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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.

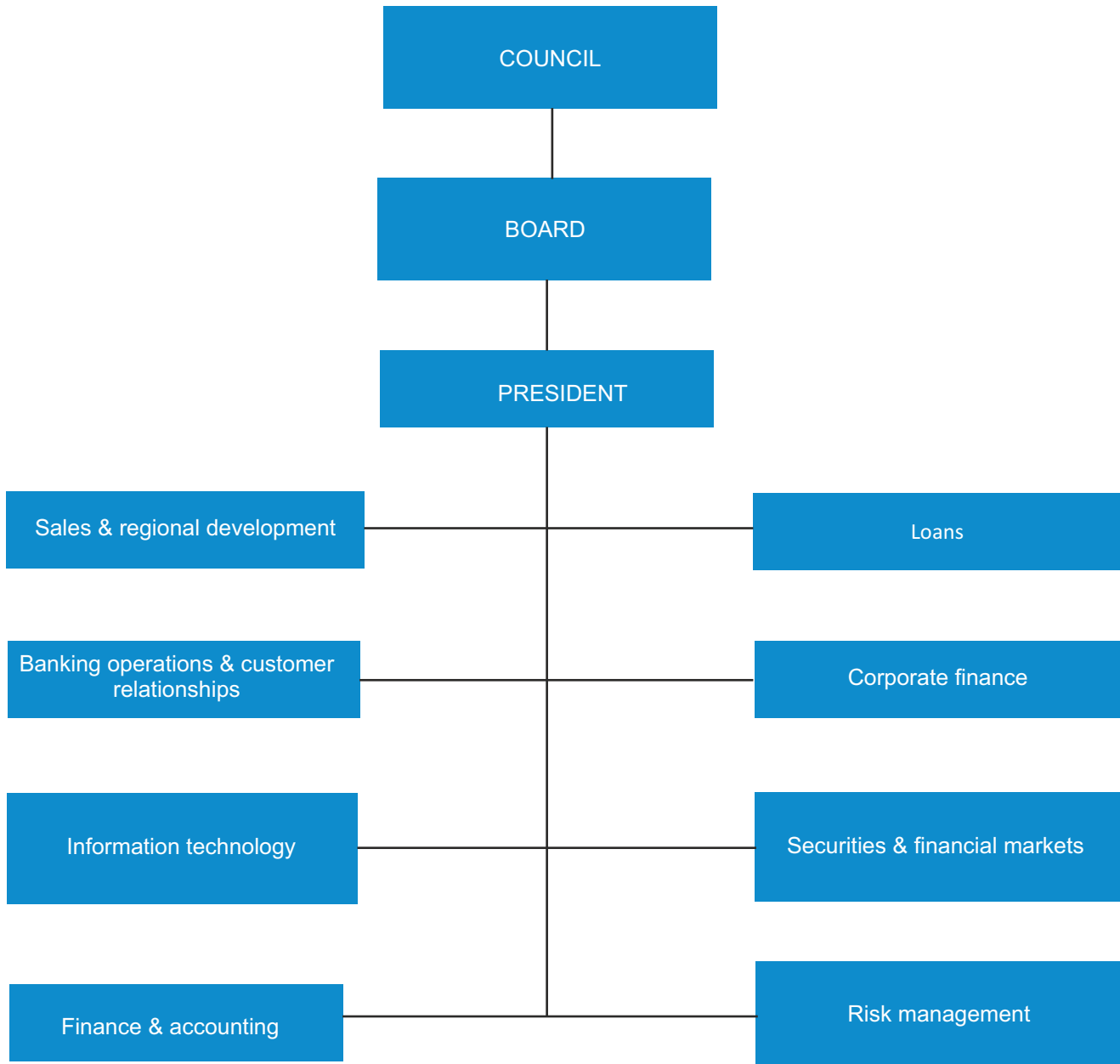
/Constantly raising customer service quality by improving and expanding the existing product range according to the current market situation and the Bank's technological capabilities.

/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	99.99	MS
2	SIA "RB Investments"	40003669082	LV, Vešetas iela 7, 10.stāvs, Rīga, Latvija, LV-1013	CFI	100	100	MS
3	AS "RB Asset Management"	40003764029	LV, Vešetas iela 7, 11.stāvs, Rīga, Latvija, LV-1013	IPS	75.00	75.00	MS
4	SIA "RB Drošība"	40003780752	LV, Vešetas 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	99.5	99.5	MS
6	SIA "Westleasing"	190510668	BY, 8 Fabricius Street, 4th floor, room No 42, Minsk, Belarus, 220007	CFI	99.5	99.5	MS
7	SIA "Westleasing-M"	1047796934206	RU, 10 Kostjakova Street, Moscow, Russia, 127422	CFI	100	100	MS
8	SIA "RB Namu serviss"	40103169629	LV, Vešetas 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, Vešetas iela 7, 3.stāvs, Rīga, Latvija, LV-1013	CKS	100	100	MS
11	SIA "RB BAKI"	1701269651	AZ, Neftçiler avenue 24 b/c „Daiga Plaza", Baku, Azerbaijan	CKS	90	90	MS
12	SIA "SBD"	40003943207	LV, Vešetas iela 7, Rīga, Latvija, LV-1012	CKS	66,89	66,89	MS
13	SIA "Langervaldes 2"	1701269651	LV, Vešetas iela 7, Rīga, Latvija, LV-1012	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

	September 2013 Non-Audited	000'LVL June 2013 Audited	September 2013 Non-Audited	000'EUR June 2013 Audited
Interest income	38 266	25 791	54 448	36 697
Interest expenses	-9 949	-6 514	-14 156	-9 269
Dividend income	800	189	1 138	269
Commission and fee income	27 132	15 438	38 605	21 966
Commission and fee expense	-6 392	-4 391	-9 095	-6 248
Net realised gain/ (loss) from financial assets at amortised cost	0	0	0	0
Net realised gain/ (loss) from available-for-sale financial assets	1 674	447	2 382	636
Net realised gain/ (loss) from financial assets and liabilities held for trading	0	874	0	0
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	11 508	7 410	16 374	10 543
Gain/ (loss) from sale of tangible and intangible fixed assets	-75	-106	-107	-151
Other income	1 243	694	1 769	987
Other expense	-77	0	-110	0
Administrative expense	-27 937	-16 354	-39 751	-23 270
Depreciation	-920	-614	-1 309	-874
Impairment expenses	-4 125	-5 124	-5 869	-7 291
Change in allowances for credit losses	0	0	0	0
PROFIT / LOSS BEFORE CORPORATE INCOME TAX	31 148	17 740	44 320	25 242
Corporate income tax	-5 296	-2 456	-7 536	-3 495
NET PROFIT / LOSS	25 852	15 284	36 784	21 747

Condensed Balance Sheet

	September 2013 Non-Audited	000'LVL June 2013 Audited*	September 2013 Non-Audited	000'EUR June 2013 Audited*
ASSETS				
Cash and demand deposits with central banks	274 714	294 216	390 883	418 632
Demand deposits from credit institutions	560 531	470 707	797 564	669 756
Financial assets held for trading	0	0	0	0
Financial instruments at fair value through profit or loss	13 728	19 049	19 547	27 104
Available-for-sale financial assets	77 093	80 246	109 693	114 180
Loans and receivables	777 744	755 291	1 106 630	1 074 682
<i>incl. loans gross</i>	831 867	812 358	1 183 640	1 155 881
<i>Specific impairment allowance</i>	-54 123	-57 067	-77 010	-81 199
Held-to-maturity investments	138 241	14 845	196 699	21 123
Reverse repo loans	15 630	70 086	22 239	99 723
Change of fair value of hedge portfolio	0	0	0	0
Prepaid expense and accrued income	7 743	3 459	11 017	4 922
Fixed assets	4 006	3 927	5 700	5 588
Investment property	2 156	1 574	3 068	2 240
Intangible assets	1 604	1 642	2 282	2 336
Investments in subsidiaries and associates	24 256	20 104	34 513	28 605
Tax assets	246	388	350	552
Other assets	22 083	9 757	31 421	13 883
Total assets	1 919 785	1 745 291	2 731 608	2 483 325
LIABILITIES AND SHAREHOLDERS'S EQUITY				
Balances due to central banks	0	0	0	0
Demand deposits due to credit institutions	25 937	25 295	36 905	35 992
Financial liabilities held for trading (derivative financial liabilities)	0	0	0	0
Financial instruments at fair value through profit or loss	149	88	212	125
Financial liabilities at amortised value	1 656 818	1 539 118	2 357 440	2 189 968
<i>incl. deposits</i>	1 643 730	1 525 864	2 338 817	2 171 109
<i>Term deposits due to credit institutions</i>	316	0	450	0
<i>debt securities issued</i>	12 772	13 254	18 173	18 859
Financial liabilities arising from financial asset transfer	0	0	0	0
Change of fair value of hedge portfolio	0	0	0	0
Tax liabilities	3 021	1 681	4 298	2 392
Provisions	5 690	6 990	8 096	9 946
Other liabilities	49 953	4 569	71 077	6 501
Total liabilities	1 741 568	1 577 741	2 478 028	2 244 923
Shareholders' equity	178 217	167 550	253 580	238 402
<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	14 252
<i>previous years profit/loss</i>	36 545	36 545	51 999	51 999
<i>retained profit / loss</i>	25 852	15 284	36 784	21 747
<i>fixed asset revaluation reserve</i>	0	0	0	0
<i>available for sale financial assets revaluation reserve</i>	995	896	1 416	1 275
Total liabilities and shareholder's equity	1 919 785	1 745 291	2 731 608	2 483 325
<i>Contingent liabilities</i>	7 342	6 679	10 447	9 503
<i>Off-balance sheet liabilities to customers</i>	32 244	38 934	45 879	55 398

*Information has been prepared based on data from the Audited Financial Statement for the year ended 30 June 2013.

Profitability ratios

	September 2013 Non-Audited	June 2013 Audited*
ROE ¹	21.39%	20.32%
ROA ²	1.97%	1.94%
Net interest margin ³	2.20%	2.57%
Cost/income ratio ⁴	43.39%	40.88%

Regulatory requirements and ratios

	September 2013	June 2013
Liquidity ratio ⁵	67.72%	67.02%
<i>note: mimum allowed by FCMC</i>	60.00%	60.00%
Capital adequacy ratio	18.93%	18.52%
<i>note: mimum allowed by FCMC</i>	16.80%	16.80%

Financial ratios

	September 2013 Non-Audited	June 2013 Audited*
Equity to loan portfolio ratio	22.40%	22.18%
Loan portfolio to total assets ratio	41.56%	43.28%
Equity to total assets ratio	9.31%	9.60%
Deposits to loans ratio	206.40%	202.02%

*Information has been prepared based on data from the Audited Financial Statement for the year ended 30 June 2013.

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.rietumu.com/bank-finance-audited>

Report of equity and minimum capital requirements

No.	Position name	000'LVL September 2013	000'EUR September 2013
1	Total equity	211 490	300 923
1.1	Tier 1	164 773	234 451
1.2	Tier 2	58 738	83 577
1.3	Decrease in Tier 1 and Tier 2*	-12 021	-17 104
1.4	Tier 1 total applying decrease	158 763	225 899
1.5	Tier 2 total applying decrease	52 727	75 024
1.6	Used Tier 3	0	0
2	Total capital charge	89 372	127 165
2.1	Total of capital requirements for credit risk, counterparty credit risk, dilution risk and free deliveries risk	80 728	114 866
2.2	Capital charge for settlement / deliveries risk	0	0
2.3	Capital charge for position risk, foreign currency risk and commodity	633	901
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	122 118	173 758
3.1.a	Capital adequacy ratio (%) excluding capital charge for other risk and transition period	18.93	18.52
3.2	Capital requirements covered by own funds (surplus/ (shortfall))	122 118	173 758
3.2.a	Capital adequacy ratio (%)	18.93	18.52

*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.

September 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	21 986	0	21 986	
Financial institutions	0	44	0	44	
Private institutions	137	0	0	137	
Total:	137	22 030	0	22 167	10.48%
Luxemburg					
Government obligations	0	0	0	0	
Investment funds	0	20 936	0	20 936	
Financial institutions	106	0	0	106	
Private institutions	0	1 645	0	1 645	
Total:	106	22 581	0	22 687	10.73%
Securities of other countries:	13 191	32 482	14 807	60 480	28.60%
Total securities portfolio:	13 434	77 093	14 807	105 334	

September 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	31 283	0	31 283	
Financial institutions	0	63	0	63	
Private institutions	195	0	0	195	
Total:	195	31 346	0	31 541	10.48%
Luxemburg					
Government obligations	0	0	0	0	
Investment funds	0	29 789	0	29 789	
Financial institutions	151	0	0	151	
Private institutions	0	2 341	0	2 341	
Total:	151	32 130	0	32 281	10.73%
Securities of other countries:	18 769	46 218	21 068	86 055	28.60%
Total securities portfolio:	19 115	109 694	21 068	149 877	

At the end of the reporting period the total volume of the Bank's securities portfolio amounted to 105,3 m LVL. Majority of that – 103,3 m LVL – was invested in government and corporate obligations in Europe, US and Asia. 97% of the investment was made in securities with investment grade credit ratings. The biggest concentration of investment by county was in the Latvia (10,48% of Bank's shareholders' equity) and Luxemburg (10,73% 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.