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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.

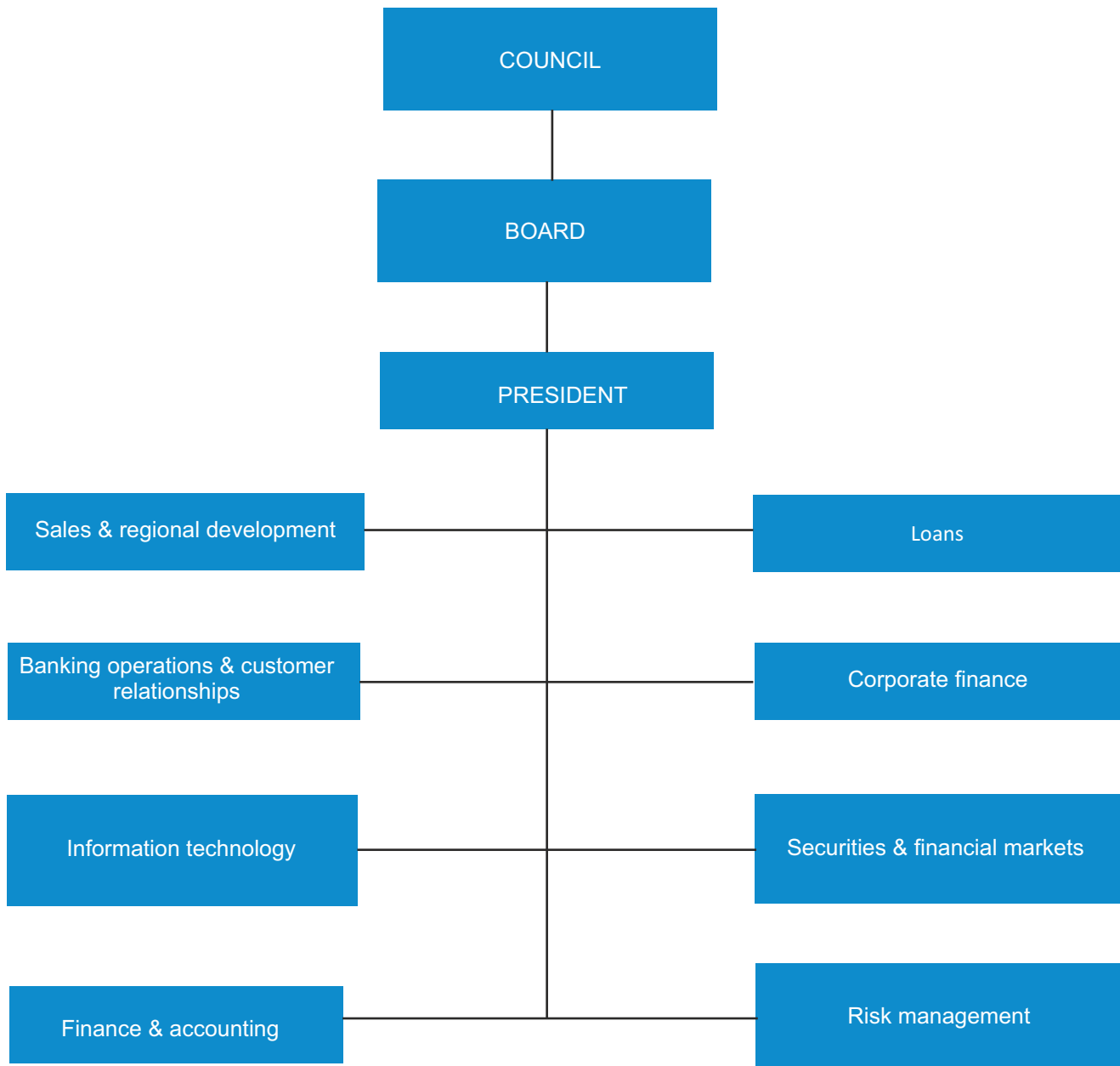
/Constantly raising customer service quality by improving and expanding the existing product range according to the current market situation and the Bank's technological capabilities.

/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, Kostjakova 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

\* - 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.

## 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**
35.	SIA "Langervaldes 2"		LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
36.	SIA "Elektrobizness"		LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
37.	SIA "Green Energy Trio"		LV	Latvija, Jēkabpils, Madonas iela 6	PLS	100	100	MMS
38.	IOOO "Interrent"		BY	Baltkrievija, Minska, Kujmana iela 5B, 4.stāvs, 6.kab.	PLS	100	100	MMS
39.	SIA "Ilukstes siltums"		LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
40.	SIA "Namu Serviss"		LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
41.	Rietumu Bankas labdarības fonds		LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	CT
42.	RAM Cash Reserve Fund USD		LV	Latvija, Rīga, Vesetas iela 7	CFI	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

	30.09.2014 Non-Audited	000'EUR 30.09.2013 Non-Audited
Interest income	62 211	54 448
Interest expenses	-14 336	-14 155
Dividend income	2 227	1 138
Commission and fee income	50 746	38 605
Commission and fee expense	-11 866	-9 096
Net realised gain/ (loss) from financial assets at amortised cost	-	-
Net realised gain/ (loss) from available-for-sale financial assets	529	-
Net realised gain/ (loss) from financial assets and liabilities held for trading	-	2 382
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-	-
Changes in fair value hedge accounting	-	-
Net result from foreign exchange trading and revaluation	16 644	16 375
Gain/ (loss) from sale of tangible and intangible fixed assets	553	-106
Other income	2 099	1 768
Other expense	-170	-109
Administrative expense	-34 528	-39 751
Depreciation	-1 069	-1 309
Impairment expenses	-6 062	-5 870
Change in allowances for credit losses	-	-
PROFIT / LOSS BEFORE CORPORATE INCOME TAX	66 978	44 320
Corporate income tax	-9 882	-7 535
PROFIT / LOSS BEFORE INTERIM DIVIDENDS	57 096	36 785
Interim dividends*	-18 382	-
NET PROFIT / LOSS	38 714	36 785

\*Interim dividends paid according to the 29th August 2014 shareholder's meeting decision

## Condensed Balance Sheet

	30.09.2014 Non-Audited	000'EUR 30.06.2014 Audited*
<b>ASSETS</b>		
Cash and demand deposits with central banks	79 876	216 827
Demand deposits from credit institutions	1 309 250	1 021 413
Financial assets held for trading		
Financial instruments at fair value through profit or loss	10 732	13 127
Available-for-sale financial assets	273 796	347 659
Loans and receivables	1 068 614	1 011 542
<i>incl. loans gross</i>	1 149 105	1 093 239
<i>Specific impairment allowance</i>	-80 491	-81 697
Held-to-maturity investments	308 368	220 596
Reverse repo loans	129 119	182 450
Change of fair value of hedge portfolio	-	-
Prepaid expense and accrued income	11 528	1 792
Fixed assets	6 262	6 087
Investment property	4 824	4 891
Intangible assets	2 568	2 202
Investments in subsidiaries and associates	45 934	29 601
Tax assets	670	
Other assets	35 690	16 872
<b>Total assets</b>	<b>3 287 231</b>	<b>3 075 059</b>
<b>LIABILITIES AND SHAREHOLDERS'S EQUITY</b>		
Balances due to central banks	-	-
Demand deposits due to credit institutions	28 462	16 371
Financial liabilities held for trading (derivative financial liabilities)	-	-
Financial instruments at fair value through profit or loss	97	45
Financial liabilities at amortised value	2 854 948	2 717 523
<i>incl. deposits</i>	2 836 186	2 698 365
<i>Term deposits due to credit institutions</i>	0	690
<i>debt securities issued</i>	18 762	18 468
Financial liabilities arising from financial asset transfer	-	-
Change of fair value of hedge portfolio	-	-
Tax liabilities	4 754	2 292
Provisions	15 419	5 285
Other liabilities	68 757	5 073
<b>Total liabilities</b>	<b>2 972 437</b>	<b>2 746 589</b>
Shareholders' equity	314 794	328 470
<i>incl. paid-in share capital</i>	160 843	160 843
<i>share premium</i>	33 882	33 882
<i>reserve capital</i>	23	14 251
<i>previous years profit/loss</i>	78 331	78 331
<i>retained profit / loss</i>	57 096	37 643
<i>Interim dividends**</i>	-18 382	-
<i>fixed asset revaluation reserve</i>	-	-
<i>available for sale financial assets revaluation reserve</i>	3 001	3 520
<b>Total liabilities and shareholder's equity</b>	<b>3 287 231</b>	<b>3 075 059</b>
<i>Contingent liabilities</i>	12 973	13 173
<i>Off-balance sheet liabilities to customers</i>	61 412	56 835

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

\*\*Interim dividends paid according to the 29th August 2014 shareholder's meeting decision

## Profitability ratios

	30.09.2014 Non-audited	30.06.2014 Audited*
Return on equity (ROE) (%) <sup>1</sup>	24.19%	26.56%
Return on assets (ROA) (%) <sup>2</sup>	2.47%	2.71%
Net interest margin <sup>3</sup>	2.35%	2.13%
Cost/income ratio <sup>4</sup>	29.52%	26.62%

## Regulatory requirements and ratios

	30.09.2014 Non-audited	30.06.2014 Audited*
Liquidity ratio <sup>5</sup>	77.26%	76.50%
<i>note: mimum allowed by FCMC</i>	60.00%	60.00%
Capital adequacy ratio	19.01%	21.76%
<i>note: mimum allowed by FCMC</i>	17.70%	17.70%

## Financial ratios

	30.09.2014 Non-audited	30.06.2014 Audited*
Equity to loan portfolio ratio	29.46%	32.47%
Loan portfolio to total assets ratio	32.66%	32.90%
Equity to total assets ratio	9.62%	10.68%
Deposits to loans ratio	264.90%	266.76%

\*Information has been prepared based on data from the Audited Financial Statements for the period 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.riemu.com/bank-finance-audited>



## Capital base and minimum capital requirement summary

		30.09.2014 Non-audited
1	Own funds (1.1.+1.2.)	365 002
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	224 279
1.1.1.	Common equity Tier 1 capital	224 279
1.1.2.	Additional Tier 1 capital	
1.2.	Tier 2 capital	140 723
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 860 891
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 670 834
2.2.	Settlement/delivery risk exposure amount	
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	8 559
2.4.	Total risk exposure amount for operational risk	181 410
2.5.	Total risk exposure amount or credit valuation adjustment	88
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)	12.05
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	140 539
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	12.051
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	12 626
3.5.	Total capital ratio (%) (1./2.*100)	19.61
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	216 131
4.	Combined buffer requirement (%) (4.1.+4.2.+4.3.+4.4.+4.5.)	2.5
4.1.	Capital conservation buffer (%)	2.5
4.2.	Institution specific countercyclical capital buffer (%)	
4.3.	Systemic risk buffer (%)	
4.4.	Systemically important institution buffer (%)	
4.5.	Other Systemically Important Institution buffer (%)	
5.	Capital ratios due to Pillar II adjustments	
5.1.	Own funds requirements related to Pillar II adjustments	11 333
5.2.	CET1 capital ratio including Pillar II adjustments	11.75%
5.3.	Tier 1 capital ratio including Pillar II adjustments	11.75%
5.4.	Total capital ratio including Pillar II adjustments	19.01%

## Liquidity ratio calculation

		30.09.2014 Non-audited
1.	Liquid assets (1.1.+1.2.+1.3.+1.4.)	1 985 305
1.1.	Cash	4 498
1.2.	Deposits with central banks	75 378
1.3.	Deposits with credit institutions	1 609 331
1.4.	Total liquid assets	296 098
2.	Current liabilities (with maturity no more than 30 days) (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	2 569 653
2.1.	Deposits from credit institutions	28 462
2.2.	Deposits	2 440 895
2.3.	Issued debt securities	
2.4.	Cash in transit	35 404
2.5.	Other current liabilities	11 998
2.6.	Off-balance liabilities	52 894
3.	Liquidity ratio (%)	77.26
4.	Minimum liquidity ratio (%)	30%

## 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.

30.09.2014. Non-audited Issuer	At fair value	For sale	Held to maturity	TOTAL:	000'EUR % to shareholders equity
<b>Latvia</b>					
Government obligations	0	0	1 572	1 572	
Investment funds	0	33 875	0	33 875	
Financial institutions	0	4 036	16 239	20 275	
Private institutions	123	0	0	123	
<b>Total:</b>	<b>123</b>	<b>37 911</b>	<b>17 811</b>	<b>55 845</b>	<b>15.30%</b>
<b>Italy</b>					
Government obligations	0	100 000	0	100 000	
Investment funds	0	0	0	0	
Financial institutions	0	0	0	0	
Private institutions	0	0	0	0	
<b>Total:</b>	<b>0</b>	<b>100 000</b>	<b>0</b>	<b>100 000</b>	<b>27.40%</b>
<b>Luxembourg</b>					
Government obligations	0	-	0	0	
Investment funds	0	31 967	0	0	
Financial institutions	0	10 422	6 369	14 576	
Private institutions	0	2 443	4 154	2 443	
<b>Total:</b>	<b>0</b>	<b>44 832</b>	<b>4 154</b>	<b>48 986</b>	<b>13.42%</b>
<b>Russia</b>					
Government obligations	0	-	17	17	
Investment funds	0	-	0	0	
Financial institutions	3 250	18 788	8 319	30 357	
Private institutions	5 255	13 995	0	19 250	
<b>Total:</b>	<b>8 505</b>	<b>32 783</b>	<b>8 336</b>	<b>49 624</b>	<b>13.60%</b>
<b>Securities of other countries:</b>	<b>1 328</b>	<b>58 270</b>	<b>53 390</b>	<b>112 988</b>	<b>30.96%</b>
<b>Total securities portfolio:</b>	<b>9 956</b>	<b>273 796</b>	<b>83 691</b>	<b>367 443</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 367.4 m EUR. Majority of that – 225 m EUR – was invested in government and corporate obligations in Europe, US and Asia. 69% of the investment was made in securities with investment grade credit ratings. The biggest concentration of investment by country was in the Latvia, Italy, Luxembourg and Russia (15.30%, 27.40%, 13.42%, 30.96% 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.