302
Administrative expense	-23 152	-31 251	-22 445	-28 707
Depreciation	-1 578	-1 145	-1 450	-1 124
Provisions or reversal of provisions	-116	-116	415	414
Impairment losses	-2 816	-2 425	-5 845	-3 295
Profit or loss arising from investments in subsidiaries, joint ventures and associates recognised using the equity method	555	555	-	-1
<b>PROFIT BEFORE CORPORATE INCOME TAX</b>	<b>11 055</b>	<b>10 644</b>	<b>12 873</b>	<b>11 440</b>
Corporate income tax	-2 786	-3 689	-223	359
<b>NET PROFIT</b>	<b>8 269</b>	<b>6 955</b>	<b>12 650</b>	<b>11 799</b>
Other comprehensive income for the reporting period	8 500	9 425	8 047	13 357

# Financial performance

## Condensed Balance Sheet

000'EUR

	<b>Bank</b> <b>30.09.2024</b> <b>Non-audited</b>	Group 30.09.2024 Non-audited	<b>Bank</b> <b>31.12.2023</b> <b>Audited*</b>	Group 31.12.2023 Non-audited
<b>ASSETS</b>				
Cash and demand deposits with central banks	230 647	230 644	350 330	350 366
Demand deposits from credit institutions	17 125	17 888	13 528	14 060
Financial assets at fair value through profit or loss	7 269	7 704	6 225	6 718
Financial assets at fair value through other comprehensive income	214 070	214 070	268 399	268 399
Financial assets at amortised cost	712 125	676 385	713 977	679 825
Loans, net	664 434	628 694	656 367	622 215
<i>incl.</i>				
<i>loans, gross</i>	702 130	659 735	692 155	651 761
<i>expected credit losses</i>	-37 696	-31 041	-35 788	-29 546
<i>stage 1</i>	-5 933	-5 540	-4 738	-4 133
<i>stage 2</i>	-3 141	-3 083	-3 001	-3 005
<i>stage 3</i>	-28 622	-22 418	-28 049	-22 408
Debt securities, net	47 691	47 691	57 610	57 610
<i>incl.</i>				
<i>debt securities, gross</i>	51 132	51 132	61 390	61 390
<i>expected credit losses</i>	-3 441	-3 441	-3 780	-3 780
<i>stage 1</i>	-476	-476	-921	-921
<i>stage 2</i>	-77	-77	-107	-107
<i>stage 3</i>	-2 888	-2 888	-2 752	-2 752
Tangible assets	64 016	127 540	71 017	131 563
<i>incl.</i>				
<i>fixed assets</i>	27 788	33 494	28 900	33 810
<i>investment property</i>	36 228	94 046	42 117	97 753
Intangible assets	2 019	2 025	1 557	1 564
Investments in subsidiaries and associates	69 567	48 579	69 567	48 352
Tax assets	-	32	-	104
Other assets	12 569	10 770	13 704	11 897
Long-term assets and disposal groups classified as held for sale	-	-	300	303
<b>Total assets</b>	<b>1 329 407</b>	<b>1 335 657</b>	<b>1 508 604</b>	<b>1 513 151</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Due to Bank of Latvia	-	-	51 479	51 479
Demand deposits due to credit institutions	8 977	8 977	4 828	4 828
Financial instruments at fair value through profit or loss	1 955	1 955	2 024	2 024
Financial liabilities at amortised cost	926 138	913 546	1 047 145	1 031 283
<i>incl.</i>				
<i>deposits</i>	891 929	892 837	1 011 146	1 010 008
Tax liabilities	2 469	3 226	3 048	3 806
Provisions	33 534	33 524	33 418	33 408
Other liabilities	9 097	10 231	6 195	7 744
<b>Total liabilities</b>	<b>982 170</b>	<b>971 459</b>	<b>1 148 137</b>	<b>1 134 572</b>
<b>Shareholders' equity</b>	<b>347 237</b>	<b>364 198</b>	<b>360 467</b>	<b>378 579</b>
<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	134 885	141 446	149 455
<i>profit for the period</i>	8 269	6 124	12 534	15 064
<i>fixed asset revaluation reserve</i>	-	6 700	-	6 670
<i>revaluation reserve for financial assets at fair value</i>	-6 495	-6 495	-14 995	-14 995
<i>currency translation reserve</i>	-	-2 425	-	-3 319
<i>non-controlling interest</i>	-	3 927	-	4 222
<b>Total liabilities and shareholder's equity</b>	<b>1 329 407</b>	<b>1 335 657</b>	<b>1 508 604</b>	<b>1 513 151</b>
<b>Commitments and guarantees, net</b>	<b>125 565</b>	<b>106 557</b>	<b>144 554</b>	<b>114 174</b>
<i>incl.</i>				
<i>commitments and guarantees, gross</i>	126 172	107 154	145 044	114 655
<i>expected credit losses</i>	-607	-597	-490	-481
<i>stage 1</i>	-513	-505	-358	-349
<i>stage 2</i>	-94	-92	-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

	<b>Bank 30.09.2024 Non-audited</b>	Group 30.09.2024 Non-audited	<b>Bank 31.12.2023 Audited*</b>	Group 31.12.2023 Non-audited
ROE <sup>1</sup>	3.18%	2.27%	3.61%	4.07%
ROA <sup>2</sup>	0.78%	0.58%	0.86%	1.07%

## Regulatory requirements and ratios

	<b>Bank 30.09.2024 Non-audited</b>	Group 30.09.2024 Non-audited	<b>Bank 31.12.2023 Audited*</b>	Group 31.12.2023 Non-audited
Capital adequacy ratio	24.30%	24.65%	25.65%	23.54%

## Financial ratios

	<b>Bank 30.09.2024 Non-audited</b>	Group 30.09.2024 Non-audited	<b>Bank 31.12.2023 Audited*</b>	Group 31.12.2023 Non-audited
Equity to loan portfolio ratio	52.26%	57.93%	54.92%	60.84%
Loan portfolio to total assets ratio	49.98%	47.07%	43.51%	41.12%
Equity to total assets ratio	26.12%	27.27%	23.89%	25.02%
Deposits to loans ratio	137.42%	142.01%	154.05%	162.32%

<sup>1</sup>Annualised profit/loss for the reporting period over average equity

<sup>2</sup>Annualised 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 30.09.2024	Group 000'EUR 30.09.2024
<b>1</b>	<b>Own funds (1.1.+1.2.)</b>	<b>284 757</b>	<b>291 332</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	272 729	279 304
1.1.1.	Common equity tier 1 capital	272 729	279 304
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	12 028	12 028
<b>2</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>1 171 693</b>	<b>1 182 101</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 052 328	1 037 495
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	3 475	4 431
2.4.	Total risk exposure amount for operational risk	115 561	139 846
2.5.	Total risk exposure amount or credit valuation adjustment	329	329
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-
2.7.	Other risk exposure amounts	-	-
<b>3</b>	<b>Capital ratios and capital levels</b>		
3.1.	CET 1 Capital ratio (%) (1.1.1./2.*100)	23.28	23.63
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	220 003	226 109
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	23.28	23.63
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	202 427	208 378
3.5.	Total capital ratio (%) (1./2.*100)	24.30	24.65
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	191 022	196 764
<b>4</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>41 268</b>	<b>41 670</b>
4.1.	Capital conservation buffer	29 292	29 552
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	3 188	3 252
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	8 788	8 866
<b>5</b>	<b>Capital ratios due to Pillar II adjustments</b>		
5.1.	Amount of asset value adjustment appropriate for prudential purposes	-	-
5.2.	CET1 capital ratio including Pillar II adjustments	23.28%	23.63%
5.3.	Tier 1 capital ratio including Pillar II adjustments	23.28%	23.63%
5.4.	Total capital ratio including Pillar II adjustments	24.30%	24.65%

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 30.09.2024	Group 000'EUR 30.09.2024
1	Liquidity buffer	307 420	307 437
2	Net liquidity outflow	92 028	92 425
3	Liquidity coverage ratio (%)	334.05%	332.63%

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

30.09.2024 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*
<b>Luxembourg</b>					
Other financial corporations	-	979	25 361	26 340	
Non-financial corporations	116	6 701	413	7 230	
<b>Total:</b>	<b>116</b>	<b>7 680</b>	<b>25 774</b>	<b>33 570</b>	<b>9.67%</b>
<b>USA</b>					
Credit institutions	-	8 330	-	8 330	
Other financial corporations	5 773	5 473	-	11 246	
Non-financial corporations	-	25 287	339	25 626	
<b>Total:</b>	<b>5 773</b>	<b>39 090</b>	<b>339</b>	<b>45 202</b>	<b>13.02%</b>
<b>Securities of other countries:</b>	<b>373</b>	<b>167 300</b>	<b>21 578</b>	<b>189 251</b>	
<b>Total securities portfolio:</b>	<b>6 262</b>	<b>214 070</b>	<b>47 691</b>	<b>268 023</b>	

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