

RIETUMU BANKA AS

Condensed Interim Bank Separate and
Group Consolidated Financial
Statements

For the six month period ended
30 June 2016

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Report of Council and Board of Directors

Dear Shareholders, Customers and Business Partners

The Rietumu Bank Group continued its successful development and closed first half of 2016 with net profit after tax of EUR 53 million which represents a 48.3% increase compared to first half of 2015. The Group's revenues are diversified between interest and commission and despite the low interest rate environment the Group continued to operate very efficiently with a cost to income ratio of 33.7% and operating income per employee of EUR 98 thousand.

Quality and Individual approach

The Group offers a wide-ranging range of banking products to corporate customers and high net worth individuals. The Group has extensive experience in the EU and CIS countries and its customers operate in Latvia, the Baltic States, Western Europe, Russia and other CIS countries. The Group understands the business environments in both Western and Eastern Europe. Recently the Group has been focusing on larger privately owned businesses to which we can offer a broader range of products.

Given the geographical area that the Group operates in, the current turbulent geopolitical and economic environment has resulted in elevated risks in these regions. Exchange rate volatility and especially the devaluation of the Russian Ruble in 2014 and 2015 resulted in significant challenges to the Group and our customers. Although the Ruble exchange rate has stabilized in the first half of 2016 it still represents risks and challenges to many of our customers. By maintaining close contact to our clients through our extensive network of representative offices, we have continued to successfully cooperate with our customers.

In developing new products our emphasis has always been on employing the latest technologies. The Bank follows a very conservative lending policy while offering innovative and individually tailored products that suit the requirements of each individual customer the best. The Group focused on industries that have not been significantly affected in times of crises and need significant efforts to grow its trade finance and transport finance businesses. By focusing on trade finance business the Bank also offered its customers new opportunities to develop their international expansion. Trade finance as well as developing new lending markets such as Ireland and the United Kingdom are the areas the Bank will focus on in developing its lending business.

The major non-banking companies include leasing and consumer finance companies, repossessed real estate and other repossessed collateral maintenance companies and asset management and financial companies. It is the Bank's strategy as much as possible to fully integrate its subsidiaries into the Bank's management and control systems. The activities of Group companies are financed by the Bank via capital investments and loans. In most cases the Bank owns 100% of the shares of its subsidiaries.

Financial review

The Group closed first half of 2016 with after tax profit attributable to the Bank's shareholders of EUR 52.75 million. The Group generated for its shareholders an annualized after tax return on equity of 23.11% (first half of 2015: 19.98%) and an annualized after tax return on assets of 2.88% (first half of 2015: 2.02%).

Income distribution was well diversified across the business units of the Group with many of the Group's business units contributed to the increase in net profit. Operating income reached EUR 106.4 m which represents an increase of 38.3% from 2015. The Group's goal is to maintain a cost to income ratio of less than 40% and in 2016 this ratio reached 33.7%. For the first half of 2016 the Group reached a profit margin of 53% compared to 54% in 2015.

During 2016, Visa Inc. completed the purchase of Visa Europe from all European participating banks. As a result of this sale the Bank realized a profit of EUR 24.74 m from the cash settlement and EUR 2 m from deferred payment. The Bank was also given 8,991 Visa Inc. preference shares with a face value of USD 1. These preference shares are accounted for in available for sale at a price of USD 4.6 m.

As at 30 June 2016 the Group's total assets were EUR 3,599 m. This represents a decrease of 5.1% compared to 2015 and this slow-down is due to the general economic situation in the region we operate in as well as the Bank purposefully changing the focus on larger customers resulting in the loss of some smaller customers.

The Bank follows a conservative approach to asset allocation with 48% of the Bank's assets invested in liquidity management portfolios. 31% of the liquidity management portfolio is invested in short term money market placement with large mainly European banks.

During the first half of 2016 loans and receivables due from customers decreased by 7% to EUR 1,025 m. The decrease was due to the Bank downsizing its CIS portfolio. The Bank expects lending to the European Union and trade finance to start compensating for the decrease in the CIS pending portfolio.

The Group follows a conservative lending policy that focuses on creating specific and tailor made products to meet customer's expectations. However, impairment expenses on loans have increased to EUR 16.42 m in 2016 compared to EUR 10.57 m in 2015 reflecting an increase in non-performing loans. Loans and receivables due from customers represent 28% of total assets and since 2010 this ratio has not exceeded 45%.

The Bank increased its bond portfolio during 2016 to reach a total of EUR 827 million (2015: EUR 674 million). The bond portfolio is invested in a widely diversified range of bonds with an average maturity of 2.5 years.

The funding sources of the Group remained unchanged in that the Group finances its activity through current accounts and deposits due to customers and shareholders' equity. Current accounts and deposits due to customers were EUR 2,885 m down 10% compared to 2015. The fall in deposits was due to the general economic environment and a refocusing of the Bank customer base to larger customers. Current accounts represented 88.16% of total deposits balances. Term deposits amounted to EUR 341 m as at 30 June 2016 and included in this are EUR 114 m of subordinated deposits. The average tenor of term deposits is 4.2 years with the average effective interest rate in 2016 of 2.1%.

The Group total shareholders' equity reached EUR 464 m as of 30 June 2016 representing a 1.6% increase from 2015. The Group total capital adequacy ratio was 22.3% (2015: 19.2 %). The Bank has always aimed to maintain high capital adequacy ratios and this has been the basis for maintaining financial stability and growth in the Group for more than 20 years.

The first 6 months of 2016 presented many new opportunities to the Bank and we believe that the remainder of the year will also prove to be very successful. We owe our success to our customers and business partners and the trust that they have placed in us. We are looking forward to continue developing the Bank in 2016 successfully.

Financial results of the Group

	30 June 2016 (6 months)	31 December 2015	30 June 2015 (6 months)	31 December 2014	30 June 2014 (6 months)
At period end (EUR '000)					
Total assets	3,599,227	3,794,153	3,630,036	3,477,763	3,081,738
Loans and receivables due from customers	1,024,737	1,101,772	1,102,137	1,041,444	955,853
Current accounts and deposits due to customers	2,884,668	3,203,992	3,165,111	3,082,706	2,686,514
Total shareholder's equity	464,363	456,869	376,747	341,903	336,193
For the period (EUR '000)					
Net profit before income tax	56,062	81,176	41,315	87,021	42,523
Net profit after tax	53,230	70,043	35,894	74,130	35,630
Net interest income	39,014	83,158	40,865	76,936	36,275
Net fee and commission income	20,299	44,124	20,943	45,722	21,469
Capital adequacy ratio	19.9% 22.3%*	19.2%	18.7% 19.5%*	19.0%	21.4% 22.3%*

Financial results of the Bank

	30 June 2016 (6 months)	31 December 2015	30 June 2015 (6 months)	31 December 2014	30 June 2014 (6 months)
At period end (EUR '000)					
Total assets	3,594,833	3,785,767	3,629,119	3,475,041	3,075,059
Loans and receivables due from customers	1,077,979	1,151,789	1,153,662	1,087,989	1,011,542
Current accounts and deposits due to customers	2,912,301	3,231,558	3,189,229	3,107,957	2,698,365
Total shareholders' equity	442,513	432,841	362,382	323,380	328,470
For the period (EUR '000)					
Profit before income tax	54,145	81,940	43,029	83,786	44,330
Profit for the period	51,294	72,179	37,617	71,500	37,643
Net interest income	34,147	76,330	37,575	69,902	33,053
Net fee and commission income	20,161	43,684	20,807	45,488	21,151
Capital adequacy ratio	20.3% 22.7%*	19.4%	19.0% 20.0%*	18.9%	21.8% 22.9%*

* Capital adequacy rate, including profit for 6 months (upon receiving the Financial and Capital Market Commission permission)

Statement of management responsibility

The management of the AS Rietumu Banka (the Bank) is responsible for the preparation of the condensed consolidated interim financial statements of the Bank and its subsidiaries (the Group) as well as for the preparation of the condensed interim financial statements of the Bank. The condensed Group consolidated and Bank's separate interim financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting* on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the condensed interim financial statements.

The condensed Group consolidated and Bank's separate interim financial statements on pages 9 - 61 are prepared in accordance with the source documents and present the financial position of the Group and the Bank as at 30 June 2016 and the results of its performance and cash flows for the six month period ended 30 June 2016.

The management of the Bank is responsible for the maintenance of proper accounting records, the safeguarding of the Group's and the Bank's assets and the prevention and detection of fraud and other irregularities. The management is also responsible for operating the Bank in compliance with the Law on Credit Institutions, the regulations of the Financial and Capital Markets Commission, and other legislation of the Republic of Latvia applicable to credit institutions.



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Independent Auditors' Report

To the shareholders of AS Rietumu Banka

Report on the Condensed Interim Separate and Consolidated Financial Information

We have audited the accompanying condensed interim separate financial information of AS Rietumu Banka ("the Bank"), which comprises the condensed interim separate statement of financial position as at 30 June 2016, the condensed interim separate statements of profit and loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and condensed summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 61. We have also audited the accompanying condensed interim consolidated financial information of AS Rietumu Banka and its subsidiaries ("the Group"), which comprises the condensed interim consolidated statement of financial position as at 30 June 2016, the condensed interim consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and condensed summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 61.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of this condensed interim separate and consolidated financial information in accordance with IAS 34 *Interim Financial Reporting* as adopted by EU and for such internal controls as management determines are necessary to enable the preparation of this financial information that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this condensed interim separate and consolidated financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether this condensed interim separate and consolidated financial information is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed interim separate and consolidated financial information. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of this separate and consolidated financial information, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Banks's and the Group's preparation and fair presentation of this condensed interim separate and consolidated financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and the Group's internal controls. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Bank and the Group management, as well as evaluating the overall presentation of the condensed interim separate and consolidated financial information.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the condensed interim separate financial information of AS Rietumu Banka as at and for the six month period ended 30 June 2016 is prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by EU.

In our opinion, the condensed interim consolidated financial information of AS Rietumu Banka and its subsidiaries as at and for the six month period ended 30 June 2016 is prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by EU.

KPMG Baltics SIA
Licence No 55

A handwritten signature in blue ink, appearing to read 'Ondrej Fikrle'.

Ondrej Fikrle
Partner pp KPMG Baltics SIA
Riga, Latvia
28 July 2016

A handwritten signature in blue ink, appearing to read 'Valda Užāne'.

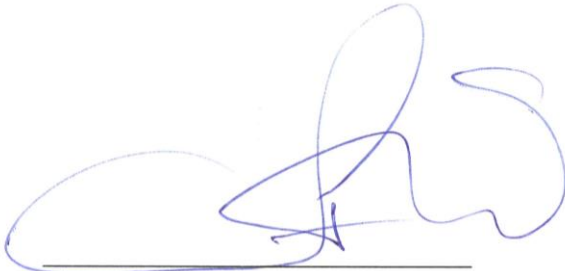
Valda Užāne
Sworn Auditor
Certificate No 4

CONDENSED INTERIM BANK SEPARATE AND GROUP CONSOLIDATED INCOME STATEMENT


	Note	6 month period ended 30 June 2016		6 month period ended 30 June 2015	
		'000 EUR	'000 EUR	'000 EUR	'000 EUR
		Group	Bank	Group	Bank
Interest income	7	52,169	47,024	51,849	48,138
Interest expense	7	(13,155)	(12,877)	(10,984)	(10,563)
Net interest income		39,014	34,147	40,865	37,575
Fee and commission income	8	33,499	33,305	33,532	33,433
Fee and commission expense	9	(13,200)	(13,144)	(12,589)	(12,626)
Net fee and commission income		20,299	20,161	20,943	20,807
Net gain on financial instruments at fair value through profit or loss		1,132	15	404	65
Net foreign exchange gain		10,984	10,750	11,487	12,114
Net realised gain on available-for-sale assets	10	31,137	31,137	119	119
Share of loss of equity accounted investees (net of income tax)		(12)	-	(4)	-
Other income/(expense)	11	3,873	2,154	3,163	3,331
Operating Income		106,427	98,364	76,977	74,011
Impairment losses	12	(14,508)	(15,882)	(8,653)	(8,330)
General administrative expenses	13	(35,857)	(28,337)	(27,009)	(22,652)
Profit before income tax		56,062	54,145	41,315	43,029
Income tax expense	14a,b	(2,832)	(2,851)	(5,421)	(5,412)
Profit for the period		53,230	51,294	35,894	37,617
Attributable to:					
Equity holders of the Bank		52,747		35,473	
Non-controlling interest		483		421	

The accompanying notes on pages 19 to 61 are an integral part of the condensed interim Bank separate and Group consolidated financial statements.

The condensed interim Bank separate and Group consolidated financial statements as set out on pages 9 to 61 are authorised for issue on 28 July 2016 by:



 Chairman of the Board
 Alexander Pankov



 Member of the Board
 Rolf Paul Fuls

CONDENSED INTERIM BANK SEPARATE AND GROUP CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	6 month period ended 30 June 2016		6 month period ended 30 June 2015	
		'000 EUR	'000 EUR	'000 EUR	'000 EUR
		Group	Bank	Group	Bank
Profit for the period		53,230	51,294	35,894	37,617
<i>Items that are or may be reclassified to profit or loss</i>					
Foreign currency translation differences for foreign operations		(2,028)	-	(2,211)	-
Available-for-sale financial assets – net change in fair value		(20,705)	(20,151)	4,436	4,678
Related tax	14c	(519)	(519)	-	-
Other comprehensive income for the period		(23,252)	(20,670)	2,225	4,678
Total comprehensive income for the period		29,978	30,624	38,119	42,295
Attributable to:					
Equity holders of the Group		29,495		37,698	
Non-controlling interest		483		421	

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Chairman of the Board
Alexander Pankov

Member of the Board
Rolf Paul Fuls

**CONDENSED INTERIM BANK SEPARATE AND GROUP CONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

	Note	30 June 2016 '000 EUR <u>Group</u>	30 June 2016 '000 EUR <u>Bank</u>	31 Dec 2015 '000 EUR <u>Group</u>	31 Dec 2015 '000 EUR <u>Bank</u>
ASSETS					
Cash and balances with the central bank	15	718,887	718,846	881,868	881,816
Financial instruments at fair value through profit or loss	16	15,485	1,044	16,439	1,166
Loans and receivables due from banks	17	710,277	709,690	841,210	840,803
Loans and receivables due from customers	18	1,024,737	1,077,979	1,101,772	1,151,789
Reverse repo	33	134,102	134,102	88,566	88,566
Available-for-sale assets	19	565,429	609,939	484,064	529,789
Non-current assets held for sale		4	-	50	-
Held-to-maturity investments	20	269,775	266,858	220,510	217,901
Investments in subsidiaries	21	-	29,945	-	28,882
Equity accounted investees	34	9	-	21	-
Investment property	24	85,082	10,260	82,968	8,447
Property and equipment	22	45,458	7,840	46,492	8,150
Intangible assets	23	4,503	2,584	4,005	2,910
Current tax asset		4,955	4,409	3,625	3,218
Deferred tax asset		242	-	376	-
Other assets	25	20,282	21,337	22,187	22,330
Total Assets		<u>3,599,227</u>	<u>3,594,833</u>	<u>3,794,153</u>	<u>3,785,767</u>

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Chairman of the Board
Alexander Pankov



Member of the Board
Rolf Paul Fuls

**CONDENSED INTERIM BANK SEPARATE AND GROUP CONSOLIDATED
STATEMENT OF FINANCIAL POSITION**

	Note	30 June 2016 '000 EUR Group	30 June 2016 '000 EUR Bank	31 Dec 2015 '000 EUR Group	31 Dec 2015 '000 EUR Bank
LIABILITIES AND SHAREHOLDERS' EQUITY					
Financial instruments at fair value through profit or loss	16	274	274	19	19
Due to Bank of Latvia		120,000	120,000	-	-
Deposits and balances due to banks	26	39,717	39,716	50,390	49,710
Current accounts and deposits due to customers	27	2,884,668	2,912,301	3,203,992	3,231,558
Issued debt securities	28	56,078	56,078	55,784	56,785
Current tax liability		171	-	102	-
Deferred tax liability		3,222	811	3,246	191
Other liabilities and accruals	29	30,734	23,140	23,751	14,663
Total Liabilities		3,134,864	3,152,320	3,337,284	3,352,926
Share capital	30	168,916	168,916	168,916	168,916
Share premium	30	52,543	52,543	52,543	52,543
Revaluation reserve		1,354	-	1,364	-
Fair value reserve		2,028	4,707	23,252	25,377
Currency translation reserve		(3,545)	-	(1,517)	-
Other reserves		106	23	106	23
Retained earnings		230,162	216,324	198,357	185,982
Total Equity Attributable to Equity Holders of the Bank		451,564	442,513	443,021	432,841
Non-controlling Interest		12,799	-	13,848	-
Total Shareholders' Equity		464,363	442,513	456,869	432,841
Total Liabilities and Shareholders' Equity		3,599,227	3,594,833	3,794,153	3,785,767

The accompanying notes on pages 19 to 61 are an integral part of the condensed interim Bank separate and Group consolidated financial statements.

The condensed interim Bank separate and Group consolidated financial statements as set out on pages 9 to 61 are authorised for issue on 28 July 2016 by:



Chairman of the Board
Alexander Pankov



Member of the Board
Rolf Paul Fuls

**CONDENSED INTERIM BANK SEPARATE AND GROUP CONSOLIDATED
STATEMENT OF CASH FLOWS**

	Note	6 month period ended 30 June 2016		6 month period ended 30 June 2015	
		'000 EUR Group	'000 EUR Bank	'000 EUR Group	'000 EUR Bank
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		56,062	54,145	41,315	43,029
Amortization and depreciation	22, 23	1,924	917	1,599	875
(Gain)/Loss from sale of investment property		-	-	(153)	-
Revaluation of property, plant and equipment		(102)	-	-	-
Revaluation of investment property		1,524	-	-	-
Share of loss of equity accounted investees		46	-	4	-
(Losses) on disposal of property and equipment		22	(103)	-	-
Impairment losses	12	14,508	15,882	8,653	8,330
Increase in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary operations		73,984	70,841	51,418	52,234
Decrease in financial instruments at fair value through profit or loss		954	122	2,391	428
(Increase)/Decrease in loans and receivables due from banks – term deposits		(139,450)	(139,450)	195,007	195,007
(Increase)/Decrease in loans and receivables from customers		63,172	60,117	(69,234)	(74,003)
(Increase) in receivable under reverse repurchase agreements		(45,536)	(45,536)	(46,185)	(46,185)
(Increase) in available-for-sale assets		(102,070)	(101,795)	(368,156)	(364,795)
(Increase)/Decrease in other assets		(2,232)	(1,478)	(1,883)	(2,070)
Increase/(Decrease) in derivative liabilities		255	255	(81)	(81)
Increase in term deposit deposits due to banks		141	820	280	280
(Decrease)/Increase in current accounts and deposits from customers		(319,324)	(319,257)	82,405	81,272
Decrease in non-current assets held for sale		46	-	108	-
Increase in amounts payable under repurchase agreements		120,000	120,000	-	-
Increase in other liabilities and accruals		6,983	8,477	5,127	3,433
Increase/(Decrease) in cash and cash equivalents from operating activities before corporate income tax		(343,077)	(346,884)	(148,803)	(154,480)
Corporate income tax paid		(4,972)	(3,940)	(7,022)	(6,557)
Net cash and cash equivalents from operating activities		(348,049)	(350,824)	(155,825)	(161,037)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property and equipment and intangible assets	22,23	(1,383)	(1,236)	(845)	(719)
Proceeds from sale of property and equipment and other assets		-	-	24	9
(Purchase) of investment property		-	(37)	(2,774)	(260)
(Increase)/decrease in equity investments in other entities and acquisition of subsidiaries		-	(6)	-	-
Consideration paid for acquisition of subsidiaries		(10)	-	(2)	(16)
(Increase) in held-to-maturity financial assets		(49,265)	(48,957)	(98,593)	(98,124)
Sale of non-controlling interest		(699)	-	(1,501)	-
Acquisition of Investment property		(1,653)	-	-	-
Cash and cash equivalents used in / from investing activities		(53,010)	(50,236)	(103,691)	(99,110)

The accompanying notes on pages 19 to 61 are an integral part of the condensed interim Bank separate and Group financial statements.

**CONDENSED INTERIM BANK SEPARATE AND GROUP CONSOLIDATED
STATEMENT OF CASH FLOWS**

	Note	6 month period ended 30 June 2016		6 month period ended 30 June 2015	
		'000 EUR Group	'000 EUR Bank	'000 EUR Group	'000 EUR Bank
CASH FLOW FROM FINANCING ACTIVITIES					
Shares issued	30	-	-	4,453	4,453
Share premium	30	-	-	9,741	9,741
Issued debt securities	28	-	(707)	789	789
Interest on issued debt securities	28	-	-	-	-
Dividends paid		(21,785)	(20,952)	(2,830)	(2,242)
Other borrowed funds		294	-	-	-
Cash and cash equivalents from financing activities		(21,491)	(21,659)	12,153	12,741
Net cash flow for the period		(422,550)	(422,719)	(247,363)	(247,406)
Cash and cash equivalents at the beginning of the period		1,651,735	1,651,276	1,698,340	1,699,103
Cash and cash equivalents at the end of the period	15	1,229,185	1,228,557	1,450,977	1,451,697

The accompanying notes on pages 19 to 61 are an integral part of the condensed interim Bank separate and Group consolidated financial statements.

The condensed interim Bank separate and Group consolidated financial statements as set out on pages 9 to 61 are authorised for issue on 28 July 2016 by:

Chairman of the Board
Alexander Pankov

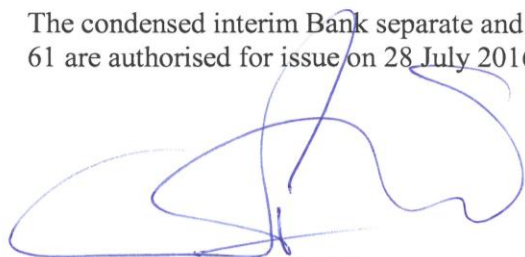
Member of the Board
Rolf Paul Fuls

**CONDENSED INTERIM BANK'S SEPARATE
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital	Share premium	Revaluation reserve	Fair value reserve	Other reserves	Retained earnings	Total equity
	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Balance at 1 January 2015	160,843	33,882	-	(2,658)	23	131,290	323,380
<i>Total comprehensive income</i>							
Profit for the period	-	-	-	-	-	37,617	37,617
Other comprehensive income	-	-	-	4,678	-	-	4,678
<i>Transactions with shareholders recorded directly in equity</i>							
Preference shares issued (Note 30)	4,453	-	-	-	-	-	4,453
Share premium received (Note 30)	-	9,741	-	-	-	-	9,741
Dividends paid	-	-	-	-	-	(17,487)	(17,487)
Balance at 30 June 2015	165,296	43,623	-	2,020	23	151,420	362,382
<i>Total comprehensive income</i>							
Profit for the period	-	-	-	-	-	34,562	34,562
Other comprehensive income	-	-	-	23,357	-	-	23,357
<i>Transactions with shareholders recorded directly in equity</i>							
Preference shares issued (Note 30)	3,620	-	-	-	-	-	3,620
Share premium received (Note 30)	-	8,920	-	-	-	-	8,920
Balance at 31 December 2015	168,916	52,543	-	25,377	23	185,982	432,841
<i>Total comprehensive income</i>							
Profit for the period	-	-	-	-	-	51,294	51,294
Other comprehensive income	-	-	-	(20,670)	-	-	(20,670)
<i>Transactions with shareholders recorded directly in equity</i>							
Dividends paid	-	-	-	-	-	(20,952)	(20,952)
Balance at 30 June 2016	168,916	52,543	-	4,707	23	216,324	442,513

The accompanying notes on pages 19 to 61 are an integral part of the condensed interim Bank separate and Group consolidated financial statements.

The condensed interim Bank separate and Group consolidated financial statements as set out on pages 9 to 61 are authorised for issue on 28 July 2016 by:



Chairman of the Board
Alexander Pankov



Member of the Board
Rolf Paul Fuls

**CONDENSED INTERIM GROUP CONSOLIDATED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Attributable to Equity Holders of the Bank

	Share capital	Share premium	Revaluation reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non- controlling interest	Total Equity
	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Balance at 1 January 2015	160,843	33,882	1,387	(5,036)	43	104	146,405	337,628	4,275	341,903
<i>Transactions with shareholders recorded directly in equity</i>										
Preference shares issued (Note 30)	4,453	-	-	-	-	-	-	4,453	-	4,453
Share premium received (Note 30)	-	9,741	-	-	-	-	-	9,741	-	9,741
Dividends paid	-	-	-	-	-	-	(17,487)	(17,487)	-	(17,487)
<i>Transactions with non controlling interest</i>										
Transaction with third parties related to units of funds controlled by the Group	-	-	-	-	-	-	96	96	2,201	2,297
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(588)	(588)
<i>Change in ownership interest</i>										
Loss of control in fund with non-controlling interest (Note 38)	-	-	-	-	-	-	-	-	(1,860)	(1,860)
Purchase of subsidiaries with non-controlling interest	-	-	195	-	-	-	-	195	(26)	169
<i>Total comprehensive income</i>										
Profit for the period	-	-	-	-	-	-	35,473	35,473	421	35,894
Other comprehensive income	-	-	-	4,436	(2,211)	-	-	2,225	-	2,225
<i>Other</i>										
Depreciation of revalued property	-	-	(10)	-	-	-	10	-	-	-
Balance at 30 June 2015	165,296	43,623	1,572	(600)	(2,168)	104	164,497	372,324	4,423	376,747

The accompanying notes on pages 19 to 61 are an integral part of the condensed interim Bank separate and Group consolidated financial statements.

**CONDENSED INTERIM GROUP CONSOLIDATED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Attributable to Equity Holders of the Bank

	Share capital	Share premium	Revaluation reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non- controlling interest	Total Equity
	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Balance at 30 June 2015	165,296	43,623	1,572	(600)	(2,168)	104	164,497	372,324	4,423	376,747
<i>Transactions with shareholders recorded directly in equity</i>										
Preference shares issued (Note 30)	3,620	-	-	-	-	-	-	3,620	-	3,620
Share premium received (Note 30)	-	8,920	-	-	-	-	-	8,920	-	8,920
<i>Change in ownership interest</i>										
Loss of control in fund with non-controlling interest (Note 38)	-	-	-	-	-	-	-	-	1,860	1,860
Purchase of subsidiaries with non-controlling interest	-	-	(195)	-	-	-	-	(195)	(25)	(220)
<i>Transactions with non controlling interest</i>										
Transactions with third parties related to units of funds controlled by the Group	-	-	-	-	-	-	(96)	(96)	7,383	7,287
<i>Total comprehensive income</i>										
Profit for the current period	-	-	-	-	-	-	33,942	33,942	207	34,149
Other comprehensive income	-	-	-	23,852	651	3	-	24,506	-	24,506
<i>Other</i>										
Depreciation of revalued property	-	-	(14)	-	-	-	14	-	-	-
Other reserve transfer	-	-	1	-	-	(1)	-	-	-	-
Balance at 31 December 2015	168,916	52,543	1,364	23,252	(1,517)	106	198,357	443,021	13,848	456,869

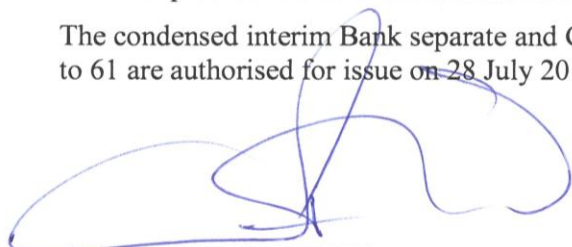
The accompanying notes on pages 19 to 61 are an integral part of the condensed interim Bank separate and Group consolidated financial statements.

**CONDENSED INTERIM GROUP CONSOLIDATED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Attributable to Equity Holders of the Bank									
	Share capital	Share premium	Revaluation reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non- controlling interest	Total equity
	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Balance at 31 December 2015	168,916	52,543	1,364	23,252	(1,517)	106	198,357	443,021	13,848	456,869
<i>Transactions with shareholders recorded directly in equity</i>										
Dividends paid	-	-	-	-	-	-	(20,952)	(20,952)	-	(20,952)
<i>Transactions with non controlling interest</i>										
Transaction with third parties related to units of funds controlled by the Group	-	-	-	-	-	-	-	-	(699)	(699)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(833)	(833)
<i>Change in ownership interest</i>	-	-	-	-	-	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	52,747	52,747	483	53,230
Other comprehensive income	-	-	-	(21,224)	(2,028)	-	-	(23,252)	-	(23,252)
<i>Other</i>										
Depreciation of revalued property	-	-	(10)	-	-	-	10	-	-	-
Balance at 30 June 2016	168,916	52,543	1,354	2,028	(3,545)	106	230,162	451,564	12,799	464,363

The accompanying notes on pages 19 to 61 are an integral part of the condensed interim Bank separate and Group consolidated financial statements.

The condensed interim Bank separate and Group consolidated financial statements as set out on pages 9 to 61 are authorised for issue on 28 July 2016 by:


Chairman of the Board
Alexander Pankov


Member of the Board
Rolf Paul Fuls

1 Background

These condensed interim separate and consolidated financial statements include the financial statements of JSC “Rietumu Banka” (the “Bank”) and its subsidiaries (together referred to as the “Group”). There have been no significant changes in Group structure since 31 December 2015.

JSC “Rietumu Banka” was established in the Republic of Latvia as a joint stock company and was granted its general banking licence in 1992.

The principal activities of the Bank are deposit taking and customer accounts maintenance, lending and issuing guarantees, cash and settlement operations and operations with securities and foreign exchange. The activities of the Bank are regulated by the Bank of Latvia and the Financial and Capital Market Commission (“FCMC”) of the Republic of Latvia.

The registered address of the Bank’s head office is Vesetas Street 7, Riga, Latvia.

2 Basis of preparation

(a) Statement of compliance

These condensed interim separate and consolidated financial statements (the “financial statements”) are prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. These condensed interim separate and consolidated financial statements do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with the Bank Separate and Group Consolidated Financial Statements as at and for the year ended 31 December 2015.

The audited financial statements as at and for the year ended 31 December 2015 are available at the Bank’s web site: www.rietumu.com.

The Board approved the condensed interim separate and consolidated financial statements for issue on 28 July 2016. The shareholders have the power to reject the separate and consolidated financial statements prepared and issued by management and the right to request that new financial statements be issued.

(b) Basis of measurement

The condensed interim separate and consolidated financial statements are prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are stated at fair value;
- available-for-sale assets are stated at fair value;
- owner occupied buildings which are stated at revalued amounts being the fair value at the date of valuation less subsequent accumulated depreciation;
- investment property which is stated at fair value.

(c) Functional and Presentation Currency

These financial statements are presented in thousands of euro (EUR 000’s).

The functional currencies of principal subsidiaries of the Bank are EUR except for the subsidiaries listed below:

“RB Securities” Ltd.	USD (US dollar)
Rietumu Asset Management funds	USD (US dollar)
“Rietumu Leasing” Ltd.	BYR (Belarus rouble)

3 Significant accounting policies

The accounting policies applied by the Bank and the Group in these condensed interim separate and consolidated financial statements are the same as those applied by the Bank and the Group in their financial statements as at and for the year ended 31 December 2015.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual earnings.

Adoption of new or revised standards and interpretations

Certain new standards, interpretations and amendments to the existing standards have been published that become effective for the accounting periods beginning on or after 1 January 2016 or later periods and which are not relevant to the Group or are not yet endorsed by the EU. The Group is in the process of evaluating the potential effect if any of these new standards and interpretations.

4 Risk management

All aspects of the Bank's and the Group's risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2015.

The Bank and the Group have exposure to the following risks:

- market risk
- credit risk
- liquidity risks

There have been no significant changes to sensitivities of financial assets and liabilities to financial risks other than presented in Note 39 compared to the quantitative information as presented in Bank's and the Group's financial statements for the year ended 31 December 2015, and therefore they are not disclosed in these condensed interim financial statements.

5 Capital management

The Financial and Capital Market Commission sets and monitors capital requirements for the Bank and the Group.

The Bank and the Group defines as capital those items defined by statutory regulation as capital. Under the current capital requirements set by the Financial and Capital Market Commission, banks must maintain a ratio of capital to risk weighted assets ("statutory capital ratio") above the prescribed minimum level. As at 30 June 2016, the individual minimum level is 15.8%. The Bank was in compliance with the FCMC determined individual capital ratio during the six-month periods ended 30 June 2016 and 30 June 2015, as well as during the year ended 31 December 2015.

The Group's risk based capital adequacy ratio, as at 30 June 2016, was 22.3% (31 December 2015: 19.2% and 30 June 2015: 19.5%).

The Bank's risk based capital adequacy ratio as at 30 June 2016 was 22.7% (31 December 2015: 19.4% and 30 June 2015 20.0%).

The Bank's and the Group's capital position is calculated in accordance with the requirements of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

Calculations are performed based on prudential consolidation group according to the Regulation No 575/2013 p.19.

6 Use of estimates and judgments

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2015.

- Allowance for credit losses on loans and receivables;
- Determining fair value of financial instruments;
- Impairment of available for sale financial assets;
- Impairment of held to maturity financial instruments;
- Determining fair value of property;
- Impairment of assets shown under other assets;
- Impairment of investment in subsidiaries;
- Impairment of goodwill;
- Useful life of equipment;
- Deferred tax asset recoverability;
- Consolidation of investment funds;
- Acquisition of new subsidiaries.

7 Net interest income

	Six months ended 30 June			
	2016	2016	2015	2015
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
	Group	Bank	Group	Bank
Interest income				
Loans and receivables due from customers	41,480	36,367	44,503	40,807
Loans and receivables due from banks	1,883	1,871	1,239	1,232
Financial instruments at fair value through profit or loss	3	-	38	38
Available for sale assets	4,525	4,525	2,762	2,762
Held-to-maturity investments	3,921	3,904	3,014	3,006
Amounts receivable under reverse repurchase agreements	357	357	293	293
	52,169	47,024	51,849	48,138
Interest expense				
Current accounts and deposits due to customers	6,496	6,481	7,304	7,299
Deposits and balances due to financial institutions	1,266	1,251	156	1
Other interest expense	5,393	5,145	3,524	3,263
	13,155	12,877	10,984	10,563

Included within interest income from loans and receivables due from customers for the six months period ended 30 June 2016 is interest income of EUR 3,896 thousand (30 June 2015: EUR 2,420 thousand) relating to impaired loans issued by the Bank and by Group of EUR 3,955 thousand (30 June 2015: EUR 2,514 thousand).

8 Fee and commission income

	Six months ended 30 June			
	2016	2016	2015	2015
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
	Group	Bank	Group	Bank
E-commerce	9,779	9,779	10,026	10,026
Money transfers	8,871	8,871	9,383	9,383
Commission income from payment cards	5,126	5,126	5,167	5,167
Commission from account servicing	3,990	3,990	4,680	4,680
Revenue from customer asset management and brokerage commissions	2,796	2,581	2,456	2,427
Commission from documentary operations	417	417	212	212
Cash withdrawals	99	99	110	110
Remote system fee	75	75	81	81
Other	2,346	2,367	1,417	1,347
	33,499	33,305	33,532	33,433

9 Fee and commission expense

	Six months ended 30 June			
	2016	2016	2015	2015
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
	Group	Bank	Group	Bank
E-commerce	5,842	5,842	5,296	5,296
Payment card expenses	4,137	4,137	3,866	3,866
Agent commissions	1,071	932	1,068	1,068
On correspondent accounts	967	967	902	902
Brokerage fees	484	443	346	342
Cash withdrawal fees	10	10	11	11
Other	689	813	1,100	1,141
	13,200	13,144	12,589	12,626

10 Net realised gain on available-for-sale assets

	Six months ended 30 June			
	2016	2016	2015	2015
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
	Group	Bank	Group	Bank
Equity instruments	30,958	30,958	5	5
Debt instruments	179	179	114	114
	31,137	31,137	119	119

During 2016, Visa Inc. completed the purchase of Visa Europe from all European participating banks. As a result of this sale the Bank realized a profit of EUR 24.74 m from the cash settlement and EUR 2 million from deferred payment.

11 Other income/(expense)

	Six months ended 30 June			
	2016	2016	2015	2015
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
	Group	Bank	Group	Bank
Rental income from operating leases	1,903	314	1,670	417
Penalties received	463	382	340	264
Gain/(loss) from sale of investment property	42	(7)	153	-
Gain/(loss) from sale of property and equipment	(4)	-	24	-
Profit/(loss) from revaluation of investment property (Note 24)	(1,524)	-	-	-
Gain/loss from disposal of subsidiary shares	5	-	-	-
Negative goodwill write-off	98	-	-	-
(Loss)/Recovery of assets written off	(134)	8	6	-
Dividends received	92	959	3	2,330
Other	2,932	498	967	320
	3,873	2,154	3,163	3,331

12 Impairment losses

	Six months ended 30 June			
	2016	2016	2015	2015
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
	Group	Bank	Group	Bank
Impairment losses				
Loans and receivables due from customers	(16,424)	(16,102)	(10,567)	(10,231)
Available-for-sale financial assets	-	(1,494)	(1)	-
Other financial assets	(632)	(685)	-	-
Other non-financial assets	(15)	(12)	(112)	(45)
	(17,071)	(18,293)	(10,680)	(10,276)
Reversals of impairment losses				
Loans and receivables due from customers	2,561	2,409	2,027	1,936
Available-for-sale financial assets	-	-	-	10
Other non-financial assets	2	2	-	-
	2,563	2,411	2,027	1,946
Net impairment losses	(14,508)	(15,882)	(8,653)	(8,330)

13 General administrative expenses

	Six months ended 30 June			
	2016	2016	2015	2015
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
	Group	Bank	Group	Bank
Employee compensation	12,042	9,422	9,302	8,139
Payroll related taxes on employee compensation	2,641	2,132	2,234	1,917
Provision for bonus and payroll related taxes	2,120	2,120	2,128	2,112
Taxes other than on corporate income and payroll	2,953	2,407	1,048	621
Professional services	2,501	2,447	228	190
Repairs and maintenance	1,940	393	1,026	382
Depreciation and amortization	1,924	917	1,599	875
IT related costs	1,094	1,094	865	865
Rent	1,006	1,819	995	1,826
Salaries to Board of Directors and Council	1,094	828	2,603	2,026
Representative offices	911	675	872	670
Communications and information services	646	591	678	620
Travel expenses	552	498	498	459
Advertising and marketing	545	199	922	306
Charity and sponsorship	531	307	362	237
Representation	412	76	269	123
Credit card service	171	171	179	179
Insurance	171	138	123	102
Employee health insurance	136	122	128	125
Subscription of information	98	75	73	73
Audit services	81	71	92	71
Security	46	52	53	38
Office supplies (stationery)	41	31	57	34
Other	2,594	2,145	2,393	2,380
Reverse of provisions for the management bonus	(393)	(393)	(1,718)	(1,718)
	35,857	28,337	27,009	22,652

14 Income tax expense

(a) Income tax expense recognized in profit and loss

	Six months ended 30 June			
	2016 '000 EUR Group	2016 '000 EUR Bank	2015 '000 EUR Group	2015 '000 EUR Bank
Current tax expense				
Current tax expense	3,203	2,750	6,068	5,704
Deferred tax	(371)	101	(647)	(292)
Total income tax expense in the profit and loss	2,832	2,851	5,421	5,412

The tax rate applicable in countries in which group entities operate:	2016	2015
Latvia	15.00%	15.00%
Belarus	18.00%	18.00%
Cyprus	12.50%	12.50%
Russia	20.00%	20.00%
Azerbaijan	20.00%	20.00%

(b) Reconciliation of effective tax rate:

The Group	30 June 2016		30 June 2015	
	'000 EUR	%	'000 EUR	%
Profit before tax	56,062		41,315	
Income tax at the applicable tax rate	7,192	12.83%	6,197	15.00%
Effect of different tax rate in other countries	25	0.04%	2	0.00%
Tax relief on donations	(254)	(0.45%)	(183)	(0.44%)
Non-deductible expenses	841	1.50%	329	0.80%
Tax exempt income	(4,945)	(8.82%)	(866)	(2.10%)
Tax paid in foreign countries	(27)	(0.05%)	(58)	(0.14%)
	2,832	5.05%	5,421	13.12%

The Bank	30 June 2016		30 June 2015	
	'000 EUR	%	'000 EUR	%
Profit before tax	54,145		43,029	
Income tax at the applicable tax rate	8,122	15.00%	6,454	15.00%
Non-deductible expenses	489	0.90%	121	0.28%
Tax exempt income	(5,485)	(10.13%)	(866)	(2.01%)
Tax relief on donations	(248)	(0.46%)	(183)	(0.43%)
Tax paid in foreign countries	(27)	(0.05%)	(114)	(0.26%)
	2,851	5.26%	5,412	12.58%

14 Income tax expense, continued

(c) Income tax recognized in other comprehensive income and directly in equity

Group	30 June 2016 '000 EUR		30 June 2015 '000 EUR	
	Tax Base	Deferred income tax	Tax Base	Deferred income tax
Deferred tax expense				
Change in revaluation reserve	-	-	(12)	2
Change in fair value reserve*	(20,705)	(519)	4,436	-
Total income tax recognised in other comprehensive income	(20,705)	(519)	4,424	2

Bank	30 June 2016 '000 EUR		30 June 2015 '000 EUR	
	Tax Base	Deferred income tax	Tax Base	Deferred income tax
Deferred tax expense				
Change in fair value reserve*	(20,151)	(519)	4,678	-

*Decrease in the fair value reserve in the amount of EUR 24,167 thousand (Group) and EUR 23,613 thousand (Bank) relates to the revaluation of securities the gains of which are not subject to income tax. The increase by EUR 3,462 thousand relates to the revaluation of the securities that are subject to income tax.

15 Cash and balances with the central bank

Cash and balances with central bank comprised of the following items:

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Cash	3,120	3,079	4,671	4,619
Balances due from the Bank of Latvia	715,767	715,767	877,197	877,197
Total	718,887	718,846	881,868	881,816

Cash and cash equivalents consist of the following:

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Cash	3,120	3,079	4,671	4,619
Balances due from the Bank of Latvia	715,767	715,767	877,197	877,197
Demand loans and receivables due from banks	(38,896)	(38,896)	819,577	819,170
Demand deposits and balances due to banks	549,194	548,607	(49,710)	(49,710)
Total	1,229,185	1,228,557	1,651,735	1,651,276

16 Financial instruments at fair value through profit or loss

	30 June 2016 '000 EUR Group	30 June 2016 '000 EUR Bank	31 Dec 2015 '000 EUR Group	31 Dec 2015 '000 EUR Bank
Bonds				
- with rating from AAA to A	1,098	-	1,552	-
- with rating from BBB+ to BBB-	12,920	-	8,048	-
- non-investment grade	362	-	5,233	-
- not rated	61	-	74	-
Equity investments	184	184	574	183
Derivative financial instruments	860	860	958	983
Financial assets at fair value through profit or loss	15,485	1,044	16,439	1,166
Derivative financial instruments	(274)	(274)	(19)	(19)
Financial liabilities at fair value through profit or loss	(274)	(274)	(19)	(19)

The Bank and the Group classify trading and derivative financial instruments and trading portfolio under this category.

Derivative financial assets and liabilities

The Group	30 June 2016 '000 EUR		31 Dec 2015 '000 EUR	
	Carrying value	Notional amount	Carrying value	Notional amount
Assets				
Forward contracts	570	8,300	675	5,636
Option premium	290	n/a	283	n/a
Swap contracts	-	-	-	-
Total derivative financial assets	860	-	958	-
Liabilities				
Forward contracts	274	8,448	19	1,038
Total derivative liabilities	274	-	19	-

16 Financial instruments at fair value through profit or loss, continued

The Bank	30 June 2016 '000 EUR		31 Dec 2015 '000 EUR	
	Carrying value	Notional amount	Carrying value	Notional amount
Assets				
Forward contracts	570	8,300	700	6,686
Option premium	290	n/a	283	n/a
Total derivative financial assets	860		983	
Liabilities				
Forward contracts	274	8,448	19	1,038
Total derivative liabilities	274	-	19	-

17 Loans and receivables due from banks

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Demand accounts				
Latvian commercial banks	3,673	3,429	3,144	2,996
OECD banks	491,386	491,367	779,148	779,148
Other non-OECD banks	54,135	53,811	37,285	37,026
Total Demand accounts	549,194	548,607	819,577	819,170
Deposit accounts				
OECD banks	161,083	161,083	15,000	15,000
Other non-OECD banks	-	-	6,633	6,633
Total loans and deposits	161,083	161,083	21,633	21,633
	710,277	709,690	841,210	840,803

Concentration of placements with banks

As at 30 June 2016 the Bank and the Group had balances with three banks (three as at 31 December 2015), which exceeded 10% of the total loans and receivables due from banks. The gross value of these balances was EUR 260,148 thousand as of 30 June 2016 (31 December 2015: EUR 296,356 thousand).

18 Loans and receivables due from customers

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Companies				
Finance leases	15,352	-	17,609	-
Loans	920,841	1,021,508	1,034,907	1,133,827
Individuals				
Finance leases	33,650	-	33,939	-
Loans	144,339	142,951	111,075	109,610
Specific impairment allowance	(87,928)	(86,480)	(93,285)	(91,648)
Collective impairment allowance	(1,517)	-	(2,473)	-
Net Loans and receivables from customers	1,024,737	1,077,979	1,101,772	1,151,789

(a) Finance leases

Loans and receivables from customers include the following finance lease receivables for leases of certain property and equipment where the Group is the lessor:

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Gross investment in finance leases, receivable				
Less than one year	22,127	-	26,598	-
Between one and five years	39,457	-	39,168	-
Total gross investment in finance leases	61,584	-	65,766	-
Unearned finance income	(12,582)	-	(14,218)	-
Net investment in finance lease before allowance	49,002	-	51,548	-
Impairment allowance	(1,603)	-	(2,706)	-
Net investment in finance lease	47,399	-	48,842	-

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
The net investment in finance leases comprises:				
Less than one year	18,744	-	20,721	-
Between one and five years	28,655	-	28,121	-
Net investment in finance lease	47,399	-	48,842	-

18 Loans and receivables due from customers, continued

(b) Credit quality of loan portfolio

(i) Ageing structure of loan portfolio

	The Group						
	Total EUR'000	Of which not past due on the reporting date	Of which past due by the following terms				Net carrying value of overdue loans
			Less than 30 days	31-90 days	91-180 days	More than 180 days	
As at 30 June 2016							
Net carrying amount	1,024,737	790,486	29,669	96,734	22,474	85,374	234,251
Out of which impaired	172,419	44,583	500	57,128	21,270	48,938	127,836
Assessed fair value of collateral	1,543,438	1,231,665	53,991	101,771	23,371	132,640	311,773
As at 31 Dec 2015							
Net carrying amount	1,101,772	894,322	57,477	45,796	42,451	61,726	207,450
Out of which impaired	189,829	72,898	4,641	42,775	17,883	51,632	116,931
Assessed fair value of collateral	1,541,860	1,274,016	96,094	31,308	46,183	94,259	267,844
	The Bank						
	Total EUR'000	Of which not past due on the reporting date	Of which past due by the following terms				Net carrying value of overdue loans
			Less than 30 days	31-90 days	91-180 days	More than 180 days	
As at 30 June 2016							
Net carrying amount	1,077,979	844,007	30,223	96,036	22,365	85,348	233,972
Out of which impaired	174,402	47,083	494	56,666	21,246	48,913	127,319
Assessed fair value of collateral	1,603,639	1,293,932	52,757	101,073	23,263	132,614	309,707
As at 31 Dec 2015							
Net carrying amount	1,151,789	947,014	56,164	44,617	42,309	61,685	204,775
Out of which impaired	190,971	75,157	4,618	41,795	17,810	51,591	115,814
Assessed fair value of collateral	1,603,155	1,339,924	92,844	30,129	46,040	94,218	263,231

18 Loans and receivables due from customers, continued

(ii) Analysis of loan by type of collateral

The following table provides the analysis of the loan portfolio, net of impairment, by types of collateral.

The Group

EUR'000	30 June 2016	% of loan portfolio	31 December 2015	% of loan portfolio
Commercial buildings	331,933	32.39	379,316	34.42
Commercial assets pledge	319,313	31.16	360,226	32.70
Traded securities	70,741	6.90	92,337	8.38
Land mortgage	64,500	6.29	74,690	6.78
Mortgage on residential properties	44,151	4.31	35,478	3.22
Without collateral	40,244	3.93	40,252	3.65
Guarantee	31,217	3.05	26,150	2.37
Deposit	7,882	0.77	2,068	0.19
Non-traded securities	1,054	0.10	1,073	0.10
Other	113,702	11.10	-	-
Total	1,024,737	100.00	1,101,772	100.00

The Bank

EUR'000	30 June 2016	% of loan portfolio	31 December 2015	% of loan portfolio
Commercial buildings	364,565	33.82	413,042	35.86
Commercial assets pledge	344,595	31.97	380,701	33.05
Traded securities	70,741	6.56	92,336	8.02
Land mortgage	64,500	5.98	74,690	6.48
Mortgage on residential properties	44,342	4.11	35,478	3.08
Without collateral	42,776	3.97	44,602	3.87
Guarantee	31,217	2.90	26,150	2.27
Deposit	7,882	0.73	2,068	0.18
Non-traded securities	1,054	0.10	1,073	0.10
Other	106,307	9.86	-	-
Total	1,077,979	100.00	1,151,789	100.00

The amounts shown in the table above represent the carrying value of the loans, and not the fair value of the collateral.

18 Loans and receivables due from customers, continued

(iii) Impaired loans

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Impaired loans gross	260,347	260,882	283,114	282,619
Specific impairment allowance	(87,928)	(86,480)	(93,285)	(91,648)
Net Loans and receivables from customers	172,419	174,402	189,829	190,971
Fair value of collateral related to impaired loans	189,518	192,029	189,747	191,404

When reviewing loans the Bank and the Group set the following categories for individual loans to assess their credit risk:

The Group

	30 June 2016 '000 EUR	Specific impairment allowance	Collective impairment allowance	31 Dec 2015 '000 EUR	Specific impairment allowance	Collective impairment allowance
	Gross			Gross		
Standard	870,971	(1,737)	(801)	936,123	(2,240)	(817)
Watch	129,701	(22,560)	(34)	156,186	(23,575)	(22)
Substandard	64,099	(24,919)	(100)	38,571	(15,191)	(85)
Doubtful	42,437	(32,197)	(123)	52,641	(39,713)	(106)
Lost	6,974	(6,515)	(459)	14,009	(12,566)	(1,443)
Total	1,114,182	(87,928)	(1,517)	1,197,530	(93,285)	(2,473)

The Bank

	30 June 2016 '000 EUR	Specific impairment allowance	31 Dec 2015 '000 EUR	Specific impairment allowance
	Gross		Gross	
Standard	922,060	(1,737)	984,643	(2,240)
Watch	132,373	(22,863)	158,392	(23,815)
Substandard	64,066	(25,024)	38,254	(15,192)
Doubtful	40,752	(31,648)	50,830	(39,083)
Lost	5,208	(5,208)	11,318	(11,318)
Total	1,164,459	(86,480)	1,243,437	(91,648)

18 Loans and receivables due from customers, continued

(iv) *Movements in the impairment allowance*

Movements in the loan impairment allowance for the 30 June 2016 and year ended 31 December 2015 are as follows:

EUR'000	30 June 2016 '000 EUR Group	30 June 2016 '000 EUR Bank	31 Dec 2015 '000 EUR Group	31 Dec 2015 '000 EUR Bank
Allowance for impairment				
Balance at 1 January	95,758	91,648	90,271	86,813
Sale of subsidiary		-	-	-
Charge for the period:				
<i>Specific impairment allowance</i>	16,169	16,102	25,610	25,600
<i>Collective impairment allowance</i>	255	-	405	-
Reversal of specific impairment allowance loss				
<i>Specific impairment allowance</i>	(2,493)	(2,409)	(4,360)	(4,781)
<i>Collective impairment allowance</i>	(68)	-	(167)	-
Effect of foreign currency translation	(854)	(809)	2,468	2,415
Write offs	(19,322)	(18,052)	(18,469)	(18,399)
Balance at the end of period	89,445	86,480	95,758	91,648

(v) *Restructured loans*

As at 30 June 2016, the Group held restructured loans of EUR 255,275 thousand (31 December 2015: EUR 237,037 thousand) and the Bank held restructured loans of EUR 262,597 thousand (31 December 2015: EUR 243,062 thousand). Main forms of restructuring were the reduction of the interest rate, and postponing of interest payments or principal amounts.

18 Loans and receivables due from customers, continued

(c) Industry analysis of the loan portfolio

	30 June 2016	30 June 2016	31 Dec 2015	31 Dec
	'000 EUR	'000 EUR	'000 EUR	2015
	Group	Bank	Group	Bank
Financial services	237,396	280,418	268,904	311,764
Real estate management	248,575	299,652	258,859	308,229
Transport and communication	160,857	164,041	200,111	203,292
Individuals	134,717	133,800	99,907	98,941
Wholesale and retailing	73,053	73,053	81,021	81,022
Investments in finance lease	47,399	-	48,842	-
Construction	38,818	38,818	41,028	41,028
Manufacturing	15,169	15,798	16,879	17,523
Food industry	7,453	7,453	9,322	9,322
Tourism	6,252	6,252	6,414	6,414
Other	55,048	58,694	70,485	74,254
	1,024,737	1,077,979	1,101,772	1,151,789

(d) Geographical analysis of the loan portfolio

	30 June 2016	30 June 2016	31 Dec 2015	31 Dec 2015
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
	Group	Bank	Group	Bank
Latvia	221,047	276,998	239,637	293,898
OECD countries	175,844	175,813	76,428	76,392
Other non-OECD countries	627,846	625,168	785,707	781,499
	1,024,737	1,077,979	1,101,772	1,151,789

(e) Significant credit exposures

According to regulatory requirements, the Bank and the Group is not allowed to have a credit exposure to one client or a group of related clients of more than 25% of its equity. As at 31 December 2015 and 30 June 2016 the Bank and the Group were in compliance with this requirement.

19 Available-for-sale assets

	30 June 2016 '000 EUR Group	30 June 2016 '000 EUR Bank	31 Dec 2015 '000 EUR Group	31 Dec 2015 '000 EUR Bank
Bonds				
- with rating from AAA to A	261,409	261,409	330,731	330,731
- with rating from BBB+ to BBB-	82,480	82,480	54,644	54,644
- non-investment grade	89,065	89,065	68,889	68,889
- without rating	127,608	127,608	1,838	1,838
Rietumu Asset Management Funds				
RB Opportunity Fund I	-	30,775	-	32,269
Cash Reserve Fund	-	4,535	-	4,610
Fixed Income High Yield Fund	-	4,413	-	4,153
Fixed Income Investment Grade Fund	-	4,597	-	4,503
Global Equity Fund	-	381	-	381
Other equity instruments	743	552	687	496
VISA Inc preference shares	4,124	4,124	-	-
VISA Europe share	-	-	27,275	27,275
Available for sale assets	565,429	609,939	484,064	529,789
Acquisition cost	564,374	611,497	462,305	509,702
Revaluation	2,703	5,861	23,407	26,011
Impairment allowance	(1,648)	(7,419)	(1,648)	(5,924)
Available for sale assets	565,429	609,939	484,064	529,789
Of which pledged under sale and repurchase agreements with Central Bank	131,959	131,959	-	-

Analysis of movements in the impairment allowance

	Six months ended		12 months ended	
	30 June 2016 '000 EUR Group	30 June 2016 '000 EUR Bank	31 Dec 2015 '000 EUR Group	31 Dec 2015 '000 EUR Bank
Balance at the beginning of the period	1,648	5,924	1,648	5,957
Charge for the period	-	1,494	-	-
Recovery	-	-	-	(33)
Currency revaluation	-	1	-	-
Balance at the end of the period	1,648	7,419	1,648	5,924

20 Held-to-maturity investments

	30 Jun 2016 '000 EUR	30 Jun 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Debt and other fixed-income instruments				
- Government and municipal bonds				
Latvia	1,804	1,804	1,837	1,837
Russia	12,901	12,901	13,153	13,153
Total government and municipal bonds	14,705	14,705	14,990	14,990
- Corporate bonds				
Russia	45,461	45,461	45,888	45,888
USA	89,287	87,187	60,786	59,764
Other European Union countries	28,841	28,389	16,045	15,207
Other non-European Union countries	91,481	91,116	82,801	82,052
Total corporate bonds	255,070	252,153	205,520	202,911
	269,775	266,858	220,510	217,901
Of which pledged under sale and repurchase agreements with Central Bank	918	918	-	-

21 Investments in subsidiaries

The subsidiaries of the Bank are as follows:

	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR
	Bank	Bank
Incorporated in		
- Latvia	28,193	27,130
- Cyprus	10,956	10,956
- Belarus	2,362	2,362
- Russia	48	48
- Azerbaijan	4	4
Total gross investments	41,563	40,500
Impairment allowance	(11,618)	(11,618)
Net Investments in subsidiaries	29,945	28,882

21 Investments in subsidiaries, continued

Movements in the impairment allowances

	30 June 2016 '000 EUR Bank	31 Dec 2015 '000 EUR Bank
Balance at the beginning of the period	11,618	11,666
Charge for the period	-	20
Merge of subsidiaries	-	(68)
Balance at the end of period	11,618	11,618

On May 5, 2016 the Bank established subsidiary “Rietumu IT Services” Ltd and on May 26, 2016 – “Rietumu Jazz” Ltd (100% shareholding) in Latvia.

22 Property and equipment

The Group

Cost/Revalued amount '000 EUR	Land and buildings	Construction in progress	Vehicles	Office equipment and machinery	Advances	Total
At 1 January 2016	38,480	1,999	2,594	23,419	64	66,556
Additions	-	1	182	301	81	565
Disposals	-	-	(43)	(48)	-	(91)
Transfers from advances	-	-	16	47	(63)	-
Sale of subsidiary	-	-	-	(6)	-	(6)
Revaluation	-	-	-	44	-	44
Effect of foreign currency translation	(88)	-	(2)	(8)	-	(98)
At 30 June 2016	38,392	2,000	2,747	23,749	82	66,970
Depreciation and impairment losses						
At 1 January 2016	4,478	-	1,400	14,186	-	20,064
Depreciation charge	330	-	202	1,014	-	1,546
Disposals depreciation	-	-	(43)	(44)	-	(87)
Sale of subsidiary	-	-	-	(4)	-	(4)
Effect of foreign currency translation	(1)	-	-	(6)	-	(7)
At 30 June 2016	4,807	-	1,559	15,146	-	21,512
Net carrying amount						
At 30 June 2016	33,585	2,000	1,188	8,603	82	45,458
At 31 December 2015	34,002	1,999	1,194	9,233	64	46,492

22 Property and equipment, continued

The Group, continued

Cost/Revalued amount '000 EUR	Land and buildings	Construction in progress	Vehicles	Office equipment and machinery	Advances	Total
At 1 January 2015	38,467	32	2,868	22,668	-	64,035
Additions	-	236	399	1,426	-	2,061
Disposals	-	-	(665)	(1,403)	-	(2,068)
Transfer from other assets	-	1,737	-	-	64	1,801
Sale of subsidiary	-	-	-	(11)	-	(11)
Reclassification to investment property	-	(6)	-	-	-	(6)
Acquisition of subsidiary	-	-	-	767	-	767
Effect of foreign currency translation	13	-	(8)	(28)	-	(23)
At 31 December 2015	38,480	1,999	2,594	23,419	64	66,556
Depreciation						
At 1 January 2015	3,712	-	1,597	13,681	-	18,990
Depreciation charge	778	-	393	1,826	-	2,997
Disposals	-	-	(589)	(1,296)	-	(1,885)
Transfer	-	-	1	(1)	-	-
Sale of subsidiary	-	-	-	(4)	-	(4)
Effect of foreign currency translation	(12)	-	(2)	(20)	-	(34)
At 31 December 2015	4,478	-	1,400	14,186	-	20,064
Net carrying amount						
At 31 December 2015	34,002	1,999	1,194	9,233	64	46,492
At 31 December 2014	34,755	32	1,271	8,987	-	45,045

22 Property and equipment, continued

The Bank

'000 EUR	Construction in progress	Vehicles	Office equipment	Advances	Total
Cost/Revalued amount					
1 January 2016	1,973	2,542	14,162	64	18,741
Additions	1	182	184	52	419
Disposals	-	(16)	-	-	(16)
Advances	-	16	47	(63)	-
Transfers (Investment in share capital)	-	-	(478)	-	(478)
Transfers from other assets	-	-	44	-	44
At 30 June 2016	1,974	2,724	13,959	53	18,710
Depreciation and impairment losses					
At 1 January 2016	-	1,358	9,233	-	10,591
Depreciation charge	-	179	427	-	606
Disposals	-	(16)	-	-	(16)
Transfers (Investment in share capital)	-	-	(311)	-	(311)
At 30 June 2016	-	1,521	9,349	-	10,870
Net carrying amount					
At 30 June 2016	1,974	1,203	4,610	53	7,840
At 31 December 2015	1,973	1,184	4,929	64	8,150
'000 EUR	Construction in progress	Vehicles	Office equipment	Advances	Total
Cost/Revalued amount					
1 January 2015	-	2,809	14,684	-	17,493
Additions	236	391	583	-	1,210
Disposals	-	(658)	(1,105)	-	(1,763)
Transfer from advances	1,737	-	-	64	1,801
At 31 December 2015	1,973	2,542	14,162	64	18,741
Depreciation and impairment losses					
At 1 January 2015	-	1,561	9,462	-	11,023
Depreciation charge	-	385	872	-	1,257
Disposals	-	(588)	(1,101)	-	(1,689)
At 31 December 2015	-	1,358	9,233	-	10,591
Net carrying amount					
At 31 December 2015	1,973	1,184	4,929	64	8,150
At 31 December 2014	-	1,248	5,222	-	6,470

23 Intangible assets

The Group

'000 EUR	Goodwill	Software	Other	Advances	Total
Cost amount					
At 1 January 2016	1,069	12,229	1,984	504	15,786
Additions	-	469	1	348	818
Disposals	-	(2)	-	-	(2)
Reclassification from advances	-	67	-	(67)	-
Effect of foreign currency translation	-	58	-	-	58
At 30 June 2016	1,069	12,821	1,985	785	16,660
Amortisation and impairment losses					
At 1 January 2016	-	10,909	872	-	11,781
Amortisation charge	-	310	68	-	378
Disposals	-	(2)	-	-	(2)
At 30 June 2016	-	11,217	940	-	12,157
Net carrying amount					
At 30 June 2016	1,069	1,604	1,045	785	4,503
At 31 December 2015	1,069	1,320	1,112	504	4,005
'000 EUR	Goodwill	Software	Other	Advances	Total
Cost amount					
At 1 January 2015	2,512	11,658	2,056	-	16,226
Additions	-	493	34	-	527
Disposals	-	-	(28)	-	(28)
Goodwill write off	(1,443)	-	-	-	(1,443)
Reclassification	-	78	(78)	-	-
Transfer from other assets	-	-	-	504	504
At 31 December 2015	1,069	12,229	1,984	504	15,786
Amortisation and impairment losses					
At 1 January 2015	1,443	10,350	774	-	12,567
Amortisation charge	-	559	125	-	684
Disposals	-	-	(27)	-	(27)
Impairment of goodwill write off	(1,443)	-	-	-	(1,443)
At 31 December 2015	-	10,909	872	-	11,781
Net carrying amount					
At 31 December 2015	1,069	1,320	1,112	504	4,005
At 31 December 2014	1,069	1,308	1,282	-	3,659

23 Intangible assets, continued

The Bank

'000 EUR	Goodwill	Software	Other	Advances	Total
Cost amount					
At 1 January 2016	1,069	12,216	42	504	13,831
Additions	-	468	1	348	817
Disposals	-	(1)	-	-	(1)
Transfers from advances	-	67	-	(67)	-
Transfers (Investment in share capital)	-	(665)	-	(710)	(1,375)
Revaluation	-	58	-	-	58
At 30 June 2016	1,069	12,143	43	75	13,330

Amortisation and impairment losses

At 1 January 2016	-	10,898	23	-	10,921
Amortisation charge	-	309	2	-	311
Disposals	-	(1)	-	-	(1)
Transfers (Investment in share capital)	-	(485)	-	-	(485)
At 30 June 2016	-	10,721	25	-	10,746

Net carrying amount

At 30 June 2016	1,069	1,422	18	75	2,584
At 31 December 2015	1,069	1,318	19	504	2,910

'000 EUR	Goodwill	Software	Other	Advances	Total
Cost amount					
At 1 January 2015	1,069	11,645	115	-	12,829
Additions	-	493	19	-	512
Disposals	-	-	(14)	-	(14)
Reclassification	-	78	(78)	-	-
Advances	-	-	-	504	504
At 31 December 2015	1,069	12,216	42	504	13,831

Amortisation and impairment losses

At 1 January 2015	-	10,336	35	-	10,371
Amortisation charge	-	562	1	-	563
Disposals	-	-	(13)	-	(13)
At 31 December 2015	-	10,898	23	-	10,921

Net carrying amount

At 31 December 2015	1,069	1,318	19	504	2,910
At 31 December 2014	1,069	1,309	80	-	2,458

Goodwill of EUR 1,069 thousand (2015: EUR 1,069 thousand) originated on the acquisition of a payment card business unit in 2001.

24 Investment property

	30 June 2016	30 June 2016	31 Dec 2015	31 Dec 2015
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
	Group	Bank	Group	Bank
Balance at 1 January	82,968	8,447	76,399	5,406
Revaluation of property	(1,524)	-	-	-
Transferred from advances	-	-	17	-
Transfers from other assets	-	1,776	-	-
Purchase of subsidiary	464	-	4,028	-
Transferred from property	1,776	-	6	-
Additions	2,159	109	4,567	1,451
Disposals	-	(72)	(2,129)	(36)
Revaluations	-	-	744	1,626
Currency revaluation	(216)	-	(664)	-
Sale of subsidiary	(506)	-	-	-
Written off	(39)	-	-	-
Balance at the end of reporting period	85,082	10,260	82,968	8,447

Investment property comprises residential properties and other commercial properties, such as land or parts of buildings, and premises owned by the Group companies, which the Group does not occupy and which are leased to third parties. The Group's investment property comprises of a food processing terminal, residential properties, plots of land, and a hotel.

25 Other assets

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
<i>Other financial assets</i>				
Cash in transit	2,379	2,299	6,058	4,669
Guarantee receivable from borrower	1,246	1,300	1,432	1,432
Receivables VISA Inc.	2,075	2,075	-	-
Other	348	325	380	357
Impairment allowance on guarantee receivable	(985)	(1,039)	(354)	(354)
<i>Other non-financial assets</i>				
Collateral assumed on non-performing loans	5,450	5,036	6,812	6,812
Prepayments	4,187	3,933	598	483
Guarantee receivable from borrower	3,574	3,628	3,568	3,568
Recoverable VAT	324	43	459	94
Tax prepayments	212	-	3	-
Other	4,964	6,895	7,019	8,720
Impairment allowance	(3,492)	(3,158)	(3,788)	(3,451)
	20,282	21,337	22,187	22,330

Analysis of movements in the value of collateral assumed on non-performing loans

	Six months ended		12 months ended	
	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Balance at the beginning of the period	6,812	6,812	8,918	8,918
Addition	414	-	-	-
Sale of collateral completed	-	-	(103)	(103)
Reclassified to investment property	(1,776)	(1,776)	-	-
Reclassifies to property and equipment	-	-	(1,737)	(1,737)
Write-offs	-	-	(266)	(266)
Balance at the end of the period	5,450	5,036	6,812	6,812

Analysis of movements in the impairment allowance

	Six months ended		12 months ended	
	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Balance at the beginning of the period	4,142	3,805	2,245	1,933
Charge for the period	647	697	2,310	2,181
Recovery	(2)	(2)	(7)	(7)
Written off	(310)	(303)	(406)	(302)
Currency revaluation	-	-	-	-
Balance at the end of the period	4,477	4,197	4,142	3,805

26 Deposits and balances due to banks

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Vostro accounts	38,896	38,896	49,710	49,710
Term deposits	821	820	680	-
	39,717	39,716	50,390	49,710

Concentration of deposits and balances from banks

As at 30 June 2016 the Bank and the Group had balances with two (two as at 31 December 2015) credit institutions, which exceeded 10% of the total deposits and balances from banks. The gross value of these balances as of 30 June 2016 was EUR 17,780 thousand and EUR 6,169 thousand accordingly. The gross value of these balances as of 31 December 2015 was EUR 15,609 thousand and EUR 15,229 thousand accordingly.

27 Current accounts and deposits due to customers

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Private companies				
- current accounts	1,957,787	1,987,114	2,211,610	2,242,376
- term deposits	131,747	132,015	155,232	153,090
Total private companies	2,089,534	2,119,129	2,366,842	2,395,466
Government				
- current accounts	54	54	40	40
- term deposits	42	-	47	-
Total government	96	54	87	40
Private individuals				
- current accounts	585,562	585,562	616,140	616,218
- term deposits	209,476	207,556	220,923	219,834
Total private individuals	795,038	793,118	837,063	836,052
Total current accounts and deposits due to customers	2,884,668	2,912,301	3,203,992	3,231,558

(a) Blocked accounts

As of 30 June 2016 and 31 December 2015, the Bank maintained customer deposit balances of EUR 11,205 thousand and EUR 6,028 thousand, respectively which were blocked by the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank.

27 Current accounts and deposits due to customers, continued

(b) Concentrations of current accounts and customer deposits

As of 30 June 2016 and 31 December 2015, the Bank and the Group had no customers, whose balances exceeded 10% of total customer accounts.

28 Issued debt securities

Subordinated bonds and ordinary bonds have a fixed term at their origination. Subordinated bonds are repayable before maturity only on winding up or bankruptcy of the Bank. Subordinated bonds rank before shareholders' claims. All bonds are listed on the Nasdaq OMX Riga exchange with the following maturities and carrying amounts:

ISIN	Currency	Number of initially issued securities	Par value	Date of issue	Date of maturity	Discount /coupon rate, %	Group 30/06/2016	Bank 30/06/2016	Group 31/12/2015	Bank 31/12/2015
Subordinated bonds										
LV0000800993	EUR	200	50 000	07.12.2012	07.09.2019	7.0	10,222	10,222	10,222	10,222
LV0000801009	USD	80	75 000	07.12.2012	07.09.2019	7.0	5,524	5,524	5,633	5,633
LV0000801025	USD	67	75 000	07.12.2012	14.09.2019	7.0	4,620	4,620	4,712	4,712
Subordinated bonds, total							20,366	20,366	20,567	20,567
Ordinary bonds										
LV0000801918	USD	280	75 000	10.12.2015	10.12.2017	2.25	18,940	18,940	19,314	19,314
LV0000801900	EUR	200	50 000	10.12.2015	10.12.2017	2.00	10,012	10,012	10,012	10,012
LV0000801975	USD	100	75 000	22.12.2015	22.12.2017	2.25	6,760	6,760	5,891	6,892
Ordinary bonds, total							35,712	35,712	35,217	36,218
Issued debt securities, total ('000 EUR)							56,078	56,078	55,784	56,785

There were no defaults on interest or other breaches with respect to issued debt securities.

29 Other liabilities and accruals

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
<i>Other financial liabilities</i>				
Cash in transit	-	-	2,152	-
Accruals	5,246	5,246	101	101
<i>Other non-financial liabilities</i>				
Management bonus accrual	5,956	5,956	4,303	4,230
Deferred income	1,960	1,325	3,570	1,355
Annual leave accrual	3,265	2,935	1,986	1,753
Deposits guarantee fund	1,461	816	1,705	1,232
VAT payable	200	-	928	-
Estimated liability to FKTK	455	455		
Prepayments	560	122	156	9
Dividends payable	46	6	24	6
Accounts payable to suppliers and other	11,585	6,279	8,826	5,977
	30,734	23,140	23,751	14,663

30 Share capital and reserves

(a) Issue of preference shares

<u>Issue date</u>	<u>Number of issued shares</u>	<u>Share value (EUR)</u>	<u>Share Premium (EUR)</u>
March 2014	13,254,238	1.4	2.04
January 2015	1,915,142	1.4	3.03
March 2015	835,614	1.4	3.16
June 2015	429,869	1.4	3.02
August 2015	2,585,445	1.4	3.45

Preference shares are shares which have preference over ordinary shares for payment of dividend. The dividend is defined as percentage of issuance price and if not paid, it is accumulated. It is upon Bank's discretion to delay the dividend payments indefinitely. Preference share shareholders do have voting rights if dividends are not received or are partly received for two consecutive years.

30 Share capital and reserves, continued

(b) Share Capital and Share Premium

The share capital as of 30 June 2016 consists of:

	30 June 2016 '000 EUR	Number of shares	31 Dec 2015 '000 EUR	Number of shares
Ordinary shares	142,287	101,633,700	142,287	101,633,700
Preference shares	26,629	19,020,308	26,629	19,020,308
Issued capital	168,916		168,916	
Share premium	52,543		52,543	

The structure of shareholders holding ordinary shares did not change since 31 December 2015. The nominal value of one ordinary and preference share is EUR 1.40.

31 Commitments and guarantees

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Contracted amount				
Loan and credit line commitments	6,395	13,453	14,396	18,515
Credit card commitments	7,254	7,255	9,027	9,028
Undrawn overdraft facilities	20,998	20,998	11,435	11,435
Guarantees and letters of credit	8,180	8,180	9,779	9,779
Total	42,827	49,886	44,637	48,757

32 Litigations

In the ordinary course of business, the Bank is subject to legal actions and complaints. As at 30 June 2016 there were 11 legal proceedings outstanding against the Bank. Total amount disputed in these proceedings is EUR 3,514 thousand (31 December 2015: EUR 3,329 thousand). No provisions were recognised as at 30 June 2016 and 31 December 2015, as the management based on the professional advice to the Bank considers that the loss is not likely to eventuate.

In addition, the Bank is subject to investigation for alleged involvement in tax evasion by others. The management of the Bank is confident that there are no grounds for the case. As a result, no provisions for possible losses have been recognized.

33 Reverse repo

	30 June 2016 '000 EUR	30 June 2016 '000 EUR	31 Dec 2015 '000 EUR	31 Dec 2015 '000 EUR
	Group	Bank	Group	Bank
Nomura International plc	88,946	88,946	88,554	88,554
Merrill Lynch International	45,144	45,144	-	-
Brissard International	12	12	12	12
Total	134,102	134,102	88,566	88,566

34 Equity accounted investees

The Group owns a share in the following associates, both associated companies provide transportation information services and their assets consist mainly from property and equipment for their operations. The total assets and revenues are not material to the Group.

Name	Country of incorporation	Principal activities	Ownership %	Amount of investment	
				30 June 2016	31 December 2015
“AED Rail Service” Ltd	Latvia	Information services for the railway	43.00%	9	21
“Dzelzcelu Tranzits Ltd	Latvia	Information services for the railway	49.12%	-	-
Total				9	21

35 Related party transactions

Related parties are defined as shareholders who have significant influence over the Bank, companies in which they have a controlling interest, members of the Council and Board of Directors, key management personnel, their close relatives and companies in which they have a controlling interest, as well as associated companies.

'000 EUR	30 June 2016			31 Dec 2015		
	Subsidiaries and associates	Key management	Other related parties	Subsidiaries and associates	Key management	Other related parties
Loans and receivables due from customers	103,726	283	17,086	102,215	319	18,357
Current accounts and deposits due to customers	29,416	23,404	41,030	22,055	22,998	31,632
Issued debt securities	-	307	-	1,001	153	-
Commitments and guarantees	7,056	782	156	4,119	819	136
	30 June 2016			30 June 2015		
Interest income	2,895	6	453	2,999	7	489
Interest expense	-	572	493	-	777	539

Total remuneration included in General administrative expenses (Note 13):

	Six months ended 30 June			
	2016 '000 EUR Group	2016 '000 EUR Bank	2015 '000 EUR Group	2015 '000 EUR Bank
Members of the Council	106	88	110	110
Members of the Board of Directors	988	740	2,493	1,916
	1,094	828	2,603	2,026

36 Fair value of financial instruments

(a) Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised.

The Group

30 June 2016	Level (1)	Level (2)	Level (3)	Total
Financial assets				
Available for sale assets	561,114	-	4,315	565,429
Financial assets at fair value through profit or loss	14,625	860	-	15,485
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	274	-	274
31 Dec 2015	Level (1)	Level (2)	Level (3)	Total
Financial assets				
Available for sale assets	456,380	191	27,493	484,064
Financial assets at fair value through profit or loss	15,481	958	-	16,439
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	19	-	19

The Bank

30 June 2016	Level (1)	Level (2)	Level (3)	Total
Financial assets				
Available for sale assets	575,040	-	34,899	609,939
Financial assets at fair value through profit or loss	184	860	-	1,044
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	274	-	274
31 Dec 2015	Level (1)	Level (2)	Level (3)	Total
Financial assets				
Available for sale assets	470,027	-	59,762	529,789
Financial assets at fair value through profit or loss	183	983	-	1,166
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	19	-	19

Under Level 3 of fair value hierarchy were classified units of RB Opportunity fund and certain shares, the fair value of which is measured based estimated fair value of underlying assets, mainly real estate properties.

36 Fair value of financial instruments, continued

(b) Financial instruments not measured at fair value

The table below analyses the fair values of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised.

The Group

30 June 2016	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Financial assets					
Cash and balances with central banks	-	-	718,887	718,887	718,887
Loans and receivables from banks	-	-	710,227	710,227	710,227
Loans and receivables from customers	-	-	1,024,737	1,024,737	1,024,737
Reverse repo	-	-	134,102	134,102	134,102
Held-to-maturity instruments	244,679	-	-	244,679	269,775
Other financial assets	-	-	5,603	5,603	5,603
Financial liabilities					
Due to Bank of Latvia	-	-	120,000	120,000	120,000
Deposits and balances due to banks	-	-	39,717	39,717	39,717
Deposits and balances due to customers	-	-	2,884,668	2,884,668	2,884,668
Issued debt securities	-	-	56,078	56,078	56,078
Other financial liabilities	-	-	5,246	5,246	5,246
31 December 2015					
Financial assets					
Cash and balances with central banks	-	-	881,868	881,868	881,868
Loans and receivables from banks	-	-	841,210	841,210	841,210
Loans and receivables from customers	-	-	1,101,772	1,101,772	1,101,772
Reverse repo	-	-	88,566	88,566	88,566
Held-to-maturity instruments	222,111	-	-	222,111	220,510
Other financial assets	-	-	7,516	7,516	7,516
Financial liabilities					
Deposits and balances due to banks	-	-	50,390	50,390	50,390
Deposits and balances due to customers	-	-	3,203,992	3,203,992	3,203,992
Issued debt securities	-	-	55,784	55,784	55,784
Other financial liabilities	-	-	2,253	2,253	2,253

The fair value of financial assets and liabilities measured at amortized cost, except for held to maturity investments, is measured using discounted cash flows. Discounting rate is derived from market interest rate adjusted for risk related to individual instruments. Held to maturity investments fair value is measured based on individual market price.

36 Fair value of financial instruments, continued

The Bank

30 June 2016	Level 1 '000 EUR	Level 2 '000 EUR	Level 3 '000 EUR	Total fair values '000 EUR	Total carrying amount '000 EUR
Financial assets					
Cash and balances with central banks	-	-	718,846	718,846	718,846
Loans and receivables from banks	-	-	709,690	709,690	709,690
Loans and receivables from customers	-	-	1,077,979	1,077,979	1,077,979
Reverse repo	-	-	134,102	134,102	134,102
Held-to-maturity instruments	241,926	-	-	241,926	266,858
Other financial assets	-	-	4,960	4,960	4,960
Financial liabilities					
Due to Bank of Latvia	-	-	120,000	120,000	120,000
Deposits and balances due to banks	-	-	39,716	39,716	39,716
Deposits and balances due to customers	-	-	2,912,301	2,912,301	2,912,301
Issued debt securities	-	-	56,078	56,078	56,078
Other financial liabilities	-	-	5,246	5,246	5,246
31 December 2015					
Financial assets					
Cash and balances with the central banks	-	-	881,816	881,816	881,816
Loans and receivables due from banks	-	-	840,803	840,803	840,803
Loans and receivables due from customers	-	-	1,151,789	1,151,789	1,151,789
Reverse repo	-	-	88,566	88,566	88,566
Held-to-maturity instruments	219,507	-	-	219,507	217,901
Other financial assets	-	-	6,104	6,104	6,104
Financial liabilities					
Deposits and balances due to banks	-	-	49,710	49,710	49,710
Deposits and balances due to customers	-	-	3,231,558	3,231,558	3,231,558
Issued debt securities	-	-	56,785	56,785	56,785
Other financial liabilities	-	-	101	101	101

37 Operating segments

The Group has four reportable segments, as described below, which are the Group`s strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group`s management and internal reporting structure.

For each of the strategic business units, the Group upper level management reviews internal management reports on at least monthly basis.

The following summary describes the operations in each of the Group`s reportable segments:

Lending & Investment	Includes commercial loans to customers, trade finance, private mortgages and other financing products and investments.
Customer services	Includes general banking operations, customer payments, credit card transactions and other transactions with all customers.
Financial markets & Treasury	Includes customer asset management products such as funds as well as customer securities brokerage, customer repurchase financing and includes funding of the bank`s activities through customer deposits, liquidity management, foreign exchange, issues of debt securities, investing in liquid assets such as short term placements and corporate and government securities.
Investments and non-banking segments	Includes business activities of Group subsidiaries and non-banking income including real estate rental and leasing businesses.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group upper level management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is based on resources cost compensation, calculation based on management`s assessment of the level of risk.

37 Operating segments, continued

The following table shows the operating segment structure of gross revenue of the Group for six months period ended at 30 June 2016 and financial assets and liabilities of the Group as at 30 June 2016:

`000 EUR	Lending & investment	Customer services	Financial markets & Treasury	Investment and non- banking segments	Total
External revenue					
Net interest income	32,708	134	(619)	6,791	39,014
Net fee and commission income	(68)	18,384	1,935	48	20,299
Net gain on financial instruments at fair value through profit or loss	-	-	15	1,117	1,132
Net foreign exchange income	-	1,952	8,798	234	10,984
Net realised gain on available-for-sale assets	-	30,959	178	-	31,137
Share of profit of equity accounted investees (net of income tax)	-	-	-	(12)	(12)
Other income/(expense)	364	(20)	103	3,426	3,873
Inter segment revenue	(15,372)	4,083	11,289	-	-
Total segment revenue	17,632	55,492	21,699	11,604	106,427
Impairment losses	(14,322)	-	-	(186)	(14,508)
Reportable segment profit before income tax	(2,422)	43,915	17,923	(3,354)	56,062
Reportable segment assets	878,512	77,202	2,424,577	143,496	3,523,787
Reportable segment liabilities	-	2,416,200	681,861	2,676	3,100,737

37 Operating segments, continued

The following table shows the operating segment structure of gross revenue of the Group for six months period ended at 30 June 2015 and financial assets and liabilities of the Group as at 31 December 2015:

`000 EUR	Lending & investment	Customer services	Financial markets & Treasury	Investment and non- banking segments	Total
External revenue					
Net interest income	37,294	86	(2,260)	5,745	40,865
Net fee and commission income	(402)	19,476	1,724	145	20,943
Net gain on financial instruments at fair value through profit or loss	-	-	65	339	404
Net foreign exchange income	-	2,243	10,058	(814)	11,487
Net realised gain on available-for-sale assets	9	-	110	-	119
Share of loss of equity accounted investees (net of income tax)	-	-	-	(4)	(4)
Other income/(expense)	271	161	11	2,720	3,163
Inter segment revenue	(13,272)	3,432	9,840	-	-
Total segment revenue	23,900	25,398	19,548	8,131	76,977
Impairment losses	(8,325)	(14)	-	(314)	(8,653)
Reportable segment profit before income tax	24,552	11,544	5,838	(619)	41,315
Reportable segment assets	926,594	67,608	2,578,131	145,135	3,717,468
Reportable segment liabilities	-	2,695,051	612,686	2,448	3,310,185

37 Operating segments, continued

	30 June 2016	30 June 2015
	'000 EUR	'000 EUR
Operating income		
Total revenue for reportable segments	106,427	76,977
Unallocated amounts	-	-
Consolidated operating income	106,427	76,977
Profit before income tax		
Total profit or loss for reportable segments	56,062	41,315
Unallocated amounts	-	-
Consolidated profit before income tax	56,062	41,315
	30 June 2016	31 Dec 2015
	'000 EUR	'000 EUR
Assets		
Total assets for reportable segments	3,523,787	3,717,468
Other unallocated amounts	75,440	76,685
Consolidated total amounts	3,599,227	3,794,153
Liabilities		
Total liabilities for reportable segments	3,100,737	3,310,185
Other unallocated amounts	34,127	27,099
Consolidated total amounts	3,134,864	3,337,284

Other unallocated amounts to assets: Property and equipment, Intangible assets, Non-current assets held for sale, Current tax asset, Deferred tax asset and Other assets (excluding collateral assumed on non-performing loans).

Other unallocated amounts to liabilities: Current tax liability, Deferred tax liability and Other liabilities.

38 Interest in other entities

(a) Non-controlling interest in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations as at 30 June 2016 for the period of 6 months ended 30 June 2016:

`000 EUR	InCredit Group SIA	RAM Fund- FI High Yield USD	RAM Fund- Fixed income Investment grade USD	Other subsidiaries	Total
Percentage of Non-controlling interest	49.00%	36.04%	62.74%		
Financial instruments at fair value through profit or loss	-	5,523	8,581		
Loans and advances due from customers	32,600	-	-		
Loans and receivables due from banks	-	1,275	3,586		
Other assets	1,112	-	-		
Deposits and balances due to financial institutions	(25,754)	-	-		
Current accounts and deposits due to customers	(1,920)	-	-		
Other liabilities	(2,594)	(7)	(8)		
Net assets	3,444	6,791	12,159		
Carrying amount of Non-controlling interest	1,688	2,447	7,629	1,035	12,799
Revenue	3,778	556	511		
Profit after tax	655	347	167		
Total comprehensive income	655	347	167		
Profit/(loss) allocated to Non-controlling interest	321	125	105	(68)	483
Cash flows from operating activities	501	153	1,038		
Cash flows from investment activities	(28)	-	-		
Cash flows from financing activities, before dividends to NCI	1,303	(681)	(566)		
Cash flows from financing activities - cash dividends to NCI	(397)	(681)	(566)		
Net increase (decrease) in cash and cash equivalents	76	(528)	472		

38 Interest in other entities, continued

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations as at 31 December 2015 and for the period of six months ended 30 June 2015:

`000 EUR As at 31 December 2015	InCredit Group Ltd	RAM Fund- Fixed income High Yield USD	Other subsidiaries	Total
Percentage of Non-controlling interest	49.00%	42.10%		
Financial instruments at fair value through profit or loss	-	5,404		
Loans and advances due from customers	31,915	-		
Loans and receivables due from banks	-	1,847		
Other assets	981	-		
Deposits and balances due to financial institutions	(24,757)	-		
Current accounts and deposits due to customers	(1,004)	-		
Other liabilities	(2,588)	(12)		
Net assets	4,547	7,239		
Carrying amount of Non-controlling interest	2,228	3,048	8,572	13,848
As at 30 June 2015				
Revenue	3,735	325		
Profit after tax	651	790		
Total comprehensive income	651	790		
Profit/(loss) allocated to Non-controlling interest	319	274	(172)	421
Cash flows from operating activities	(1,330)	(463)		
Cash flows from investment activities	(65)	-		
Cash flows from financing activities, before dividends to NCI	1,465	1,951		
Cash flows from financing activities - cash dividends to NCI	1,465	1,951		
Net increase (decrease) in cash and cash equivalents	70	1,488		

38 Interest in other entities, continued

The Group is holding units of investment funds for which it acts as asset management company, i.e. has power over individual investment decisions in line with investment strategy published in the prospectus. The Group is obtaining fixed fee for asset management and custodian services. As at 30 June 2016 and 31 December 2015, the Group evaluated that it has control over the investment funds and the funds are consolidated. Units of the funds are traded on regular basis, and for the period ended on 30 June 2016 the trades resulted in net decrease in non-controlling interest amounting to EUR 699 thousands (2015: increase EUR 9,584 thousands).

39 Change in financial risk sensitivity

An analysis of sensitivity of the Bank's and the Group's net income and other comprehensive income for the period to changes in the foreign currency exchange rates based on positions existing as at 30 June 2016 and as at 31 December 2015 and a scenario of a 5% change in USD to EUR exchange rates, while the other variable remain constant, is as follows:

Group '000 EUR	30 June 2016		31 Dec 2015	
	Profit for the period	Other comprehensive income	Profit for the period	Other comprehensive income
5% appreciation of USD against EUR	386	12	(1,106)	10
5% depreciation of USD against EUR	(386)	(12)	1,106	(10)

Bank '000 EUR	30 June 2016		31 Dec 2015	
	Profit for the period	Other comprehensive income	Profit for the period	Other comprehensive income
5% appreciation of USD against EUR	(891)	709	(219)	693
5% depreciation of USD against EUR	891	(709)	219	(693)

An analysis of sensitivity of the Bank's and the Group's net income for the year and equity to changes in securities prices based on positions existing as at 30 June 2016 and as at 31 December 2015 and a scenario of a 5% change in all securities prices, while the other variables remain constant, is as follows:

Group '000 EUR	30 June 2016		31 Dec 2015	
	Profit for the period	Other comprehensive income	Profit for the period	Other comprehensive income
5% increase in securities prices	731	28,271	774	24,203
5% decrease in securities prices	(731)	(28,271)	(774)	(24,203)

Bank '000 EUR	30 June 2016		31 Dec 2015	
	Profit for the period	Other comprehensive income	Profit for the period	Other comprehensive income
5% increase in securities prices	9	30,497	9	26,489
5% decrease in securities prices	(9)	(30,497)	(9)	(26,489)

40 Disposal of subsidiaries

The disposal of the subsidiaries in 2016 had the following effect on the Group`s assets and liabilities at the date of disposal:

‘000 EUR

	RB Commercial Consulting Co Ltd
	‘000 EUR
Assets	
Loans and advances due from banks	1
Property and equipment	2
Other assets	17
Liabilities	
Deposits and balances due to banks	-
Other liabilities	(26)
Net identifiable assets and liabilities	(6)
Attributable to equity holders of the Bank	(6)
Consideration received	-

41 Acquisition of subsidiaries

In 2016, RB Investments Ltd (a subsidiary of the Bank) acquired the following subsidiary:

	SIA Penrox Petroleum
Date of acquisition	28.01.2016
Acquired shares %	100%

The acquisition of the subsidiaries had the following effect on the Group`s assets and liabilities at the date acquisition:

‘000 EUR	SIA Penrox Petroleum
Assets	
Loans and advances due from banks	1
Property and equipment	-
Investment property	464
Other assets	397
Liabilities	
Deposits and balances due to banks	(312)
Current accounts and deposits due to customers	(22)
Other liabilities	(420)
Net identifiable assets and liabilities	108
Net identifiable assets and liabilities attributable to equity holders of the bank	108
Adjustment to identifiable assets	-
Gain on bargain purchase	(98)
Consideration paid	10

Acquisition of investment property through purchase of subsidiaries

The Group has acquired 100 % shares in Penrox Petroleum Ltd on 28.01.2016. The company manages an investment property object in Riga region. The investment property is measured at fair value based on independent appraisers report.