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General Information

Mission

The Bank offers qualitative and professional financial services for the dynamically growing enterprises and high-net-worth individuals from Latvia, the CIS, Europe and other world regions.

The Bank aims at providing premium quality service, our personalised and customer-oriented approach allows to devise and offer tailored financial solutions for every customer meeting his/her business needs and personal requirements.

Vision

The Bank endeavors to strengthen its leading positions in wealth management and corporate client service in Latvia and beyond.

The Bank aspires to increase its efficiency ratios and strengthen its market position aiming at ensuring stable profitability. The Bank seeks the stable development achieved by means of effective internal technology and administrative infrastructure.

The Bank is also planning to foster the improvement of risks and control management systems, staff training and professional growth of all its employees.

Rietumu is a socially responsible Latvian bank rendering support for those in need through our Rietumu Bank Charity Fund.

Strategy

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

/Cooperation with customers working on international scale, customers who own production companies, distribution networks, retail chains, transportation and real estate enterprises, import and export oriented companies, as well as customers with cross-border business requirements, etc.

/Assets and wealth management, brokerage services for stock exchange, investment and corporate finance, provision of loans to corporate entities, interbank lending and investment in securities, attraction of interbank loans, corporate and private deposits attraction.

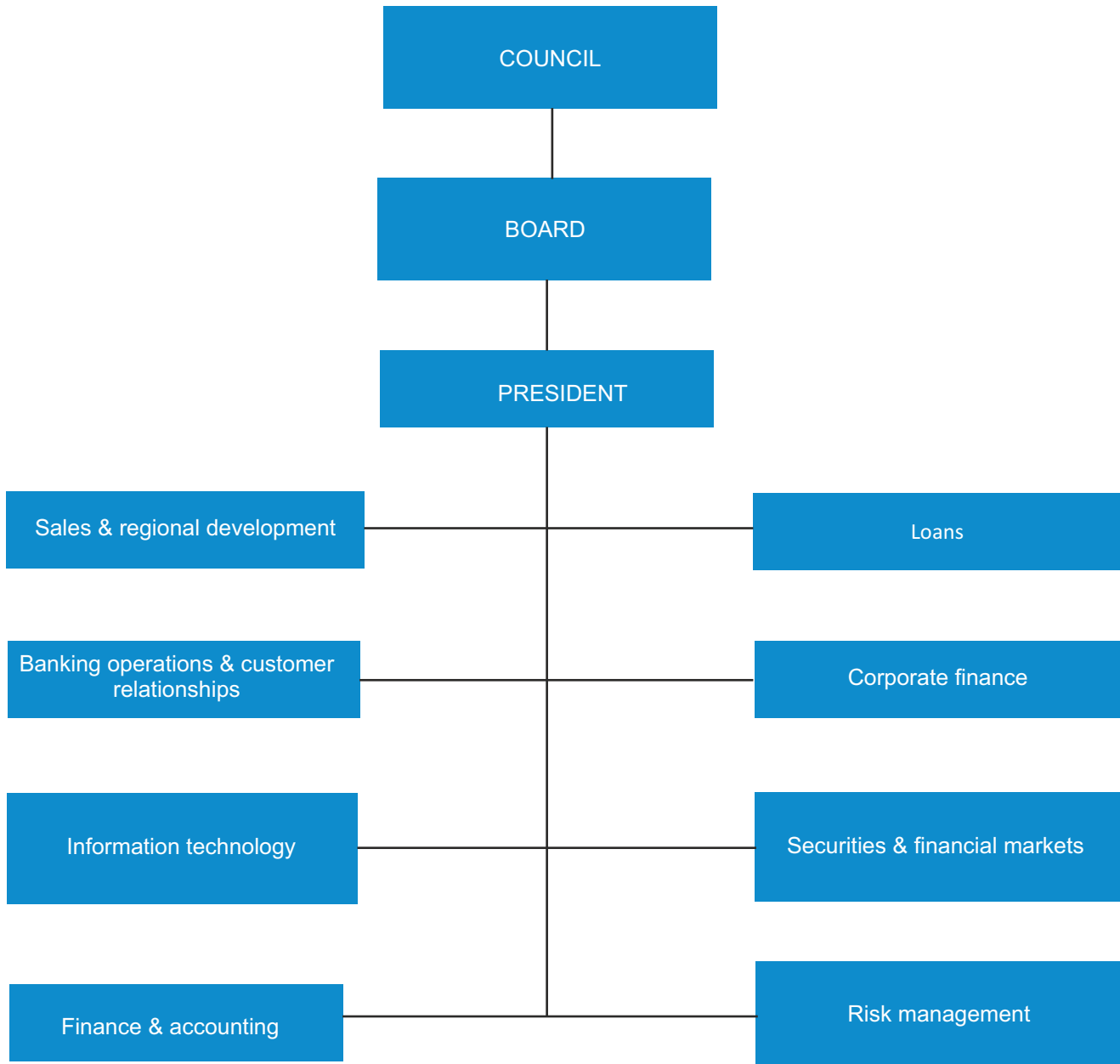
/Constantly raising customer service quality by improving and expanding the existing product range according to the current market situation and the Bank's technological capabilities.

/Continually improving the internal processes and information technologies.

Bank offices

The information about Rietumu Bank Worldwide offices can be found: <http://www.rietumu.com/bank-offices>

The structure of JSC “Rietumu Banka”



Shareholders of the Bank

Shareholders of the Bank	Number of voting shares	Par value of Shares in lats	Paid-in share capital	% of total share capital
Companies non-residents, total	33 110 000		33 110 000	33.11%
Boswell (International) Consulting Limited	33 110 000	1	33 110 000	33.11%
Private persons, total	66 890 000		66 890 000	66.89%
Leonid Esterkin	33 119 553	1	33 119 553	33.12%
Arkady Suharenko	17 335 000	1	17 335 000	17.34%
Others	16 435 447	1	16 435 447	16.44%
Total	100 000 000		100 000 000	100.00%

The Council of Rietumu Bank

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

The Board of Directors

Name	Position	Date of appointment
Alexander Pankov	Chairman of the Board, President	18/10/10(18/10/10-18/10/13)
Ruslans Stecjuks	Member of the Board, First Vice President	18/10/10(18/10/10-18/10/13)
Dmitry Pyshkin	Member of the Board, Senior Vice President	02/07/01(18/10/10-18/10/13)
Jevgenijs Djugajevs	Member of the Board, Senior Vice President	18/10/10(18/10/10-18/10/13)
Iļja Suharenko	Member of the Board, Senior Vice President	18/10/10(18/10/10-18/10/13)
Rolf Paul Fuls	Member of the Board, Senior Vice President	26/11/10(26/11/10-18/10/13)
Renats Lokomets	Member of the Board, Senior Vice President	10/12/12(10/12/12-18/10/13)

Members of the consolidation group

No	Company name	Registration number	Registration location code and address	Commercial activity *	Share capital (%)	Voiting shares (%)	Justification for inclusion in the group**
1	RB Securities Limited	HE 78731	CY, 1 Stasinou Street, 1 Mitsi Building, 2nd Floor, Office 5, Plateia Eleftherias, P.C. 1060, Nicosia, Cyprus	CFI	99.99	100	MS
2	SIA "RB Investments"	40003669082	LV, Vesetas iela 7, 10.stāvs, Rīga, Latvija, LV-1013	CFI	100	100	MS
3	AS "RB Asset Management"	40003764029	LV, Vesetas iela 7, 11.stāvs, Rīga, Latvija, LV-1013	IPS	100	100	MS
4	SIA "RB Drošība"	40003780752	LV, Vesetas iela 7, Rīga, Latvija, LV-1013	CKS	100	100	MS
5	SIA "Westtransinvest"	100188077	BY, 8 Fabricius Street, 4th floor, room No 18, Minsk, Belarus, 220007	CFI	50	51	MS
6	SIA "Westleasing"	190510668	BY, 8 Fabricius Street, 4th floor, room No 42, Minsk, Belarus, 220007	CFI	50	51	MS
7	SIA "Westleasing-M"	1047796934206	RU, 10 Kostjakova Street, Moscow, Russia, 127422	CFI	50	51	MS
8	SIA "RB Namu serviss"	40103169629	LV, Vesetas iela 7, 10.stāvs, Rīga, Latvija, LV-1013	CKS	100	100	MS
9	SIA "InCREDIT GROUP"	40103307404	LV, Krišjāna Barona iela 130, Rīga, Latvija, LV-1012	CFI	51	51	MS
10	SIA "OVERSEAS Estates"	40003943207	LV, Vesetas iela 7, 3.stāvs, Rīga, Latvija, LV-1013	CKS	100	100	MS
11	SIA "RB BAKI"	1701269651	AZ, Neftchiler avenue 24 b/c „Daiga Plaza", Baku, Azerbaijan	CKS	100	100	MS

* BNK - bank, ISP - the insurance company, offer - the reinsurer, APP - the insurance company, IBC - an investment firm, IPS - an investment management firm, PFO - pension fund, CFI - other financial institution, FPS - financial company, CKS - other company.

** MS - subsidiary; KS - joint-venture company, MAS - parent company.

Financial performance

Income Statement

	March 2013 Non-Audited	000'LVL March 2012 Non-Audited	March 2013 Non-Audited	000'EUR March 2012 Non-Audited
Interest income	11 928	9 988	16 972	14 212
Interest expenses	-3 616	-3 136	-5 145	-4 462
Dividend income	0	0	0	0
Commission and fee income	7 324	5 503	10 421	7 830
Commission and fee expense	-1 885	-944	-2 682	-1 343
Net realised gain/ (loss) from financial assets at amortised cost	0	0	0	0
Net realised gain/ (loss) from available-for-sale financial assets	0	0	0	0
Net realised gain/ (loss) from financial assets and liabilities held for trading	1010	643	1 437	915
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	0	0	0	0
Changes in fair value hedge accounting	0	0	0	0
Net result from foreign exchange trading and revaluation	3 200	2 471	4 553	3 516
Gain/ (loss) from sale of tangible and intangible fixed assets	2 065	0	2 938	0
Other income	445	208	633	296
Other expense	-6	-6	-9	-9
Administrative expense	-9 840	-9 320	-14 001	-13 261
Depreciation	-299	-483	-425	-687
Impairment expenses	-61	-163	-87	-232
Change in allowances for credit losses	0	0	0	0
PROFIT / LOSS BEFORE CORPORATE INCOME TAX	10 265	4 761	14 606	6 774
Corporate income tax	-2 058	-953	-2 928	-1 356
NET PROFIT / LOSS	8 207	3 808	11 678	5 418

Condensed Balance Sheet

	March 2013 Non-audited	000'LVL December 2012 Audited*	March 2013 Non-audited	000'EUR December 2012 Audited*
ASSETS				
Cash and demand deposits with central banks	261 119	215 757	371 539	306 995
Demand deposits from credit institutions	446 461	462 012	635 257	657 384
Financial assets held for trading	0	0	0	0
Financial instruments at fair value through profit or loss	26 598	37 439	37 846	53 271
Available-for-sale financial assets	82 834	74 487	117 862	105 985
Loans and receivables	712 590	704 505	1 013 924	1 002 420
<i>incl. loans gross</i>	762 859	756 702	1 085 451	1 076 690
<i>Specific impairment allowance</i>	-50 269	-52 197	-71 527	-74 270
Held-to-maturity investments	56 797	15 373	80 815	21 874
Reverse repo loans	76 925	82 780	109 454	117 785
Change of fair value of hedge portfolio	0	0	0	0
Prepaid expense and accrued income	5 440	4 616	7 740	6 568
Fixed assets	3 677	3 629	5 232	5 164
Investment property	1 239	7 499	1 763	10670
Intangible assets	1 648	1 595	2 345	2 269
Investments in subsidiaries and associates	18 621	18 729	26 495	26 649
Tax assets	556	402	791	572
Other assets	10 725	10 144	15 260	14 434
Total assets	1 705 230	1 638 967	2 426 323	2 332 040
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Balances due to central banks	0	0	0	0
Demand deposits due to credit institutions	18 697	18 636	26 603	26 517
Financial liabilities held for trading (derivative financial liabilities)	0	0	0	0
Financial instruments at fair value through profit or loss	71	101	101	144
Financial liabilities at amortised value	1 496 090	1 455 478	2 128 744	2 070 959
<i>incl. deposits</i>	1 482 969	1 441 730	2 110 075	2 051 397
<i>Term deposits due to credit institutions</i>	62	585	88	832
<i>debt securities issued</i>	13 059	13 163	18 581	18 729
Financial liabilities arising from financial asset transfer	0	0	0	0
Change of fair value of hedge portfolio	0	0	0	0
Tax liabilities	1 589	586	2 261	834
Provisions	5 116	3 994	7 279	5 683
Other liabilities	24 909	2 553	35 442	3 633
Total liabilities	1 546 472	1 481 348	2 200 431	2 107 768
Shareholders' equity	158 758	157 619	225 892	224 272
<i>incl. paid-in share capital</i>	100 000	100 000	142 287	142 287
<i>share premium</i>	4 809	4 809	6 843	6 843
<i>reserve capital</i>	10 016	10 016	14 252	14 251
<i>previous years profit/loss</i>	34 482	19 289	49 063	27 446
<i>retained profit / loss</i>	8 207	20 257	11 678	28 823
<i>fixed asset revaluation reserve</i>	0	1 754	0	2 496
<i>available for sale financial assets revaluation reserve</i>	1 244	1 494	1 770	2 126
Total liabilities and shareholder's equity	1 705 230	1 638 967	2 426 323	2 332 040
Contingent liabilities	6 892	6 589	9 806	9 375
Off-balance sheet liabilities to customers	42 697	32 437	60 752	46 154

*Information has been prepared based on data from the Audited Financial Statements for the year ended 31 December 2012

Profitability ratios

	March 2013 Non-audited	December 2012 Audited*
ROE ¹	20.53%	13.80%
ROA ²	1.97%	1.34%
Net interest margin ³	2.20%	2.28%
Cost/income ratio ⁴	55.10%	44.06%

Regulatory requirements and ratios

	March 2013 Non-audited	December 2012 Audited*
Liquidity ratio ⁵	62.56%	65.05%
<i>note: mimum allowed by FCMC</i>	60.00%	30.00%
Capital adequacy ratio	18.76%	19.51%
<i>note: mimum allowed by FCMC</i>	16.80%	16.80%

Financial ratios

	March 2013 Non-audited	December 2012 Audited*
Equity to loan portfolio ratio	21.22%	21.52%
Loan portfolio to total assets ratio	43.78%	42.98%
Equity to total assets ratio	9.29%	9.59%
Deposits to loans ratio	197.88%	194.11%

*Information has been prepared based on data from the Audited Financial Statements for the year ended 31 December 2012

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

²Annualised profit/loss for the reporting period over average assets

³Annualised net interest income over average total assets

⁴Expenses over income (Administrative expenses + depreciation and amortization of intangible assets and fixed assets cost) / (net interest income + dividend income + net commission and gain/loss arising from dealing in financial instruments + result of financial instrument revaluation + other ordinary income - other ordinary expenses + financial assets available for sale negative revaluation reserve) * 100

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

Risk management

Risk management can be found in the last annual report:

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

Report of equity and minimum capital requirements

No.	Position name	000'LVL March 2013 Non-audited	000'EUR March 2013 Non-audited
1	Total equity	196 848	280 089
1.1	Tier 1	147 365	209 682
1.2	Tier 2	62 307	88 655
1.3	Decrease in Tier 1 and Tier 2*	-12 825	-18 248
1.4	Tier 1 total applying decrease	140 953	200 558
1.5	Tier 2 total applying decrease	55 895	79 531
1.6	Used Tier 3	0	0
2	Total capital charge	83 927	119 417
2.1	Total of capital requirements for credit risk, counterparty credit risk, dilution risk and free deliveries risk	75 301	107 144
2.2	Capital charge for settlement / deliveries risk	0	0
2.3	Capital charge for position risk, foreign currency risk and commodity	615	875
2.4	Capital charge for operational risk	8 011	11 399
2.5	Capital charge for other risk and transition period	0	0
3	Additional information	0	0
3.1	Capital requirements covered by own funds (surplus/ (shortfall)) excluding capital charge for other risk and transition period	112 921	160 672
3.1.a	Capital adequacy ratio (%) excluding capital charge for other risk and transition period	18.76	18.76
3.2	Capital requirements covered by own funds (surplus/ (shortfall))	112 921	160 672
3.2.a	Capital adequacy ratio (%)	18.76	18.76

*Decrease according to FCMC requirements to hold additional capital to cover credit risk for loans which are not impaired.

1. Attachment

Analysis of the Bank's securities portfolio distribution

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

March 2013 Non-Audited	At fair value	For sale	Held to maturity	TOTAL:	000'LVL % to shareholders equity
Latvia					
Government obligations	0	0	0	0	
Investment funds	0	22 425	0	22 425	
Financial institutions	0	44	0	44	
Private institutions	145	0	0	170	
Total:	145	22 469	0	25 614	10.91%
USA					
Government obligations	0	0	0	0	
Banks	0	2 757	4 541	7 298	
Financial institutions	0	1 459	10 273	11 732	
Private institutions	3 904	0	0	3 904	
Total:	3 904	4 216	14 814	22 934	11.06%
Securities of other countries:	22 141	56 365	14	78 520	37.87%
Total securities portfolio:	26 190	83 050	14 828	124 068	

March 2013 Non-Audited	At fair value	For sale	Held to maturity	TOTAL:	000'EUR % to shareholders equity
Latvia					
Government obligations	0	0	0	0	
Investment funds	0	31 908	0	31 908	
Financial institutions	0	62	0	62	
Private institutions	206	0	0	206	
Total:	206	31 970	0	32 176	10.91%
USA					
Government obligations	0	0	0	0	
Banks	0	3 923	6 461	10 384	
Financial institutions	0	2 076	14 617	16 693	
Private institutions	5 555	0	0	5 555	
Total:	5 555	5 999	21 078	32 632	11.06%
Securities of other countries:	31 504	80 200	20	111 724	37.87%
Total securities portfolio:	37 265	118 169	21 098	176 533	

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

At the end of the reporting period the total volume of the Bank's securities portfolio amounted to 124.1 m LVL. Majority of that – 122.7 m LVL – was invested in government and corporate obligations in Europe, US and Asia. 96% of the investment was made in securities with investment grade credit ratings. The biggest concentration of investment by county was in the US (11.06% of Bank's shareholders' equity) and Latvia (10.91% of Bank's shareholders' equity). At the same time, Bank's investments in individual government obligations do not exceed 10% of Bank's shareholders equity.