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## General Information

### 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.

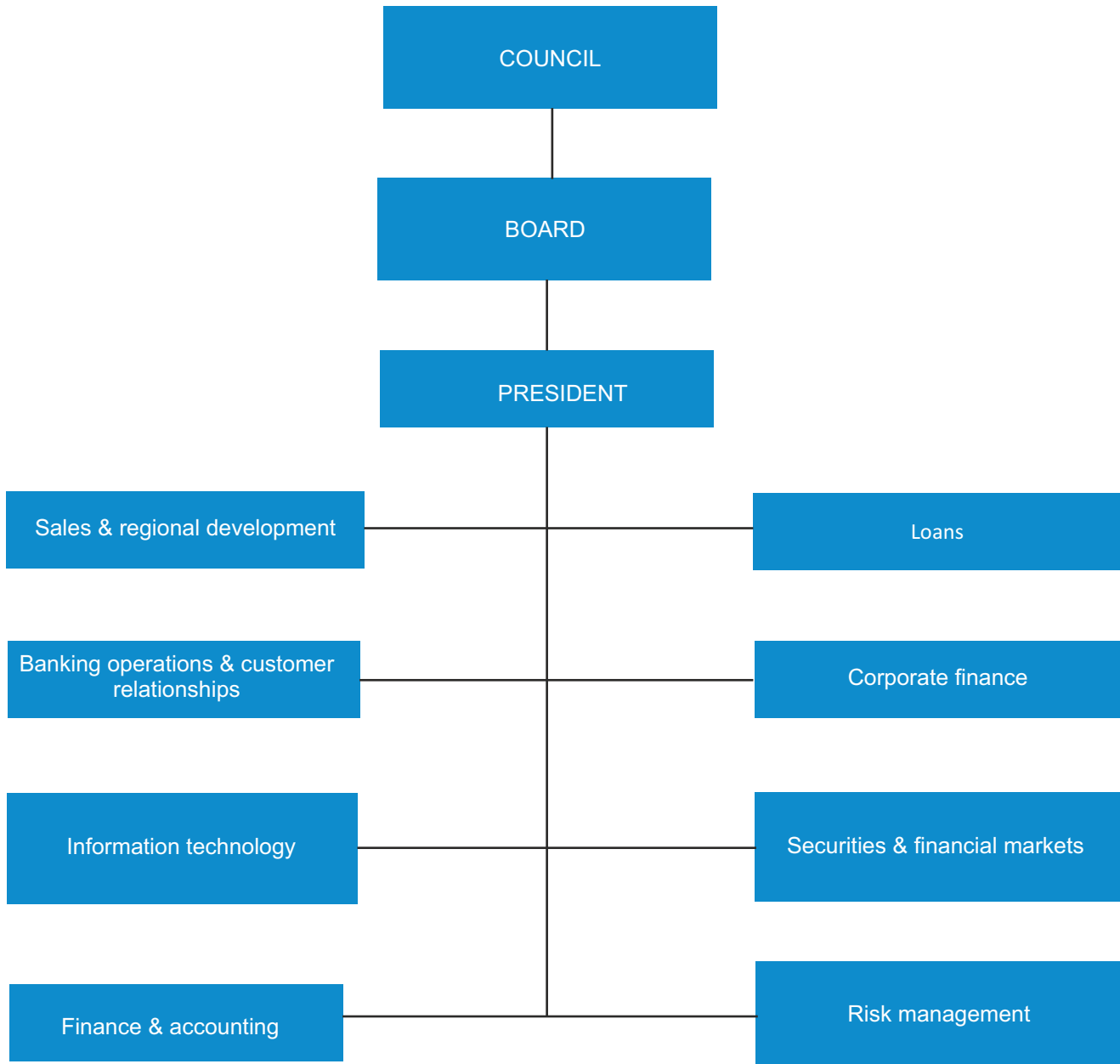
/Constantly raising customer service quality by improving and expanding the existing product range according to the current market situation and the Bank's technological capabilities.

/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

Shareholders of the Bank	Number of voting shares	Par value of shares in lats	EUR Paid-in share capital	% of total share capital
<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>Private persons, total</b>	<b>67 982 782</b>		<b>95 175 895</b>	<b>66.89%</b>
Leonid Esterkin	33 660 627	1.4	47 124 878	33.12%
Arkady Suharenko	17 618 202	1.4	24 665 483	17.34%
Others	16 703 953	1.4	23 385 534	16.44%
<b>Total 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>13 254 238</b>	<b>1.4</b>	<b>18 555 933</b>	
<b>Paid-in share capital total</b>	<b>114 887 938</b>		<b>160 843 113</b>	

## The Council of Rietumu Bank

Name	Position	Date of appointment
Leonid Esterkin	Chairman of the Council	25/09/97(24/03/14-24/03/17)
Arkady Suharenko	Deputy Council Chairman	25/09/97(24/03/14-24/03/17)
Brendan Thomas Murphy	Deputy Council Chairman	07/09/05(24/03/14-24/03/17)
Dermot Fachtna Desmond	Member of the Council	07/09/05(24/03/14-24/03/17)
Alexander Gafin	Member of the Council	25/03/10(24/03/14-24/03/17)
Alexander Kalinovsky	Member of the Council	05/11/10(24/03/14-24/03/17)
Valentin Bluger	Member of the Council	25/03/11(24/03/14-24/03/17)

## The Board of Directors

Name	Position	Date of appointment
Alexander Pankov	Chairman of the Board, President	18/10/10(18/10/13-10/10/16)
Ruslans Stecjuks	Member of the Board, First Vice President	18/10/10(18/10/13-10/10/16)
Dmitry Pyshkin	Member of the Board, Senior Vice President	04/07/06(10/10/13-10/10/16)
Jevgenijs Djugaļevs	Member of the Board, Senior Vice President	18/10/10(10/10/13-10/10/16)
Iļja Suharenko	Member of the Board, Senior Vice President	18/10/10(10/10/13-10/10/16)
Rolf Paul Fuls	Member of the Board, Senior Vice President	26/11/10(10/10/13-10/10/16)
Renats Lokomets	Member of the Board, Senior Vice President	10/12/12(10/13/13-10/10/16)

## Members of the consolidation group

No.	Name of the company	Registration number	Code of registration state	Registration address	Type of activities*	Interest in share capital (%)	Share of voting rights (%)	Motivation for inclusion in the group**
1.	"RB Securities Limited"	HE-78731	CY	Cyprus, Nicosia, Stasinou 1, Mitsi Building 1, 2nd floor, Flat/Office 5, Plateia Eleftherias	CFI	100	100	MS
2.	AAS "RB Securities"	929.142	RU	Krievija, Maskava, Čaplīgina ielā 20/7	CFI	100	100	MMS
3.	SIA "Oshadna Kompanija"	35159882	UA	Ukraina, Kijeva, Vozdvizenskaja 52-54 A Nr.13	CFI	67	67	MMS
4.	SIA "TC Gaiļezers»	LV-40103794744	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	PLS	100	100	MMS
5.	SIA "Pack & Q»	LV-40103449678	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	PLS	100	100	MMS
6.	RBS Lending Limited	HE-149825	CY	Cyprus, Nicosia, Stasinou 1, Mitsi Building 1 floor, Flat/Office 4, Plateia Eleftherias	CFI	100	100	MMS
7.	SIA "RB Investments"	LV-40003669082	LV	Latvija, Rīga, Vesetas ielā 7	CFI	100	100	MS
8.	SIA "Frb Elektro"	LV-40103182896	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	CFI	85	85	MMS
9.	SIA "KI Zeme"	LV-40103161381	LV	Latvija, Rīga, Vesetas ielā 7	PLS	100	100	MMS
10.	SIA "KI Nekustamie īpašumi"	LV-40103182129	LV	Latvija, Rīga, Vesetas ielā 7	PLS	100	100	MMS
11.	SIA "Mežvidi AT"	LV-40103179805	LV	Latvija, Rīga, Vesetas ielā 7	PLS	100	100	MMS
12.	SIA "Miera 30C"	LV-40103267845	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
13.	RB Commercial Consulting (Shanghai) Co. Ltd.	310000400679524	CN	Ķīna, Šanhaja, Huangpu District, 555 Xujiahui Road, Office Building, 5F Room A	CFI	100	100	MMS
14.	RB Opportunity Fund I	06030525245	LV	Latvija, Rīga, Vesetas iela 7	CFI	100	100	MS
15.	SIA "Lilijas 28"	LV-40103252765	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
16.	SIA "M322"	LV-40103247406	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
17.	SIA "Aristīda Briāna 9"	LV-40003780729	LV	Latvija, Rīga, Aristīda Briāna iela 9	PLS	100	100	MMS
18.	SIA "H-Blok"	LV-40003839376	LV	Latvija, Rīga, Riharda Vāgnera iela 5	PLS	100	100	MMS
19.	SIA "Deviņdesmit seši"	LV-40003492087	LV	Latvija, Jūrmala, Jūras iela 56	PLS	100	100	MMS
20.	SIA "Ventio"	LV-41203010746	LV	Latvija, Ventspils, Skolas iela 6	PLS	100	100	MMS
21.	SIA "Route 96"	LV-40003856126	LV	Latvija, Mārupes novads, Zīlītes iela 1	PLS	100	100	MMS
22.	SIA "Vangažu Nekustamie īpašumi"	LV-40103463243	LV	Latvija, Inčukalna novads, Vangaži, Gaujas iela 24/34	PLS	100	100	MMS
23.	SIA "D 47"	LV-40103458986	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
24.	SIA "Euro textile Group"	LV-40003660929	LV	Latvija, Rīga, Ganību dambis 30	PLS	100	100	MMS
25.	SIA "Vesetas 7"	LV-40103182735	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
26.	SIA "Overseas Estates"	LV-40003943207	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	PLS	100	100	MS
27.	SIA "Vesttransinvest"	100188077	BY	Baltkrievija, Minska, Odojevskogo iela 117, 6.st., 9.kab.	LIZ	100	100	MS
28.	SIA "Vestfizing"	190510668	BY	Baltkrievija, Minska, Odojevskogo iela 117, 6.st., 19.kab.	LIZ	100	100	MS
29.	SIA "Vestfizing-M"	1047796934206	RU	Krievija, Maskava, Kostjākova ielā 10	LIZ	100	100	MS
30.	SIA "RB Drošība"	LV-40003780752	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
31.	SIA "InCREDIT GROUP"	LV-40103307404	LV	Latvija, Rīga, Kr.Barona iela 130	CFI	51	51	MS
32.	SIA "RB Baki	1701269651	AZ	AZ, Istiglalijat iela 7-1, Baku, Azerbaidžāna	CFI	100	100	MS
33.	AS "Rietumu Asset Management"	LV-40103753360	LV	Latvija, Rīga, Vesetas iela 7	IPS	100	100	MS
34.	SIA "SBD"	LV-40103701960	LV	Latvija, Rīga, Vesetas iela 7	PLS	66.89	66.89	MS
35.	SIA "Langervaldes 2"	LV-40003868002	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS

\*- BNK – bank, IBS – investment brokerage company, IPS – asset management company, CFI – other financial institution, PLS – ancillary subsidiary company.

\*\* - MS – subsidiary company, MMS – subsidiary company of subsidiary company, MT – parent company.

## Financial performance

### Income Statement

	June 2014 Audited	000'EUR June 2013 Audited
Interest income	42 421	36 697
Interest expenses	-9 367	-9 269
Dividend income	2 224	269
Commission and fee income	30 481	21 966
Commission and fee expense	-9 330	-6 248
Net realised gain/ (loss) from financial assets at amortised cost	-	-
Net realised gain/ (loss) from available-for-sale financial assets	407	636
Net realised gain/ (loss) from financial assets and liabilities held for trading	-	1 244
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	193	-
Changes in fair value hedge accounting	-	-
Net result from foreign exchange trading and revaluation	10 427	10 543
Gain/ (loss) from sale of tangible and intangible fixed assets	2	-151
Other income	1 469	987
Other expense	-558	0
Administrative expense	-16 244	-23 270
Depreciation	-699	-874
Impairment expenses	-7 095	-7 291
Change in allowances for credit losses	-	-
PROFIT / LOSS BEFORE CORPORATE INCOME TAX	44 331	25 242
Corporate income tax	-6 688	-3 495
NET PROFIT / LOSS	37 643	21 747

## Condensed Balance Sheet

	June 2014 Audited	000'EUR June 2013 Audited*
<b>ASSETS</b>		
Cash and demand deposits with central banks	216 827	418 632
Demand deposits from credit institutions	1 021 413	669 756
Financial assets held for trading	-	-
Financial instruments at fair value through profit or loss	13 127	27 104
Available-for-sale financial assets	347 659	114 180
Loans and receivables	1 011 542	1 074 682
<i>incl. loans gross</i>	1 093 239	1 155 881
<i>Specific impairment allowance</i>	-81 697	-81 199
Held-to-maturity investments	220 596	21 123
Reverse repo loans	182 450	99 723
Change of fair value of hedge portfolio	-	-
Prepaid expense and accrued income	1 792	4 922
Fixed assets	6 087	5 588
Investment property	4 891	2 240
Intangible assets	2 202	2 336
Investments in subsidiaries and associates	29 601	28 605
Tax assets		552
Other assets	16 872	13 883
<b>Total assets</b>	<b>3 075 059</b>	<b>2 483 326</b>
<b>LIABILITIES AND SHAREHOLDERS'S EQUITY</b>		
Balances due to central banks	-	-
Demand deposits due to credit institutions	16 371	35 992
Financial liabilities held for trading (derivative financial liabilities)	-	-
Financial instruments at fair value through profit or loss		125
Financial liabilities at amortised value	45	2 189 968
<i>incl. deposits</i>	2 717 523	2 171 109
<i>Term deposits due to credit institutions</i>	690	0
<i>debt securities issued</i>	18 468	18 859
Financial liabilities arising from financial asset transfer	-	-
Change of fair value of hedge portfolio	-	-
Tax liabilities	2 292	2 392
Provisions	5 285	9 946
Other liabilities	5 073	6 501
Total liabilities	<b>2 746 589</b>	<b>2 244 924</b>
Shareholders' equity	328 470	238 402
<i>incl. paid-in share capital</i>	160 843	142 287
<i>share premium</i>	33 882	6 842
<i>reserve capital</i>	14 251	14 252
<i>previous years profit/loss</i>	78 331	51 999
<i>retained profit / loss</i>	37 643	21 747
<i>fixed asset revaluation reserve</i>	-	0
<i>available for sale financial assets revaluation reserve</i>	3 520	1 275
<b>Total liabilities and shareholder's equity</b>	<b>3 075 059</b>	<b>2 483 326</b>
<i>Contingent liabilities</i>	13 173	9 503
<i>Off-balance sheet liabilities to customers</i>	56 835	55 398

\*Information has been prepared based on data from the Audited Financial Statements for the year ended 30 June 2014

## Profitability ratios

	June 2014	June 2013
Return on equity (ROE) (%) <sup>1</sup>	26.56%	20.32%
Return on assets (ROA) (%) <sup>2</sup>	2.71%	1.94%
Net interest margin <sup>3</sup>	2.13%	2.57%
Cost/income ratio <sup>4</sup>	26.62%	40.88%

## Regulatory requirements and ratios

	June 2014	June 2013
Liquidity ratio <sup>5</sup>	76.50%	67.02%
<i>note: mimum allowed by FCMC</i>	60.00%	60.00%
Capital adequacy ratio	21.76%	18.83%
<i>note: mimum allowed by FCMC</i>	17.70%	16.80%

## Financial ratios

	June 2014	June 2013
Equity to loan portfolio ratio	32.47%	22.18%
Loan portfolio to total assets ratio	32.90%	43.28%
Equity to total assets ratio	10.68%	9.60%
Deposits to loans ratio	266.76%	202.02%

\*Information has been prepared based on data from the Audited Financial Statements for the year ended 30 June 2014

<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

<sup>3</sup>Annualised net interest income over average total assets

<sup>4</sup>Expenses 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

<sup>5</sup>Liquidity ratio = Liquid assets/current liabilities (with maturity up to 30 days), where Liquid assets = vault cash + claims on central banks and other credit institutions + fixed-income debt securities of central governments, while Current liabilities – claim liabilities and liabilities with a residual maturity not exceeding 30 days.

## Risk management

Risk management can be found in the last annual report:

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



## Capital base and minimum capital requirement summary

		30.06.2014
1	Own funds (1.1.+1.2.)	378 222
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	224 645
1.1.1.	Common equity Tier 1 capital	224 645
1.1.2.	Additional Tier 1 capital	
1.2.	Tier 2 capital	153 577
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 682 032
2.1.	Capital ratio and capital levels	1 490 708
2.2.	Total capital buffers	
2.3.	Capital ratio including adjustments	9 887
2.4.	Surplus(+)/Deficit(-) of total capital	181 410
2.5.	Capital conservation buffer (%)	27
2.6.	Institution specific countercyclical capital buffer	
2.7.	Systemic risk buffer (%)	
3.	T1 capital ratio	
3.1.	Total capital ratio (1.1.1./2.*100)	13.36
3.2.	Systemically important institution buffer (1.1.1.-2.*4.5%)	148 954
3.3.	Other Systemically Important Institution buffer (1.1./2.*100)	13.36
3.4.	Own funds requirements (1.1.-2.*6%)	123 723
3.5.	CET1 capital ratio (1./2.*100)	22.49
3.6.	Total risk exposure amount for credit valuation adjustment (1.-2.*8%)	243 659
4.	Total risk exposure amount related to large exposures in the trading book (4.1.+4.2.+4.3.+4.4.+4.5.)	2.5
4.1.	Other risk exposure amounts (%)	2.5
4.2.	CET1 Capital ratio (%)	
4.3.	Surplus(+)/Deficit(-) of CET1 capital (%)	
4.4.	T1 Capital ratio (%)	
4.5.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks (%)	
5.	Total risk exposure amount for settlement/ delivery	
5.1.	Total risk exposure amount for position, foreign exchange and commodities risks	11 994
5.2.	Total risk exposure amount for operational risk (OpR )	13.00
5.3.	Surplus(+)/Deficit(-) of T1 capital	13.00
5.4.	Total capital ratio	21.76

## Liquidity ratio calculation

		30.06.2014
1.	Liquid assets (1.1.+1.2.+1.3.+1.4.)	1 872 649
1.1.	Cash	5 322
1.2.	Deposits with central banks	211 505
1.3.	Deposits with credit institutions	1 320 919
1.4.	Total liquid assets	334 903
2.	Current liabilities (with maturity no more than 30 days) (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	2 447 771
2.1.	Deposits from credit institutions	13 082
2.2.	Deposits	2 334 626
2.3.	Issued debt securities	
2.4.	Cash in transit	35 499
2.5.	Other current liabilities	9 674
2.6.	Off-balance liabilities	54 890
3.	Liquidity ratio (%)	<b>76.50</b>
4.	Minimum liquidity ratio (%)	<b>30%</b>

## 1. Attachment

### Analysis of the Bank's securities portfolio distribution

Bank's securities portfolio breakdown by country in which the total book value of the securities issued exceeds 10% of the Bank's shareholders equity.

June 2014 Non-Audited	At fair value	For sale	Held to maturity	TOTAL:	000'EUR % to shareholders equity
<b>Latvia</b>					
Government obligations	0	0	0	0	
Investment funds	0	33 937	0	33 937	
Financial institutions	0	62	14 961	15 023	
Private institutions	150	0	0	150	
<b>Total:</b>	<b>150</b>	<b>33 999</b>	<b>14 961</b>	<b>49 110</b>	<b>12.98%</b>
<b>France</b>					
Government obligations	0	95 000	0	95 000	
Investment funds	0	0	0	0	
Financial institutions	0	4 467	1 485	5 952	
Private institutions	0	0	0	0	
<b>Total:</b>	<b>0</b>	<b>99 467</b>	<b>1 485</b>	<b>100 952</b>	<b>26.69%</b>
<b>USA</b>					
Government obligations	0	109 825	0	109 825	
Investment funds	0	0	0	0	
Financial institutions	0	488	6 369	6 857	
Private institutions	0	732	1 813	2 545	
<b>Total:</b>	<b>0</b>	<b>111 045</b>	<b>8 182</b>	<b>119 227</b>	<b>31.52%</b>
<b>Securities of other countries:</b>	<b>12 678</b>	<b>103 148</b>	<b>14 678</b>	<b>130 504</b>	<b>34.50%</b>
<b>Total securities portfolio:</b>	<b>12 828</b>	<b>347 659</b>	<b>39 306</b>	<b>399 793</b>	

In the reporting period for the securities available-for-sale impairment were not recognized.

At the end of the reporting period the total volume of the Bank's securities portfolio amounted to 399,8 m EUR. Majority of that – 386,7 m EUR – was invested in government and corporate obligations in Europe, US and Asia. 72% of the investment was made in securities with investment grade credit ratings. The biggest concentration of investment by country was in the Latvia, France and US (12,98%, 26,69% and 31,52% of Bank's shareholders' equity). At the same time, Bank's investments in individual government obligations do not exceed 10% of Bank's shareholders equity.