



Public report
for the period ended on 31 December 2014

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Report of Board of Directors

2014 marked a very successful year for the Latvian economy. Latvia joined the Euro zone on 1 January 2014 and GDP grew by an estimated 1.9 % during the year. Similarly 2014 was a record year for Rietumu Bank with a record profit of Euro 72 m for the year ended 31 December 2014. The Bank also continued to be one of the most efficient banks in the Baltic States with revenues well diversified over interest and commission income. During the first quarter of 2014 the Bank raised additional capital in form of preference shares. The Bank raised Euro 18,555,933 in new preference shares which were allocated for the general growth of the Bank.

The Bank improved the range of banking products for our customer base which is focused on corporate customers and high net worth individuals. Relationship banking together with employing the latest banking technologies and employing the most professional employees is the key to our success.

The Bank operates in the EU and CIS countries and the current turbulent geopolitical environment made it more complicated to operate in. However, maintaining a close contact to our clients through our extensive network of representative offices, we have continued to cooperate with our customer successfully. All customers have access to the Bank remotely through internet banking, phone banking, private bankers and regional managers and 24 h customer support service.

The Bank is a leader in the Baltic States in e-Commerce and revenue from e-commerce has continued to its impressive growth. The Bank continued to improve its internet and mobile banking applications and in 2014 we launched an updated mobile banking application. As a result of the uncertain regional environment the Bank has slowed down its commercial lending significantly in 2014. However, in 2014 the Bank placed significant efforts to grow its trade finance and transport finance businesses. Trade finance as well as developing new lending markets will be the areas the Bank will focus on in developing its lending business.

The economical and geopolitical environment during 2014 presented many new opportunities to the Bank and we believe that using our customer oriented approach we were very successful in maximising these opportunities. We achieved our results while maintaining a conservative asset allocation which we believe is the basis to continue our stable development. We are looking forward to continue developing the Bank in 2015 successfully together with our customers.

After tax profit attributable to the Bank's shareholders for the year ended 2014 was EUR 72 m which represents an increase of 35% compared to 2013. The Bank generated an after tax return on equity of 22,75 % (2013: 21,57%) and an after tax return on assets of 2.29% (2013: 2,04%).

Operating income reached EUR 146 m which represents an increase of 17% from 2013. Net interest income was EUR 65,3 m (2013:EUR 60 m) and net fee and commission EUR 54m (2013: EUR 36 m) with a cost to income ratio of 28,29% (2013: 30%). The Bank's goal is to continue to maintain a cost income ratio of less than 40%. The result of the above is that the Bank reached a profit margin of 58.16% compared to 48.35% in 2013.

As at 31 December 2014 the Bank's total assets were EUR 3,487 m. This represents an increase of 19% compared to 2013. The Bank's follows a conservative approach to asset allocation and about 57% of the Bank's assets invested in liquidity management portfolios.

Loans and receivables due from customers represent about 31% of total assets. Since 2010 this ratio has not exceeded 45% and the Bank does not plan that this ratio exceeds 45% in the nearest future. Loans and receivable to customers were EUR 1,091 m compared to the balance of 2013 of EUR 1,176 m. This stagnation of lending growth occurred due to a reduction of Russian landing exposure.

Current accounts and deposits due to customers reached EUR 3,070 m up 19% compared to 2013. Banks total shareholders' equity reached EUR 324 m as of 31 December 2014 representing a 19% increase from 2013.

On behalf of the Management of Rietumu Bank AS:

Alexander Pankov
Chairman of the Board

Statement of Management Responsibility

The management of Rietumu Bank (the Bank) is responsible for the preparation of the financial statements of the Bank.

The financial statements on pages 8 to 15 are prepared in accordance with source documents and present fairly the financial position of the Bank as of 31 December 2014 and the results of their operations and cash flows for the year ended 31 December 2014.

The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. In the preparation of the financial statements the Management has made prudent and reasonable judgments and estimates.

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

On behalf of the Management of Rietumu Bank AS:

Alexander Pankov
Chairman of the Board

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

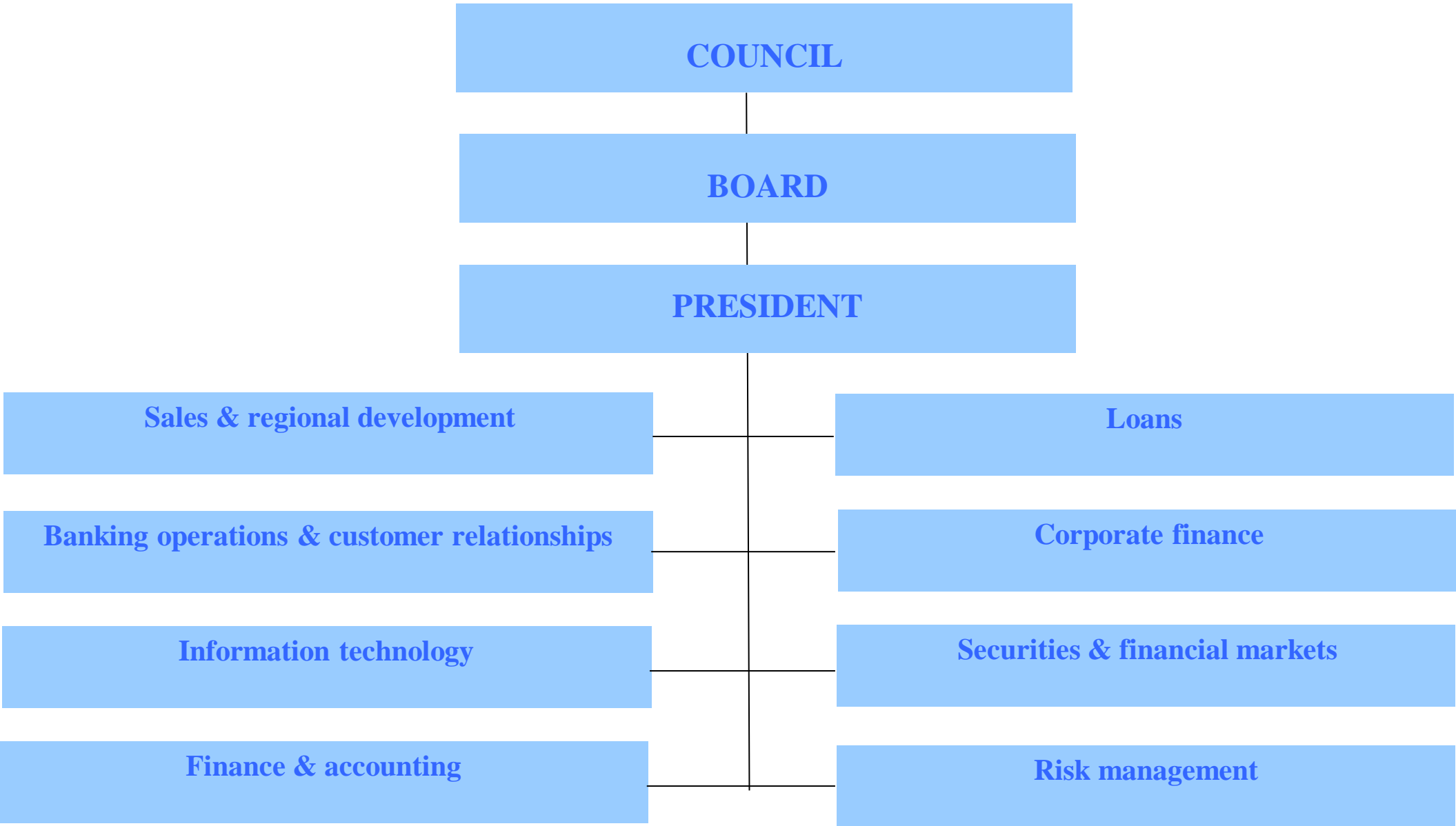
For achieving the set goals, the Bank has worked out and has been effectively implementing its corporate strategy focusing on the following areas:
/Cooperation with customers working on international scale, customers who own production companies, distribution networks, retail chains, transportation and 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 Wolrdwide 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)
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 Stecjuks	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)
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(10/10/13-10/10/16)

Members of the consolidation group

No	Company name	Registration number	Registration location code	Address activity *	Commercial activity *	Share capital (%)	Voiting 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.	SIA "Oshadna Kompanija"	35159882	UA	Ukraina, Kijeva, Vozdvizenskaja 52-54 A Nr.13	CFI	67	67	MMS
3.	SIA "TC Gailzers"	LV-40103794744	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	PLS	100	100	MMS
4.	SIA "Pack & Q"	LV-40103449678	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	PLS	100	100	MMS
5.	RB Lending Services Limited	HE-149825	CY	Cyprus, Nicosia, Stasinou 1, Mitsi Building 1 floor, Flat/Office 4, Plateia Eleftherias	CFI	100	100	MMS
6.	SIA "RB Investments"	LV-40003669082	LV	Latvija, Rīga, Vesetas ielā 7	CFI	100	100	MS
7.	SIA "Frb Elektro"	LV-40103182896	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	CFI	85	85	MMS
8.	SIA "Kl Zeme"	LV-40103161381	LV	Latvija, Rīga, Vesetas ielā 7	PLS	100	100	MMS
9.	SIA "Kl Nekustamie īpašumi"	LV-40103182129	LV	Latvija, Rīga, Vesetas ielā 7	PLS	100	100	MMS
10.	SIA "Miera 30C"	LV-40103267845	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
11.	RB Commercial Consulting (Shanghai) Co. Ltd.	310000400679524	CN	Ķīna, Šanhaja, Huangpu District, 555 Xujiahui Road, Office Building, 5F Room A	CFI	100	100	MMS
12.	RB Opportunity Fund I	06030525245	LV	Latvija, Rīga, Vesetas iela 7	CFI	100	100	MS
13.	SIA "Lilijas 28"	LV-40103252765	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
14.	SIA "M322"	LV-40103247406	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
15.	SIA "Aristīda Briāna 9"	LV-40003780729	LV	Latvija, Rīga, Aristīda Briāna iela 9	PLS	100	100	MMS
16.	SIA "H-Blok"	LV-40003839376	LV	Latvija, Rīga, Riharda Vāgnera iela 5	PLS	100	100	MMS
17.	SIA "Deviņdesmit seši"	LV-40003492087	LV	Latvija, Jūrmala, Jūras iela 56	PLS	100	100	MMS
18.	SIA "Ventio"	LV-41203010746	LV	Latvija, Ventspils, Skolas iela 6	PLS	100	100	MMS
19.	SIA "Route 96"	LV-40003856126	LV	Latvija, Mārupes novads, Zilītes iela 1	PLS	100	100	MMS
20.	SIA "Vangažu Nekustamie īpašumi"	LV-40103463243	LV	Latvija, Inčukalna novads, Vangaži, Gaujas iela 24/34	PLS	100	100	MMS
21.	SIA "D 47"	LV-40103458986	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
22.	SIA "Euro textile Group"	LV-40003660929	LV	Latvija, Rīga, Ganību dambis 30	PLS	100	100	MMS
23.	SIA "Vesetas 7"	LV-40103182735	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
24.	SIA "Overseas Estates"	LV-40003943207	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	PLS	100	100	MS
25.	SIA "Vesttransinvest"	100188077	BY	Baltkrievija, Minska, Odojevskogo iela 117, 6.st., 9.kab.	LIZ	100	100	MS
26.	ASIA "Vestlizing"	190510668	BY	Baltkrievija, Minska, Odojevskogo iela 117, 6.st., 19.kab.	LIZ	100	100	MS
27.	SIA "RB Drošība"	LV-40003780752	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
28.	SIA "InCREDIT GROUP"	LV-40103307404	LV	Latvija, Rīga, Kr.Barona iela 130	CFI	51	51	MS
29.	SIA "RB Baki"	1701269651	AZ	AZ, Istiglaliyat iela 7-1, Baku, Azerbaidžana	CFI	100	100	MS
30.	AS "Rietumu Asset Management"	LV-40103753360	LV	Latvija, Rīga, Vesetas iela 7	IPS	100	100	MS
31.	SIA"SBD"	LV-40003868002	LV	Latvija, Rīga, Vesetas iela 7	PLS	66.89	66.89	MS
32.	SIA"Langervaldes 2"	LV-40103701960	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
35.	IOOO "Interrent"	190816938	BY	Baltkrievija,Minska, Kulmana iela 5B, 4.stāvs, 6.kab.	PLS	100	100	MMS
36.	SIA "Ilukstes siltums"	LV-41503060271	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
37.	SIA "Namu Serviss"	LV-40103169629	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
38.	SIA Multi Pluss	LV- 40003636787	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
39.	SIA Ekosil	LV- 40103791625	LV	Latvija, Rīga, Garozes iela 25-1	PLS	100	100	MS
40.	Rietumu Bankas labdarības fonds	LV-40008114048	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	CT
41.	RAM Cash Reserve Fund USD	23.07.2014/148	LV	Latvija, Rīga, Vesetas iela 7	CFI	100	100	MS
42.	RAM Fund-Fixed Income High Yield USD	20.08.2014/166	LV	Latvija, Rīga, Vesetas iela 7	CFI	99.66	99.66	MS
43.	RAM Fund-Fixed Income Investment Grade USD	20.08.2014/166	LV	Latvija, Rīga, Vesetas iela 7	CFI	99.40	99.40	MS
44.	RAM Fund-Global Equity USD	20.08.2014/166	LV	Latvija, Rīga, Vesetas iela 7	CFI	98	98	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

	31.12.2014	31.12.2013	000'EUR
	Non-Audited	Audited**	
Interest income	84 812	78 362	
Interest expenses	-19 475	-18 328	
Dividend income	2 266	1 144	
Commission and fee income	70 231	52 202	
Commission and fee expense	-16 382	-15 856	
Net realised gain/ (loss) from financial assets at amortised cost	-	-	
Net realised gain/ (loss) from available-for-sale financial assets	762	1 044	
Net realised gain/ (loss) from financial assets and liabilities held for trading	-	-	
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	250	1 517	
Changes in fair value hedge accounting	-	-	
Net result from foreign exchange trading and revaluation	23 460	22 998	
Gain/ (loss) from sale of tangible and intangible fixed assets	561	-	
Other income	4 566	2 462	
Other expense	-634	-	
Administrative expense	-48 787	-43 483	
Depreciation	-1 449	-1 668	
Impairment expenses	-15 411	-19 688	
Change in allowances for credit losses	-	-	
PROFIT / LOSS BEFORE CORPORATE INCOME TAX	84 771	60 705	
Corporate income tax	-12 771	-7 161	
PROFIT / LOSS BEFORE INTERIM DIVIDENDS	72 000	53 544	
Interim dividends*	-18 382	-	
NET PROFIT / LOSS	53 618	53 544	

*Interim dividends paid according to the 29th August 2014 shareholder's meeting decision
**Information has been prepared based on data from the Audited Financial Statements for the year ended 31 December 2013

Condensed Balance Sheet

	31.12.2014 Non-Audited	31.12.2013 Audited**	000'EUR
ASSETS			
Cash and demand deposits with central banks	158 550	522 565	
Demand deposits from credit institutions	1 536 839	728 352	
Financial assets held for trading			
Financial instruments at fair value through profit or loss	4 597	17 833	
Available-for-sale financial assets	146 013	111 202	
Loans and receivables	1 091 199	1 175 947	
	<i>incl.</i>	<i>loans gross</i>	
		<i>Specific impairment allowance</i>	
	1 174 401	1 256 382	
	-83 202	-80 435	
Held-to-maturity investments	310 718	153 838	
Reverse repo loans	153 206	150 308	
Change of fair value of hedge portfolio	-	-	
Prepaid expense and accrued income	8 663	1 017	
Fixed assets	6 470	5 538	
Investment property	5 406	4 455	
Intangible assets	2 959	2 168	
Investments in subsidiaries and associates	29 854	29 140	
Tax assets	398	280	
Other assets	31 759	17 903	
Total assets	3 486 631	2 920 546	
LIABILITIES AND SHAREHOLDERS'S EQUITY			
Balances due to central banks	-	-	
Demand deposits due to credit institutions	10 973	31 222	
Financial liabilities held for trading (derivative financial liabilities)	-	-	
Financial instruments at fair value through profit or loss	161	615	
Financial liabilities at amortised value	3 089 533	2 598 889	
	<i>incl.</i>	<i>deposits</i>	
		<i>term deposits due to credit institutions</i>	
	3 069 702	2 579 621	
	750	794	
	<i>debt securities issued</i>		
	19 081	18 474	
Financial liabilities arising from financial asset transfer	-	-	
Change of fair value of hedge portfolio	-	-	
Tax liabilities	2 196	4 035	
Provisions	10 176	8 437	
Other liabilities	49 525	5 147	
Total liabilities	3 162 564	2 648 345	
Shareholders' equity	324 067	272 201	
	<i>incl.</i>	<i>paid-in share capital</i>	
		<i>share premium</i>	
	160 843	142 287	
	33 882	6 843	
	<i>reserve capital</i>		
	23	14 251	
	<i>previous years profit/loss</i>		
	78 331	51 559	
	<i>retained profit / loss</i>		
	72 000	53 544	
	<i>Interim dividends**</i>		
	-18 382	-	
	<i>fixed asset revaluation reserve</i>		
	-	-	
	<i>available for sale financial assets revaluation reserve</i>		
	-2 629	3 717	
Total liabilities and shareholder's equity	3 486 631	2 920 546	
	<i>Contingent liabilities</i>		
	15 608	11 241	
	<i>Off-balance sheet liabilities to customers</i>		
	64 726	52 645	

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

**Interim dividends paid according to the 29th August 2014 shareholder's meeting decision

Profitability ratios

	31.12.2014 Non-Audited	31.12.2013 Audited**
ROE ¹	22.75%	21.57%
ROA ²	2.29%	2.04%
Net interest margin ³	2.21%	2.28%
Cost/income ratio ⁴	28.29%	34.68%

Regulatory requirements and ratios

	31.12.2014 Non-Audited	31.12.2013 Audited**
Liquidity ratio ⁵	77.65%	65.97%
<i>note: mimum allowed by FCMC</i>	60.00%	60.00%
Capital adequacy ratio	17.48%	18.49%
<i>note: mimum allowed by FCMC</i>	15.80%	16.80%

Financial ratios

	31.12.2014 Non-Audited	31.12.2013 Audited**
Equity to loan portfolio ratio	29.70%	23.15%
Loan portfolio to total assets ratio	31.30%	40.26%
Equity to total assets ratio	9.29%	9.32%
Deposits to loans ratio	281.31%	219.37%

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

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 year ended 31 December 2013

Statement of Changes in Shareholders' Equity

	Share capital	Share premium	Revaluation reserve	Fair value reserve	Other reserves	Retained earnings	Non-audited Toal equitiy
	000'EUR	000'EUR	000'EUR	000'EUR	000'EUR	000'EUR	000'EUR
Balance at 1 January 2013	142 287	6 843	2 496	2 126	14 251	56 269	224 272
Profit for the current year						53 544	53 544
Changes in fair value of available-for-sale financial assets				1 591			1 591
Transfer to retained earnings			-2 496			2 496	0
Dividends paid						-7 206	-7 206
Balance at 31 December 2013	142 287	6 843	0	3 717	14 251	105 103	272 201
Dividends paid						-26 773	-26 773
Profit for the current year						72 000	72 000
Interim dividends						-18 382	-18 382
Decrease of reserve					-14 228		-14 228
Share issue	18 556						18 556
Share premium		27 039					27 039
Changes in fair value of available-for-sale financial assets				-6 375			-6 375
Transfer to retained earnings							0
Balance at 31 December 2014	160 843	33 882	0	-2 658	23	131 948	324 038

Statement of Cash Flows

	000'EUR 31.12.2014 Non-Audited	000'EUR 31.12.2013 Audited*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	84 771	60 705
Amortisation and depreciation	1 449	1 668
Revaluation of investment property	-619	-294
(Gain)/loss on disposal of property and equipment	-95	-
Profit from sale of investment property	-443	-131
(Gain)/loss on sale of subsidiary	-80	-267
Impairment losses	20 666	19 688
Increase in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary	105 649	81 369
(Increase)/Decrease in loans and receivables from banks - term deposits	-93 684	-29 369
(Increase)/decrease in loans and receivables from non-banking customers	73 389	-189 496
(Increase)/Decrease in reverse repo	-2 927	-32 523
(Increase)/decrease in assets available-for-sale investments	-41 900	-4 027
(Increase)/Decrease in financial instruments at fair value through profit or loss	12 692	35 438
Increase/(decrease) in derivative liabilities	-454	471
Decrease in provisions	-	-
(Increase)/Decrease in other assets	-2 827	-1 360
Increase/(Decrease) in deposit from banks - term deposits	279	-39
Increase in deposits from non-banking customers	528 336	528 224
Decrease in amounts payable under repurchase agreements	-	-
Decrease in other liabilities	-2 776	4 269
Increase in cash and cash equivalents from operating activities before corporate income tax	575 777	392 957
Corporate income tax paid	-14 493	-3 507
Net cash and cash equivalents from/(used in) operating activities	561 284	389 450
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-2 720	-2 447
(Increase)/decrease in equity investments in other entities and acquisition of subsidiaries	-5 214	-5 665
Proceeds from sale of subsidiary	-	-
(Increase)/Decrease in held-to-maturity investments	-61 230	-6 311
Proceeds from sale of property, plant and equipment (and other assets)	49	507
(Increase) /Decrease in Investment property	-332	9 650
(Decrease)/Increase in cash and cash equivalents from investing activities	-69 447	-4 266
CASH FLOW FROM FINANCING ACTIVITIES		
Increase of share capital	18 556	-
Increase of share premium	27 039	-
(Increase)/ Decrease in borrowed funds- issued debt securities	1 024	-255
Decrease of Other reserves	-14 228	-7 206
Dividends paid	-26 773	-
Interim dividends paid	-18 382	-
Decrease in cash and cash equivalents from financing activities	-12 764	-7 461
Net cash flow for the period	479 073	377 723
Cash and cash equivalents at the beginning of the year	1 219 695	841 972
Cash and cash equivalents at the end of the year	1 698 768	1 219 695

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

Report of equity and minimum capital requirements

		000'EUR
		31.12.2014
Code	Position description	Non-audited
1	Own funds (1.1.+1.2.)	357 759
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	221 259
1.1.1.	Common equity tier 1 capital	221 259
1.1.2.	Additional tier 1 capital	
1.2.	Tier 2 capital	136 500
2	Total risk exposure amount(2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 981 088
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 795 139
2.2.	Settlement/delivery risk exposure amount	
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	4 445
2.4.	Total risk exposure amount for operational risk	181 410
2.5.	Total risk exposure amount or credit valuation adjustment	94
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)	11.17
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	132 110
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	11.17
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	102 394
3.5.	Total capital ratio %(1./2.*100)	18.06
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	199 272
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.	Systemical 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	11 462
5.2.	CET1 capital ratio including Pillar II adjustments	10.88%
5.3.	Tier 1 capital ratio including Pillar II adjustments	10.88%
5.4.	Total capital ratio including Pillar II adjustments	17.48%

Liquidity ratio calculation

		000'EUR
		31.12.2014
Code	Position description	Non-audited
1.	Liquid assets (1.1.+1.2.+1.3.+1.4.)	2 147 943
1.1.	Cash	5 257
1.2.	Balances with Latvian Central Bank	153 293
1.3.	Loans to credit institutions	1 801 052
1.4.	Liquid securities	188 341
2.	Current liabilities (with remaining maturity up to 30 days) (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	2 766 168
2.1.	Deposits from credit institutions	10 961
2.2.	Deposits	2 657 311
2.3.	Issued debt securities	
2.4.	Money in transit	12 421
2.5.	Other current liabilities	29 285
2.6.	Off-balance sheet liabilities	56 188
3.	Liquidity ratio (%) (1.:2.) (%)	77.65
4.	Minimum liquidity ratio (%)	30%

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.

31.12.2014					000'EUR
Non-audited					
Issuer	At fair value	For sale	Held to maturity	TOTAL:	% to shareholders equity
Latvia					
Government obligations	-	-	1 642	1 642	
Investment funds	-	46 007	-	46 007	
Financial institutions	-	62	16 830	16 892	
Private institutions	111	-	-	111	
Total:	111	46 069	18 472	64 653	18.07%
Russia					
Government obligations	-	-	743	743	
Investment funds	-	-	-	-	
Financial institutions	840	17 016	9 152	27 008	
Private institutions		15 960	5 295	21 255	
Total:	840	32 976	15 190	49 006	13.70%
Securities of other countries:	3 646	66 967	56 124	126 737	35.43%
Total securities portfolio:	4 597	146 013	89 786	240 396	

In the reporting period for the securities available-for-sale impairment was EUR 5.6 m.

At the end of the reporting period the total volume of the Bank’s securities portfolio amounted to 240.4 m EUR. Majority of that – EUR 143 m – was invested in government and corporate obligations in Europe, US, Australia and Asia. The biggest concentration of investment by country was in the Latvia and Russia (18,07% and 13,7% from Bank’s shareholders' equity). At the same time, Bank’s investments in individual government obligations do not exceed 10% of Bank’s shareholders equity.