



Public quarterly report
January - September 2014

Contents

General information	2
The structure of JSC "Rietumu Banka"	3
Shareholders of the Bank	4
The Council of Rietumu Bank	4
The Board of Directors	4
Members of the consolidation group	5
Financial performance	
Income statement	6
Condensed Balance Sheet	7
Profitability ratios	8
Regulatory requirements and ratios	8
Financial ratios	8
Report of equity and minimum capital requirements	9
Liquidity ratio calculation	10
Risk management	11
Attachments	12

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.

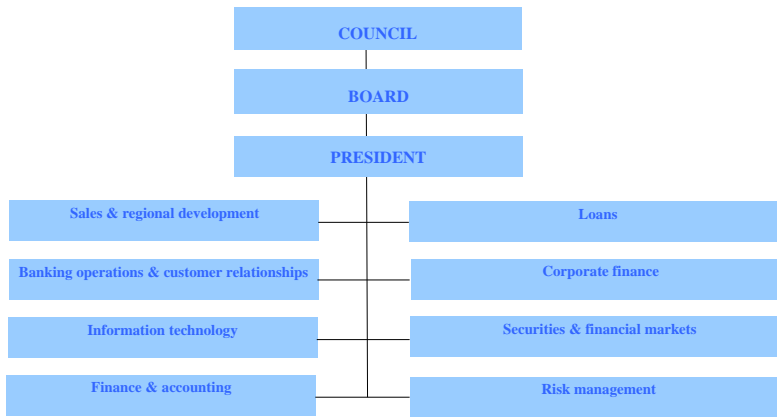
/Continually improving the internal processes and information technologies.

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	24 665 463	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	114 987 938		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 Fachina Desmond	Member of the Council	07/09/05(24/03/14-24/03/17)
Alexander Galin	Member of the Council	25/03/10(24/03/14-24/03/17)
Aleksander Kalinovski	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(10/10/13-10/10/16)
Ruslans Stacjaks	Member of the Board, First Vice President	18/10/10(10/10/13-10/10/16)
Dmitry Pyshkin	Member of the Board, Senior Vice President	04/07/06(10/10/13-10/10/16)
Jevgenijs Djugajevs	Member of the Board, Senior Vice President	18/10/10(10/10/13-10/10/16)
Iija 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(10/10/13-10/10/16)

Members of the consolidation group

No	Company name	Registration number	Registration location code and address	Commercial activity*	Share capital (%)	Interest in share capital (%)	Volting shares (%)	Justification for inclusion in the group**
1.	"RB Securities Limited"	HE-78731	CY	Cyprus, Nicosia, Stasinou 1, Mitsi Building 1, 2nd floor, Flat/Office 5, Plateia Eleftherias	CFI	100	100	MS
2.	AAS "RB Securities"	929.142	RU	Krievija, Maskava, Caplignina iela 20/7	CFI	100	100	MMS
3.	SIA "Oshadna Kompanija"	35159882	UA	Ukraina, Kijeva, Vozdvizenskaja 52-54 A Nr.13	CFI	67	67	MMS
4.	SIA "TC Galjezers"	LV-40103794744	LV	Latvija, Rīga, Vesetas iela 7, 3.st.	PLS	100	100	MMS
5.	SIA "Pack & Q"	LV-40103449678	LV	Latvija, Rīga, Vesetas iela 7, 3.st.	PLS	100	100	MMS
6.	RBS Lending Limited	HE-149825	CY	Cyprus, Nicosia, Stasinou 1, Mitsi Building 1 floor, Flat/Office 4, Plateia Eleftherias	CFI	100	100	MMS
7.	SIA "RB Investments"	LV-40003669082	LV	Latvija, Rīga, Vesetas iela 7	CFI	100	100	MS
8.	SIA "Fib Elektro"	LV-40103182896	LV	Latvija, Rīga, Vesetas iela 7, 3.st.	CFI	85	85	MMS
9.	SIA "KI Zeme"	LV-40103161381	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
10.	SIA "KI Nekustamie Ipašumi"	LV-40103182129	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
11.	SIA "Mežvidi AT"	LV-40103179805	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
12.	SIA "Miera 30C"	LV-40103267845	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
13.	RB Commercial Consulting (Shanghai) Co. Ltd.	31000040679524	CN	Ķīna, Šanhaja, Huangpu District, 555 Xujiahu Road, Office Building, 5F Room A	CFI	100	100	MMS
14.	RB Opportunity Fund I	06030525245	LV	Latvija, Rīga, Vesetas iela 7	CFI	100	100	MS
15.	SIA "Lilijas 28"	LV-40103252765	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
16.	SIA "M322"	LV-40103247406	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
17.	SIA "Aristida Briāna 9"	LV-40003780729	LV	Latvija, Rīga, Aristīda Briāna iela 9	PLS	100	100	MMS
18.	SIA "H-Blok"	LV-40003839376	LV	Latvija, Rīga, Riharda Vāgnera iela 5	PLS	100	100	MMS
19.	SIA "Devīdesmit seši"	LV-40003492087	LV	Latvija, Jūrmala, Jūras iela 56	PLS	100	100	MMS
20.	SIA "Ventio"	LV-41203010746	LV	Latvija, Ventpils, Skolas iela 5	PLS	100	100	MMS
21.	SIA "Route 96"	LV-40003856126	LV	Latvija, Mārupes novads, Zilītes iela 1	PLS	100	100	MMS
22.	SIA "Vangazi Nekustamie Ipašumi"	LV-40103463243	LV	Latvija, Inčukalna novads, Vangazi, Gaujas iela 24/34	PLS	100	100	MMS
23.	SIA "D 47"	LV-40103458986	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
24.	SIA "Euro textile Group"	LV-40003660929	LV	Latvija, Rīga, Ganību dambis 30	PLS	100	100	MMS
25.	SIA "Vesetas 7"	LV-40103182735	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
26.	SIA "Overseas Estates"	LV-40003943207	LV	Latvija, Rīga, Vesetas iela 7, 3.st.	PLS	100	100	MS
27.	SIA "Vesttransinvest"	100188077	BY	Baltkrievija, Minska, Odojevskogo iela 117, 6.st., 9.kab.	LIZ	100	100	MS
28.	ASIA "Vestlizing"	190510668	BY	Baltkrievija, Minska, Odojevskogo iela 117, 6.st., 19.kab.	LIZ	100	100	MS
29.	SIA "Vestlizing-M"	1047796934206	RU	Krievija, Maskava, Kostjarkova iela 10	LIZ	100	100	MS
30.	SIA "RB Drošība"	LV-40003780752	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
31.	SIA "InCREDIT GROUP"	LV-40103307404	LV	Latvija, Rīga, Kr.Barona iela 130	CFI	51	51	MS
32.	SIA "RB Baku"	1701269651	AZ	AZ, Istiglalijet iela 7-1, Baku, Azerbaidžāna	CFI	100	100	MS
33.	AS "Rietumu Asset Management"	LV-40103753360	LV	Latvija, Rīga, Vesetas iela 7	IPS	100	100	MS
34.	SIA "SBD"	LV-40003868002	LV	Latvija, Rīga, Vesetas iela 7	PLS	66.89	66.89	MS
35.	SIA "Langervaldes 2"	LV-40103701960	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
36.	SIA "Elektrobizness"	LV-40003614811	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
37.	SIA "Green Energy Trio"	LV-55403023741	LV	Latvija, Jēkabpils, Mastrovas iela 6	PLS	100	100	MMS
38.	IOOO "Interent"	190816938	BY	Baltkrievija, Minska, Kujmans iela 5B, 4.stāvs, 6.kab.	PLS	100	100	MMS
39.	SIA "Ibuketes siltums"	LV-41503060271	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
40.	SIA "Namū Serviss"	LV-40103169629	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
41.	Rietumu Bankas labdarības fonds	LV-40006114048	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	CT
42.	RAM Cash Reserve Fund USD	23.07.2014/148	LV	Latvija, Rīga, Vesetas iela 7	CFI	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

	30.09.2014	30.09.2013
	Non-Audited	Non-Audited
Interest income	62 211	54 448
Interest expenses	-14 338	-14 155
Dividend income	2 227	1 138
Commission and fee income	50 746	38 605
Commission and fee expense	-11 866	-9 096
Net realised gain/ (loss) from financial assets at amortised cost	-	-
Net realised gain/ (loss) from available-for-sale financial assets	529	-
Net realised gain/ (loss) from financial assets and liabilities held for trading	-	2 382
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-	-
Changes in fair value hedge accounting	-	-
Net result from foreign exchange trading and revaluation	16 644	16 375
Gain/ (loss) from sale of tangible and intangible fixed assets	553	-108
Other income	2 099	3 788
Other expense	-18 552	-109
Administrative expense	-34 528	-39 751
Depreciation	-1 069	-1 309
Impairment expenses	-6 062	-3 870
Change in allowances for credit losses	-	-
PROFIT / LOSS BEFORE CORPORATE INCOME TAX	48 596	44 320
Corporate income tax	-9 882	-7 535
NET PROFIT / LOSS	38 714	36 785

000 EUR

Condensed Balance Sheet

	30.09.2014 Non-Audited	30.06.2014 Audited*	000 EUR
ASSETS			
Cash and demand deposits with central banks	79 876	216 827	
Demand deposits from credit institutions	1 309 250	1 021 413	
Financial assets held for trading			
Financial instruments at fair value through profit or loss	10 732	13 127	
Available-for-sale financial assets	273 796	347 659	
Loans and receivables	1 068 614	1 011 542	
	<i>t.sk.</i>	<i>loans gross</i>	
	1 149 106	1 093 239	
Held-to-maturity investments			
		<i>Specific impairment allowance</i>	
	-80 491	-81 697	
Reverse repo loans	308 968	229 526	
	129 119	182 450	
Change of fair value of hedge portfolio	-	-	
Prepaid expense and accrued income	11 528	1 799	
Fixed assets	6 262	6 087	
Investment property	4 824	4 891	
Intangible assets	2 568	2 202	
Investments in subsidiaries and associates	46 934	29 601	
Tax assets	670	-	
Other assets	35 690	16 872	
Total assets	3 287 231	3 075 059	
LIABILITIES AND SHAREHOLDER'S EQUITY			
Balances due to central banks	-	-	
Demand deposits due to credit institutions	28 462	16 371	
Financial liabilities held for trading (derivative financial liabilities)	-	-	
Financial instruments at fair value through profit or loss	97	45	
Financial liabilities at amortised value	2 854 948	2 717 523	
	<i>incl.</i>	<i>deposits</i>	
		<i>term deposits due to credit institutions</i>	
		<i>debt securities issued</i>	
	18 762	18 468	
Financial liabilities arising from financial asset transfer			
Change of fair value of hedge portfolio	-	-	
Tax liabilities	4 754	2 292	
Provisions	15 419	5 285	
Other liabilities	68 757	5 073	
Total liabilities	2 972 437	2 746 589	
Shareholders' equity	314 794	328 470	
	<i>incl.</i>	<i>paid-in share capital</i>	
		<i>share premium</i>	
		<i>reserve capital</i>	
		<i>previous years' profits/loss</i>	
		<i>retained profit / loss</i>	
		<i>fixed asset revaluation reserve</i>	
		<i>available for sale financial assets revaluation reserve</i>	
	160 843	160 843	
	93 886	93 882	
	23	14 251	
	79 331	79 331	
	38 714	37 643	
	-	-	
	3 007	3 520	
Total liabilities and shareholder's equity	3 287 231	3 075 059	
		<i>Contingent liabilities</i>	
	12 973	13 173	
	<i>Off-balance sheet liabilities to customers</i>		
	61 412	56 835	

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

Profitability ratios

	30.09.2014	30.06.2014
	Non-audited	Audited*
ROE ¹	24.19%	26.56%
ROA ²	2.47%	2.71%
Net interest margin ³	2.35%	2.13%
Cost/income ratio ⁴	29.62%	26.62%

Regulatory requirements and ratios

	30.09.2014	30.06.2014
	Non-audited	Audited*
Liquidity ratio ⁵	77.26%	76.50%
<i>note: minimum allowed by FCMC</i>	69.00%	69.00%
Capital adequacy ratio	19.01%	21.76%
<i>note: minimum allowed by FCMC</i>	17.70%	17.70%

Financial ratios

	30.09.2014	30.06.2014
	Non-audited	Audited*
Equity to loan portfolio ratio	29.46%	32.47%
Loan portfolio to total assets ratio	32.66%	32.90%
Equity to total assets ratio	9.92%	10.68%
Deposits to loans ratio	264.90%	266.76%

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

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.

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

Report of equity and minimum capital requirements

		000'EUR
		30.09.2014
Code	Position description	Non-audited
1	Own funds (1.1.+1.2.)	365 002
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	224 279
1.1.1.	Common equity tier 1 capital	224 279
1.1.2.	Additional tier 1 capital	—
1.2.	Tier 2 capital	140 723
2	Total risk exposure amount(2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 860 891
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 670 834
2.2.	Settlement/delivery risk exposure amount	—
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	8 559
2.4.	Total risk exposure amount for operational risk	181 410
2.5.	Total risk exposure amount or credit valuation adjustment	88
2.6.	Total risk exposure amount related to large exposures in the trading book	—
2.7.	Other risk exposure amounts	—
3	Capital ratios and capital levels	
3.1.	CET 1 Capital ratio (%) (1.1.1./2.*100)	12.05
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	140 539
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	12.05
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	112 626
3.5.	Total capital ratio (%) (1./2.*100)	19.61
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	216 131
4	Combined buffer requirement (%) (4.1.+4.2.+4.3.+4.4.+4.5.)	2.5
4.1.	Capital conservation buffer (%)	2.5
4.2.	Institution specific countercyclical capital buffer (%)	—
4.3.	Systemic risk buffer (%)	—
4.4.	Systemically important institution buffer (%)	—
4.5.	Other Systemically Important Institution buffer (%)	—
5	Capital ratios due to Pillar II adjustments	
5.1.	Own funds requirements related to Pillar II adjustments	11 333
5.2.	CET 1 capital ratio including Pillar II adjustments	11.75%
5.3.	Tier 1 capital ratio including Pillar II adjustments	11.75%
5.4.	Total capital ratio including Pillar II adjustments	19.01%

Liquidity ratio calculation

		000'EUR
		30.09.2014
Code	Position description	Non-audited
1.	Liquid assets(1.1.+1.2.+1.3.+1.4.)	1 985 305
1.1.	Cash	4 498
1.2.	Balances with Latvian Central Bank	75 378
1.3.	Loans to credit institutions	1 609 331
1.4.	Liquid securities	296 098
2.	Current liabilities (with remaining maturity up to 30 days) (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	2 569 653
2.1.	Deposits from credit institutions	28 482
2.2.	Deposits	2 440 895
2.3.	Issued debt securities	
2.4.	Money in transit	35 404
2.5.	Other current liabilities	11 258
2.6.	Off-balance sheet liabilities	52 694
3.	Liquidity ratio (%) (1./2.) (%)	77.26
4.	Minimum liquidity ratio (%)	30.00

Risk management

Risk management can be found in the last annual report:
<http://www.rietumu.com/bank-finance-audited>

Attachment 1

Analysis of the Bank's securities portfolio distribution

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

30.09.2014. Non-audited Issuer	At fair value	For sale	Held to maturity	000 EUR TOTAL - : shareholders equity	
Latvia					
Government obligations	-	-	1 572	1 572	
Investment funds	-	33 875	-	33 875	
Financial institutions	-	4 036	16 239	20 275	
Private institutions	123	-	-	123	
Total:	123	37 911	17 811	55 845	15.30%
Italy					
Government obligations	-	100 000	-	100 000	
Investment funds	-	-	-	-	
Financial institutions	-	-	-	-	
Private institutions	-	-	-	-	
Total:	-	100 000	-	100 000	27.40%
Luxembourg					
Government obligations	-	-	-	-	
Investment funds	-	31 967	-	31 967	
Financial institutions	-	10 422	4 154	14 576	
Private institutions	-	2 443	-	2 443	
Total:	-	44 832	4 154	48 986	13.42%
Russia					
Government obligations	-	-	17	17	
Investment funds	-	-	-	-	
Financial institutions	3 250	18 788	8 319	30 357	
Private institutions	5 255	13 995	-	19 250	
Total:	8 505	32 783	8 336	49 624	13.60%
Securities of other countries:	1 328	58 270	53 390	112 988	30.96%
Total securities portfolio:	9 956	273 796	83 691	367 443	

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

At the end of the reporting period the total volume of the Bank's securities portfolio amounted to 367.4 m EUR. Majority of that – 225 m EUR – was invested in government and corporate obligations in Europe, US and Asia. 69% of the investment was made in securities with investment grade credit ratings. The biggest concentration of investment by country was in the Latvia, Italy, Luxembourg and Russia (15.30%, 27.40%, 13.42%, 30.96% of Bank's shareholders' equity). At the same time, Bank's investments in individual government obligations do not exceed 10% of Bank's shareholders equity.