

# Interim report

January-December 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:

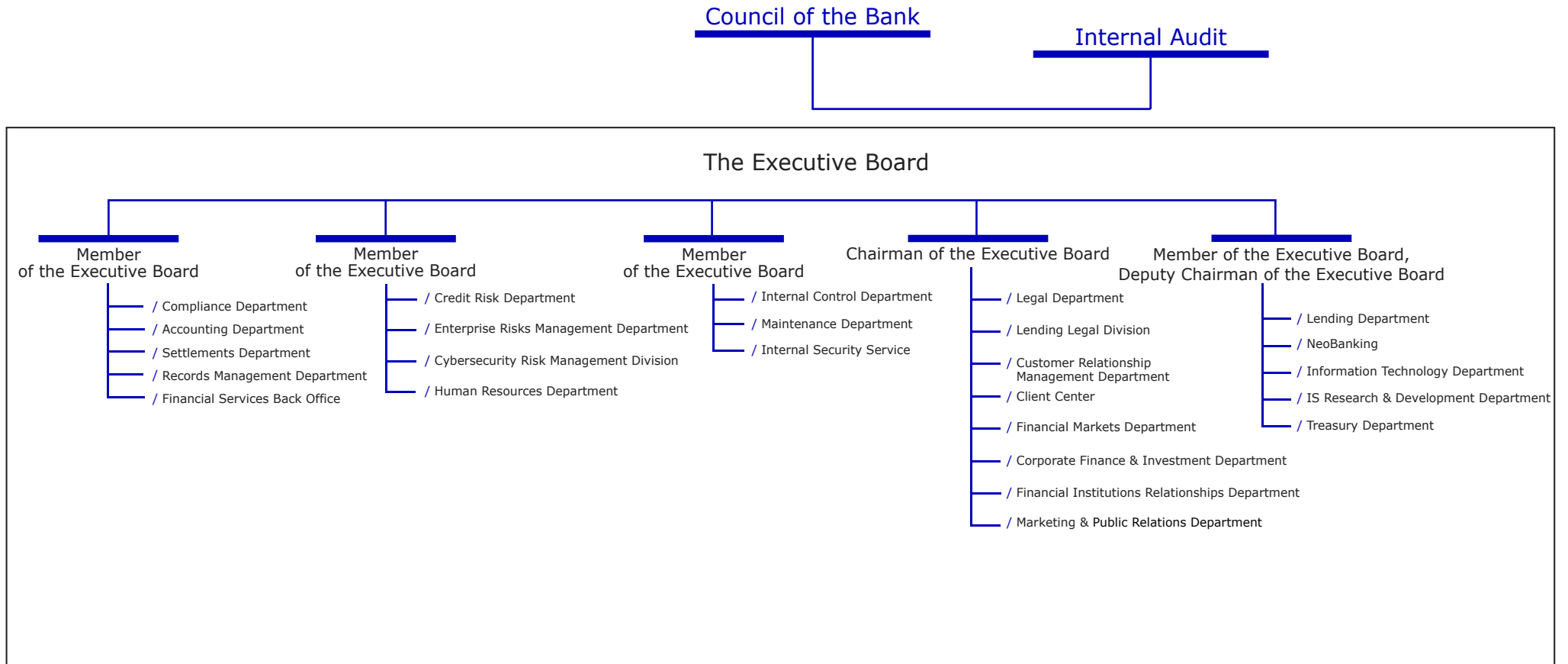
- Cooperation with customers working on international scale, customers who own production companies, distribution networks, retail chains, transportation and real estate enterprises, import and export oriented companies, as well as customers with cross-border business requirements, etc.
- Assets and 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 (Malta)	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" (Latvia)	33 660 627	1.4	47 124 878	33.12%
SIA "Suharenko Family Investments" (Latvia)	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 Birzgars	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.	KI Invest OOO	1157746168007	RU	Russia, Moscow, 117246. Nauchnij pr. 19	PLS	100	100	MMS
9.	SIA "Euro Textile Group"	40003660929	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
10.	SIA "KI FUND"	40203088127	LV	Latvia, Riga, Vesetas str. 7	PLS	100	100	MS
11.	SIA "Second Sky Management"	40203293952	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>31.12.2024</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	31.12.2023
	<b>Non-audited</b>	Non-audited	<b>Audited*</b>	Non-audited
Interest income	64 805	73 463	43 360	48 603
Interest expenses	-25 210	-24 912	-10 159	-10 203
Dividend income	2 428	327	759	759
Commission and fee income	10 480	10 477	6 781	6 783
Commission and fee expense	-1 838	-2 317	-1 225	-1 439
Net gain/(loss) on derecognition of financial assets and financial liabilities not measured at fair value through profit or loss	-2 012	-2 012	-602	-602
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	3 173	3 173	-111	-111
Net result from foreign exchange trading and revaluation	1 381	2	106	-5 674
Net gain/(loss) from derecognition of non-financial assets	-1 788	-1 786	357	382
Other income	1 984	9 611	2 965	5 957
Other expense	-810	-1 864	-33	-302
Administrative expense	-30 100	-40 845	-22 445	-28 707
Depreciation	-2 239	-2 310	-1 450	-1 124
Provisions or reversal of provisions	-218	-152	415	414
Impairment losses	-4 406	-4 215	-5 845	-3 295
Profit or loss arising from investments in subsidiaries, joint ventures and associates recognised using the equity method	555	491	-	-1
<b>PROFIT BEFORE CORPORATE INCOME TAX</b>	<b>16 185</b>	<b>17 131</b>	<b>12 873</b>	<b>11 440</b>
Corporate income tax	-3 262	-4 221	-223	359
<b>NET PROFIT</b>	<b>12 923</b>	<b>12 910</b>	<b>12 650</b>	<b>11 799</b>
Other comprehensive income for the reporting period	10 853	11 187	8 047	13 357

# Financial performance

## Condensed Balance Sheet

000'EUR

	<b>Bank</b> <b>31.12.2024</b> <b>Non-audited</b>	Group 31.12.2024 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	248 143	248 161	350 330	350 366
Demand deposits from credit institutions	15 711	17 246	13 528	14 060
Financial assets at fair value through profit or loss	8 022	8 515	6 225	6 718
Financial assets at fair value through other comprehensive income	213 324	213 324	268 399	268 399
Financial assets at amortised cost	733 556	702 176	713 977	679 825
Loans, net	688 778	657 398	656 367	622 215
<i>incl.</i>				
	<i>loans, gross</i>	<i>687 888</i>	<i>692 155</i>	<i>651 761</i>
	<i>expected credit losses</i>	<i>-37 301</i>	<i>-30 490</i>	<i>-35 788</i>
	<i>stage 1</i>	<i>-5 413</i>	<i>-5 937</i>	<i>-4 738</i>
	<i>stage 2</i>	<i>-4 371</i>	<i>-3 476</i>	<i>-3 001</i>
	<i>stage 3</i>	<i>-27 517</i>	<i>-21 077</i>	<i>-28 049</i>
Debt securities, net	44 778	44 778	57 610	57 610
<i>incl.</i>				
	<i>debt securities, gross</i>	<i>49 751</i>	<i>61 390</i>	<i>61 390</i>
	<i>expected credit losses</i>	<i>-4 973</i>	<i>-4 973</i>	<i>-3 780</i>
	<i>stage 1</i>	<i>-479</i>	<i>-479</i>	<i>-921</i>
	<i>stage 2</i>	<i>-47</i>	<i>-47</i>	<i>-107</i>
	<i>stage 3</i>	<i>-4 447</i>	<i>-4 447</i>	<i>-2 752</i>
Tangible assets	61 302	123 474	71 017	131 563
	<i>fixed assets</i>	<i>27 882</i>	<i>28 900</i>	<i>33 810</i>
	<i>investment property</i>	<i>33 420</i>	<i>42 117</i>	<i>97 753</i>
Intangible assets	1 802	1 811	1 557	1 564
Investments in subsidiaries and associates	74 781	37 577	69 567	48 352
Tax assets	1 036	1 066	-	104
Other assets	13 131	15 325	13 704	11 897
Long-term assets and disposal groups classified as held for sale	1 126	5 991	300	303
<b>Total assets</b>	<b>1 371 934</b>	<b>1 374 666</b>	<b>1 508 604</b>	<b>1 513 151</b>
<b>LIABILITIES AND SHAREHOLDERS'S EQUITY</b>				
Due to Bank of Latvia	-	-	51 479	51 479
Demand deposits due to credit institutions	10 543	10 543	4 828	4 828
Financial instruments at fair value through profit or loss	2 484	2 484	2 024	2 024
Financial liabilities at amortised cost	965 103	948 177	1 047 145	1 031 283
<i>incl.</i>				
	<i>deposits</i>	<i>930 078</i>	<i>1 011 146</i>	<i>1 010 008</i>
Tax liabilities	2 900	3 709	3 048	3 806
Provisions	30 709	30 634	33 418	33 408
Other liabilities	5 951	6 934	6 195	7 744
<b>Total liabilities</b>	<b>1 017 690</b>	<b>1 002 481</b>	<b>1 148 137</b>	<b>1 134 572</b>
<b>Shareholders' equity</b>	<b>354 244</b>	<b>372 185</b>	<b>360 467</b>	<b>378 579</b>
<i>incl.</i>				
	<i>paid-in share capital</i>	<i>168 916</i>	<i>168 916</i>	<i>168 916</i>
	<i>share premium</i>	<i>52 543</i>	<i>52 543</i>	<i>52 543</i>
	<i>reserve capital</i>	<i>23</i>	<i>23</i>	<i>23</i>
	<i>retained earnings of previous years</i>	<i>123 981</i>	<i>141 446</i>	<i>149 455</i>
	<i>profit for the period</i>	<i>12 923</i>	<i>12 534</i>	<i>15 064</i>
	<i>fixed asset revaluation reserve</i>	<i>-</i>	<i>-</i>	<i>6 670</i>
	<i>revaluation reserve for financial assets at fair value</i>	<i>-4 142</i>	<i>-14 995</i>	<i>-14 995</i>
	<i>currency translation reserve</i>	<i>-</i>	<i>-</i>	<i>-3 319</i>
	<i>non-controlling interest</i>	<i>-</i>	<i>-</i>	<i>4 222</i>
<b>Total liabilities and shareholder's equity</b>	<b>1 371 934</b>	<b>1 374 666</b>	<b>1 508 604</b>	<b>1 513 151</b>
<b>Commitments and guarantees, net</b>	<b>129 044</b>	<b>108 109</b>	<b>144 554</b>	<b>114 174</b>
<i>incl.</i>				
	<i>commitments and guarantees, gross</i>	<i>129 753</i>	<i>145 044</i>	<i>114 655</i>
	<i>expected credit losses</i>	<i>-709</i>	<i>-490</i>	<i>-481</i>
	<i>stage 1</i>	<i>-423</i>	<i>-358</i>	<i>-349</i>
	<i>stage 2</i>	<i>-286</i>	<i>-132</i>	<i>-132</i>

\*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 31.12.2024 Non-audited</b>	Group 31.12.2024 Non-audited	<b>Bank 31.12.2023 Audited*</b>	Group 31.12.2023 Non-audited
ROE <sup>1</sup>	3.72%	3.13%	3.61%	4.07%
ROA <sup>2</sup>	0.91%	0.82%	0.86%	1.07%

## Regulatory requirements and ratios

	<b>Bank 31.12.2024 Non-audited</b>	Group 31.12.2024 Non-audited	<b>Bank 31.12.2023 Audited*</b>	Group 31.12.2023 Non-audited
Capital adequacy ratio	23.49%	24.18%	25.65%	23.54%

## Financial ratios

	<b>Bank 31.12.2024 Non-audited</b>	Group 31.12.2024 Non-audited	<b>Bank 31.12.2023 Audited*</b>	Group 31.12.2023 Non-audited
Equity to loan portfolio ratio	51.43%	56.61%	54.92%	60.84%
Loan portfolio to total assets ratio	50.20%	47.82%	43.51%	41.12%
Equity to total assets ratio	25.82%	27.07%	23.89%	25.02%
Deposits to loans ratio	135.03%	140.50%	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 31.12.2024	Group 000'EUR 31.12.2024
<b>1</b>	<b>Own funds (1.1.+1.2.)</b>	<b>279 171</b>	<b>290 337</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	267 534	278 700
1.1.1.	Common equity tier 1 capital	267 534	278 700
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	11 637	11 637
<b>2</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>1 188 493</b>	<b>1 200 844</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 069 307	1 057 857
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	3 556	3 074
2.4.	Total risk exposure amount for operational risk	115 562	139 845
2.5.	Total risk exposure amount or credit valuation adjustment	68	68
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)	22.51	23.21
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	214 052	224 662
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	22.51	23.31
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	196 224	206 649
3.5.	Total capital ratio (%) (1./2.*100)	23.49	24.18
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	184 092	194 269
<b>4</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>42 708</b>	<b>43 164</b>
4.1.	Capital conservation buffer	29 712	30 021
4.2.	Conservation buffer connected with at country level detected macroprudential or systemic risk	-	-
4.3.	Institution specific countercyclical capital buffer	7 054	7 139
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	5 942	6 004
<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	22.51%	23.21%
5.3.	Tier 1 capital ratio including Pillar II adjustments	22.51%	23.21%
5.4.	Total capital ratio including Pillar II adjustments	23.49%	24.18%

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 31.12.2024	Group 000'EUR 31.12.2024
1	Liquidity buffer	328 413	328 431
2	Net liquidity outflow	125 034	124 870
3	Liquidity coverage ratio (%)	262.66%	263.02%

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

31.12.2024 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	-	972	25 347	26 319	
Non-financial corporations	105	6 241	38	6 384	
<b>Total:</b>	<b>105</b>	<b>7 213</b>	<b>25 385</b>	<b>32 703</b>	<b>9.23%</b>
<b>USA</b>					
Credit institutions	-	8 636	-	8 636	
Other financial corporations	7 403	5 803	-	13 206	
Non-financial corporations	-	21 671	357	22 028	
<b>Total:</b>	<b>7 403</b>	<b>36 110</b>	<b>357</b>	<b>43 870</b>	<b>12.38%</b>
<b>Securities of other countries:</b>	<b>382</b>	<b>170 001</b>	<b>19 036</b>	<b>189 419</b>	
<b>Total securities portfolio:</b>	<b>7 890</b>	<b>213 324</b>	<b>44 778</b>	<b>265 992</b>	

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