

Contents

2	General information
3	The structure of JSC "Rietumu Banka"
4	Shareholders of the Bank
4	The Council of Rietumu Bank
4	The Board of Directors
5	Members of the consolidation group
5	Financial performance
	Income statement
	Condensed Balance Sheet
	Profitability ratios
	Regulatory requirements and ratios
	Financial ratios
	Risk management
	Report of equity and minimum capital requirements
9	Attachments

General Information

Mission

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

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

Vision

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

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

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

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

Strategy

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

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

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

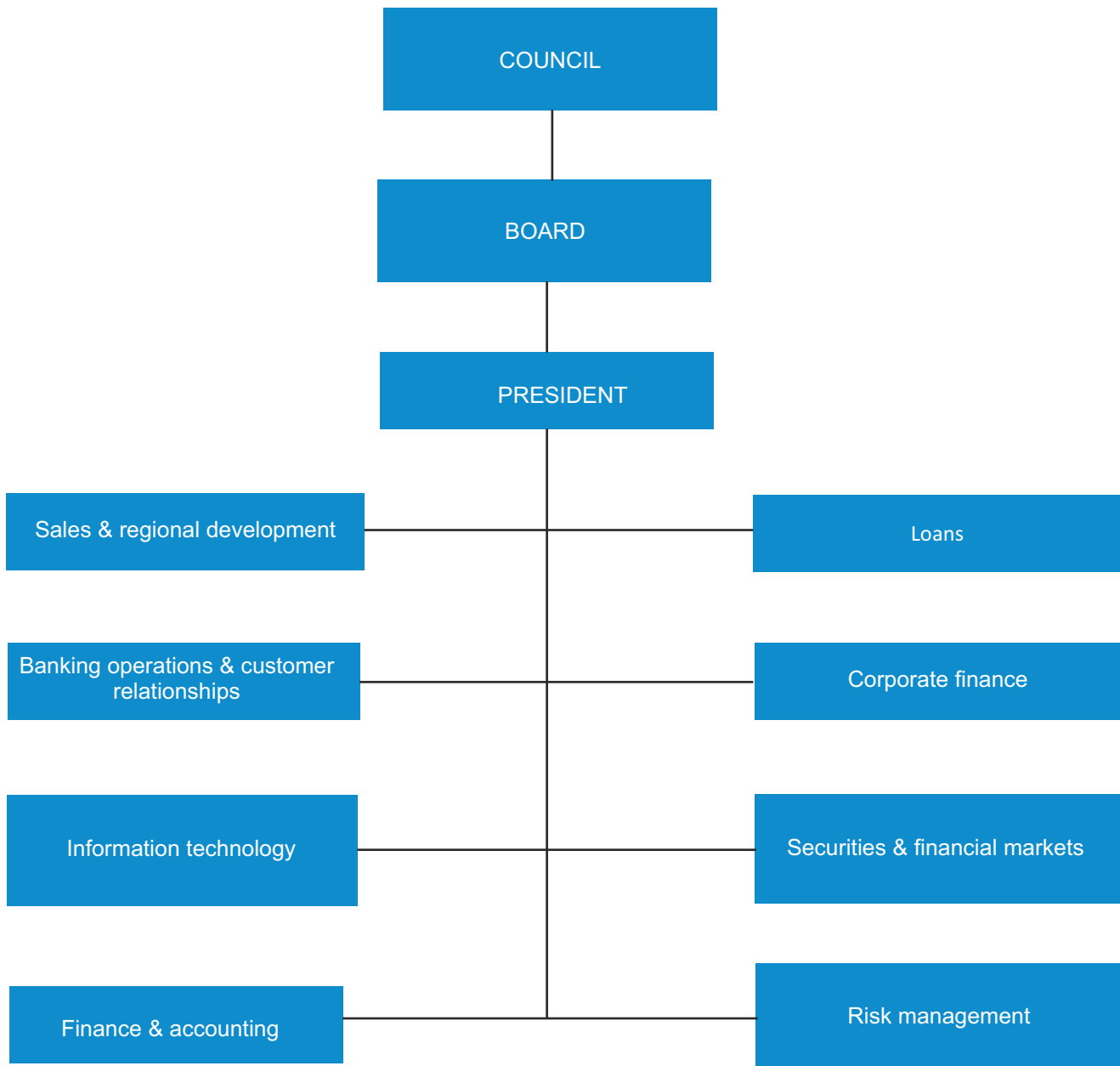
/Constantly raising customer service quality by improving and expanding the existing product range according to the current market situation and the Bank's technological capabilities.

/Continually improving the internal processes and information technologies.

Bank offices

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

The structure of JSC “Rietumu Banka”



Shareholders of the Bank

Shareholders of the Bank	Number of voting shares	Par value of shares in lats	EUR Paid-in share capital	% of total share capital
Companies non-residents, total	33 650 918		47 111 285	33.11%
Boswell (International) Consulting Limited	33 650 918	1.4	47 111 285	33.11%
Private persons, total	67 982 782		95 175 895	66.89%
Leonid Esterkin	33 660 627	1.4	47 124 878	33.12%
Arkady Suharenko	17 618 202	1.4	24 665 483	17.34%
Others	16 703 953	1.4	23 385 534	16.44%
Total shares with voting rights	101 633 700		142 287 180	100.00%
Shares without voting rights	13 254 238	1.4	18 555 933	
Paid-in share capital total	114 887 938		160 843 113	

The Council of Rietumu Bank

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

The Board of Directors

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

Members of the consolidation group

No	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, 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	65.10	65.10	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	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, 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	90	90	MS
12	SIA "SBD"	40003868002	LV, Vesetas iela 7, Rīga, Latvija, LV-1013	CKS	66,89	66,89	MS
13	SIA "Langervaldes 2"	40103701960	LV, Vesetas iela 7, Rīga, Latvija, LV-1013	CKS	100	100	MS
14	SIA "Vesetas 7"	40103182735	LV, Vesetas iela 7, Rīga, Latvija, LV-1013	CKS	100	100	MS
15	AS "Rietumu Asset Management"	40103753360	LV, Vesetas iela 7, Rīga, Latvija, LV-1013	IPS	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 2014 Non-Audited	000'EUR March 2013 Non-Audited
Interest income	20 695	16 972
Interest expenses	-4 587	-5 145
Dividend income	500	0
Commission and fee income	15 367	10 421
Commission and fee expense	-4 436	-2 682
Net realised gain/ (loss) from financial assets at amortised cost	-	-
Net realised gain/ (loss) from available-for-sale financial assets	283	-
Net realised gain/ (loss) from financial assets and liabilities held for trading	90	1 437
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-	-
Changes in fair value hedge accounting	-	-
Net result from foreign exchange trading and revaluation	5 083	4 553
Gain/ (loss) from sale of tangible and intangible fixed assets	-28	2 938
Other income	482	633
Other expense	-62	-9
Administrative expense	-10 925	-14 001
Depreciation	-339	-425
Impairment expenses	-877	-87
Change in allowances for credit losses	-	-
PROFIT / LOSS BEFORE CORPORATE INCOME TAX	21 246	14 606
Corporate income tax	-2 703	-2 928
NET PROFIT / LOSS	18 543	11 678

Condensed Balance Sheet

	March 2014 Non-Audited	000'EUR December 2013 Audited*
ASSETS		
Cash and demand deposits with central banks	468 752	522 565
Demand deposits from credit institutions	968 516	728 354
Financial assets held for trading	-	-
Financial instruments at fair value through profit or loss	16 425	17 833
Available-for-sale financial assets	95 730	111 202
Loans and receivables	1 116 550	1 175 947
<i>incl. loans gross</i>	1 194 431	1 256 382
<i>Specific impairment allowance</i>	-77 881	-80 435
Held-to-maturity investments	74 570	153 837
Reverse repo loans	176 075	150 308
Change of fair value of hedge portfolio	-	-
Prepaid expense and accrued income	8 083	8 912
Fixed assets	5 890	5 538
Investment property	4 467	4 455
Intangible assets	2 234	2 168
Investments in subsidiaries and associates	32 913	29 140
Tax assets	231	280
Other assets	19 342	10 008
Total assets	2 989 777	2 920 547
LIABILITIES AND SHAREHOLDERS'S EQUITY		
Balances due to central banks	-	-
Demand deposits due to credit institutions	21 776	31 222
Financial liabilities held for trading (derivative financial liabilities)	-	-
Financial instruments at fair value through profit or loss	139	615
Financial liabilities at amortised value	2 615 813	2 598 890
<i>incl. deposits</i>	2 596 306	2 579 621
<i>Term deposits due to credit institutions</i>	1 495	794
<i>debt securities issued</i>	18 013	18 475
Financial liabilities arising from financial asset transfer	-	-
Change of fair value of hedge portfolio	-	-
Tax liabilities	2 853	4 035
Provisions	8 596	8 438
Other liabilities	30 999	5 147
Total liabilities	2 680 176	2 648 346
Shareholders' equity	309 600	272 201
<i>incl. paid-in share capital</i>	160 843	142 287
<i>share premium</i>	33 882	6 843
<i>reserve capital</i>	14 252	14 251
<i>previous years profit/loss</i>	78 331	51 559
<i>retained profit / loss</i>	18 543	53 544
<i>fixed asset revaluation reserve</i>	-	-
<i>available for sale financial assets revaluation reserve</i>	3 750	3 717
Total liabilities and shareholder's equity	2 989 777	2 920 547
<i>Contingent liabilities</i>	9 014	11 241
<i>Off-balance sheet liabilities to customers</i>	58 416	41 367

*Information has been prepared based on data from the Audited Financial Statements for the year ended 31 December 2013

Profitability ratios

	March 2014 Non-Audited	December 2013 Audited*
ROE ¹	25.36%	21.57%
ROA ²	2.49%	1.34%
Net interest margin ³	2.29%	2.28%
Cost/income ratio ⁴	33.83%	34.68%

Regulatory requirements and ratios

	March 2014	December 2013
Liquidity ratio ⁵	73.16%	62.56%
<i>note: mimum allowed by FCMC</i>	60.00%	60.00%
Capital adequacy ratio	21.81%	19.76%
<i>note: mimum allowed by FCMC</i>	17.70%	16.80%

Financial ratios

	March 2014 Non-Audited	December 2013 Audited*
Equity to loan portfolio ratio	27.73%	23.15%
Loan portfolio to total assets ratio	37.35%	40.26%
Equity to total assets ratio	10.36%	9.32%
Deposits to loans ratio	232.53%	219.37%

*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.rietumu.com/bank-finance-audited>

Report of equity and minimum capital requirements

No.	Position name	March 2014 Non-Audited	000'EUR December 2013 Audited*
1	Total equity	351 366	302 213
1.1	Tier 1	284 437	238 908
1.2	Tier 2	82 797	80 982
1.3	Decrease in Tier 1 and Tier 2*	-15 868	-17 677
1.4	Tier 1 total applying decrease	276 503	230 069
1.5	Tier 2 total applying decrease	74 863	72 144
1.6	Used Tier 3	-	-
2	Total capital charge	128 878	130 753
2.1	Total of capital requirements for credit risk, counterparty credit risk, dilution risk and free deliveries risk	113 654	114 731
2.2	Capital charge for settlement / deliveries risk	-	-
2.3	Capital charge for position risk, foreign currency risk and commodity	711	1 510
2.4	Capital charge for operational risk	14 513	14 513
2.5	Capital charge for other risk and transition period	-	-
3	Additional information	-	-
3.1	Capital requirements covered by own funds (surplus/ (shortfall)) excluding capital charge for other risk and transition period	222 488	171 460
3.1.a	Capital adequacy ratio (%) excluding capital charge for other risk and transition period	21.81	18.49
3.2	Capital requirements covered by own funds (surplus/ (shortfall))	222 488	171 460
3.2.a	Capital adequacy ratio (%)	21.81	18.49

*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 2014 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	33 947	0	33 947	
Financial institutions	0	62	7 425	7 488	
Private institutions	126	0	0	126	
Total:	126	34 009	7 425	41 561	11.83%
Securities of other countries:	16 081	61 721	11 602	89 405	25.27%
Total securities portfolio:	16 208	95 730	19 027	130 965	

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 130.9 m EUR. Majority of that – 128.5 m EUR – 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 country was in the Latvia (11.83% 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.