

Public quarterly report 1st Quarter 2015

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
5-6	Members of the consolidation group
6-9	Financial performance
	Income statement
	Condensed Balance Sheet
	Profitability ratios
	Regulatory requirements and ratios
	Financial ratios
	Risk management
	Report of equity and minimum capital requirements
	Liquidity ratio calculation
10	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.

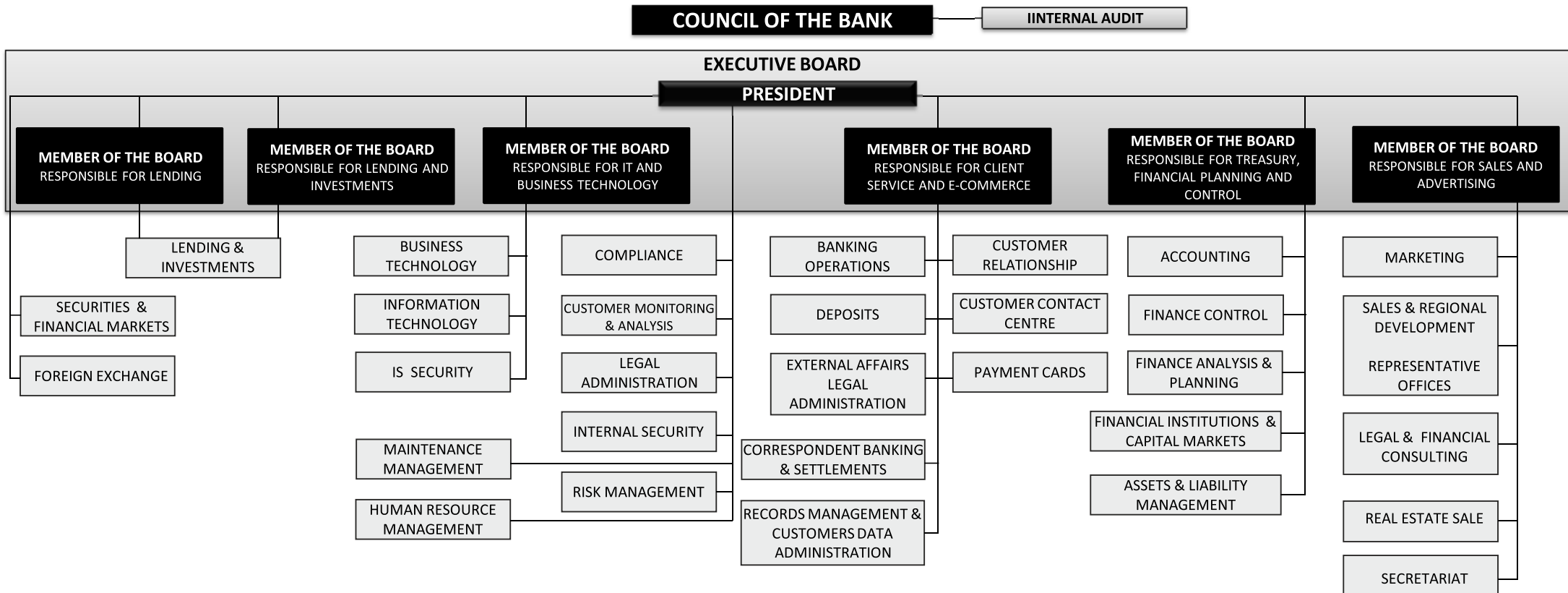
- Constantly raising customer service quality by improving and expanding the existing product range according to the current market situation and the Bank's technological capabilities.

- Continually improving the internal processes and information technologies.

Bank offices

The information about Rietumu Bank Worldwide offices can be found: 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%
Companies residents, total	51 278 829		71 790 361	50.45%
SIA "Esterkin Family Investments"	33 660 627	1.4	47 124 878	33.12%
SIA "Suharenko Family Investments"	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	16 004 994	1.4	22 406 992	
Paid-in share capital total	117 638 694		164 694 172	

The Council of Rietumu Bank

Name	Position	Date of appointment
Leonid Esterkin	Chairman of the Council	25/09/97(27/03/15-27/03/18)
Arkady Suharenko	Deputy Chairman of the Council	25/09/97(27/03/15-27/03/18)
Brendan Thomas Murphy	Deputy Chairman of the Council	07/09/05(27/03/15-27/03/18)
Dermot Fachtna Desmond	Member of the Council	07/09/05(27/03/15-27/03/18)
Alexander Gafin	Member of the Council	25/03/10(27/03/15-27/03/18)
Valentin Bluger	Member of the Council	25/03/11(27/03/15-27/03/18)

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)
Ilja 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)

Consolidation group

No.	Name of company	Registration number	Registration location code	Registration address	Type of activities*	Interest in share capital (%)	Voting shares (%)	Basis for inclusion in the group**
1.	RB Securities Ltd	HE-78731	CY	Cyprus, Nicosia, Stasinou 1, Mitsi Building 1, 2nd floor, Flat/Office 5, Plateia Eleftherias	CFI	99,99	99,99	MS
2.	Oschadna Company LLC	35159882	UA	Ukraina, Kijeva, Vozdviženskaja 52-54 A Nr.13	CFI	67	67	MMS
3.	TC Gaiļezers SIA	40103794744	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	PLS	100	100	MMS
4.	Pack & Q SIA	40103449678	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	PLS	100	100	MMS
5.	RB Lending Services Limited	HE149825	CY	Cyprus, Nicosia, Stasinou 1, Mitsi Building 1 floor, Flat/Office 4, Plateia Eleftherias	CFI	100	100	MMS
6.	RB Investments SIA	40003669082	LV	Latvija, Rīga, Vesetas ielā 7	CFI	100	100	MS
7.	FRB Elektro SIA	40103182896	LV	Latvija, Rīga, Vesetas ielā 7, 3.st.	CFI	85	85	MMS
8.	KI Zeme SIA	40103161381	LV	Latvija, Rīga, Vesetas ielā 7	PLS	100	100	MMS
9.	KI Nekustamie īpašumi SIA	40103182129	LV	Latvija, Rīga, Vesetas ielā 7	PLS	100	100	MMS
10.	Miera 30C SIA	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	CT
13.	Lilijas 28 SIA	40103252765	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
14.	M322 SIA	40103247406	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
15.	Aristīda Briāna SIA	40003780729	LV	Latvija, Rīga, Aristīda Briāna iela 9	PLS	100	100	MMS
16.	H-Blok SIA	40003839376	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
17.	Devīpdesmit seši SIA	40003492087	LV	Latvija, Jūrmala, Jomas iela 86	PLS	100	100	MMS
18.	Ventio SIA	41203010746	LV	Latvija, Ventspils, Skolas iela 6	PLS	100	100	MMS
19.	Route 96 SIA	40003856126	LV	Latvija, Rīgas rajons, Mārupes pagasts, Zīlītes iela 1	PLS	100	100	MMS
20.	Vangažu Nekustamie īpašumi SIA	40103463243	LV	Latvija, Inčukalna novads, Vangaži, Gaujas iela 24/34	PLS	100	100	MMS
21.	D 47 SIA	40103458986	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
22.	Euro Textile Group SIA	40003660929	LV	Latvija, Rīga, Ganību dambis 30	PLS	100	100	MS
23.	Vesetas 7 SIA	40103182735	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
24.	Overseas Estates SIA	40003943207	LV	Latvija, Ventspils, Dzintaru iela 3A	PLS	100	100	MS
25.	Westtransinvest Ltd	100188077	BY	Baltkrievija, Minska, Odojevskaja iela 117, 6.st., 9.birojs	LIZ	100	100	MS
26.	Westleasing Limited joint company	190510668	BY	Baltkrievija, Minska, Odojevskaja iela 117, 6.st., 19.birojs	LIZ	100	100	MS
27.	RB Drošība SIA	40003780752	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
28.	InCREDIT GROUP SIA	40103307404	LV	Latvija, Rīga, Kr.Barona iela 130	LIZ	51	51	MS
29.	RB Baki SIA	1701269651	AZ	Ataturka prospekts 2-9, Baku, Azerbaidžāna	CFI	100	100	MS
30.	Rietumu Asset Management AS IPS	40103753360	LV	Latvija, Rīga, Vesetas iela 7	IPS	100	100	MS
31.	SBD SIA	40003868002	LV	Latvija, Rīga, Vesetas iela 7	PLS	66.89	66.89	MS
32.	Langervaldes 2 SIA	40103701960	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
33.	Elektro bizness SIA	40003614811	LV	Latvija, Rīga, Vesetas iela 7	PLS	85	85	MMS
34.	Green Energy Trio SIA	55403023741	LV	Latvija, Jēkabpils, Madonas iela 6	PLS	85	85	MMS

* BNK - bank; ENI - e-commerce company; IBS - investment brokerage company; IPS - investment management company; PFO - pension fund; LIZ - leasing company; CFI - other financial institution; PLS - company providing various support services.

** MS - subsidiary company; MMS - subsidiary of the subsidiary company; MT - parent company; CT - other company.

Consolidation group

No.	Name of company	Registration number	Registration location code	Registration address	Type of activities*	Interest in share capital (%)	Voting shares (%)	Basis for inclusion in the group**
35.	Interrent OOO	190816938	BY	Baltkrievija, Minska, Kujmana iela 5B, 4.stāvs, 6.kab.	PLS	100	100	MMS
36.	Ilūkstes siltums SIA	41503060271	LV	Latvija, Rīga, Vesetas iela 7	PLS	85	85	MMS
37.	RB Namu Serviss SIA	40103169629	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MS
38.	Multi Pluss SIA	40003636787	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	MMS
39.	Ekosil SIA	40103791625	LV	Latvija, Rīga, Garozes iela 25-1	PLS	85	85	MMS
40.	U-10 SIA	5010384195	LV	Latvija, Rīga, Garozes iela 25-1	PLS	67	67	MMS
41.	KI Invest SIA	11157746168007	RU	Krievija, Maskava, Nauchnyi šķērsiela, 19-12, 8.stāvs	PLS	100	100	MS
42.	Rietumu Bankas labdarības fonds	40008114048	LV	Latvija, Rīga, Vesetas iela 7	PLS	100	100	CT
43.	RAM Cash Reserve Fund USD	23.07.2014/148	LV	Latvija, Rīga, Vesetas iela 7	CFI	100	100	CT
44.	RAM Fund-Fixed Income High Yield USD	20.08.2014/166	LV	Latvija, Rīga, Vesetas iela 7	CFI	99,66	99,66	CT
45.	RAM Fund-Fixed Income Investment Grade USD	20.08.2014/166	LV	Latvija, Rīga, Vesetas iela 7	CFI	99,40	99,40	CT
46.	RAM Fund-Global Equity USD	20.08.2014/166	LV	Latvija, Rīga, Vesetas iela 7	CFI	98	98	CT

* BNK - bank; ENI - e-commerce company; IBS - investment brokerage company; IPS - investment management company; PFO - pension fund; LIZ - leasing company;

CFI - other financial institution; PLS - company providing various support services.

** MS - subsidiary company; MMS - subsidiary of the subsidiary company; MT - parent company; CT - other company.

Financial performance

Income Statement

	31.03.2015 Non-audited	000'EUR 31.03.2014 Non-audited
Interest income	23 515	20 695
Interest expenses	-5 210	-4 587
Dividend income	-	500
Commission and fee income	17 615	15 367
Commission and fee expense	-6 114	-4 436
Net realised gain/ (loss) from financial assets and financial liabilities measured at amortised cost	-	-
Net realised gain/ (loss) from available-for-sale financial assets	14	283
Net realised gain/ (loss) from financial assets and liabilities held for trading	-	90
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	73	-
Changes in fair value hedge accounting	-	-
Net result from foreign exchange trading and revaluation	5 757	5 083
Gain/(loss) from sale of tangible and intangible fixed assets	-	-28
Other income	1 181	482
Other expense	-92	-62
Administrative expense	-13 474	-10 925
Depreciation	-431	-339
Impairment expenses	418	-877
Change in allowances for credit losses	-	-
PROFIT / (LOSS) BEFORE CORPORATE INCOME TAX	23 251	21 246
Corporate income tax	-3 762	-2 703
NET PROFIT / (LOSS)	19 489	18 543

Condensed Balance Sheet

	31.03.2015 Non-audited	000'EUR 31.12.2014 Audited*
ASSETS		
Cash and demand deposits with central banks	751 286	158 552
Demand deposits from credit institutions	788 843	1 551 774
Financial assets held for trading	-	-
Financial instruments at fair value through profit or loss	5 097	5 141
Available-for-sale financial assets	446 304	144 666
Loans and receivables	1 180 449	1 087 989
	incl. loans gross	1 265 728
	Specific impairment allowance	-85 279
Held-to-maturity investments	154 690	308 752
Reverse repo loans	267 939	153 235
Change of fair value of hedge portfolio	-	-
Prepaid expense and accrued income	11 769	1 651
Fixed assets	6 471	6 470
Investment property	5 454	5 406
Intangible assets	2 952	2 458
Investments in subsidiaries and associates	29 870	28 854
Tax assets	208	128
Other assets	34 480	19 965
Total assets	3 685 812	3 475 041
LIABILITIES AND SHAREHOLDERS' EQUITY		
Balances due to central banks	-	-
Demand deposits due to credit institutions	23 210	11 223
Financial liabilities held for trading (derivative financial liabilities)	-	-
Financial instruments at fair value through profit or loss	60	161
Financial liabilities at amortised value	3 275 109	3 127 970
	incl. deposits	3 253 833
	term deposits due to credit institutions	1 029
	debt securities issued	20 247
Financial liabilities arising from financial asset transfer	-	-
Change of fair value of hedge portfolio	-	-
Tax liabilities	1 309	1 499
Provisions	34 223	7 176
Other liabilities	10 689	3 632
Total liabilities	3 344 602	3 151 661
Shareholders' equity	341 210	323 380
	incl. paid-in share capital	164 694
	share premium	42 325
	reserve capital	23
	previous years profit/loss	113 803
	retained profit / loss	19 489
	fixed asset revaluation reserve	-
	available for sale financial assets revaluation reserve	876
Total liabilities and shareholders' equity	3 685 812	3 475 041
	Contingent liabilities	11 688
	Financial commitments	66 980

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2014.

Profitability ratios

	31.03.2015 Non-audited	31.12.2014 Audited*
ROE ¹	22.80%	24.01%
ROA ²	2.16%	2.24%
Net interest margin ³	2.37%	2.21%
Cost/income ratio ⁴	38.01%	28.29%

Regulatory requirements and ratios

	31.03.2015 Non-audited	31.12.2014 Audited*
Liquidity ratio ⁵	75.41%	77.65%
<i>note: minimum allowed by FCMC</i>	60.00%	60.00%
Capital adequacy ratio*	19.03%	18.91%
<i>note: minimum allowed by FCMC</i>	15.80%	15.80%

Financial ratios

	31.03.2015 Non-audited	31.12.2014 Audited*
Equity to loan portfolio ratio	28.91%	29.72%
Loan portfolio to total assets ratio	32.03%	31.31%
Equity to total assets ratio	9.26%	9.31%
Deposits to loans ratio	275.64%	285.66%

*Information has been prepared based on data from the audited annual report for the year ended 31 December 2014.

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

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

³ Annualised net interest income over average total assets

⁴ Expenses 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

⁵ Liquidity 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

Code	Position description	000'EUR 31.03.2015
1	Own funds (1.1.+1.2.)	397 181
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	253 809
1.1.1.	Common equity tier 1 capital	253 809
1.1.2.	Additional tier 1 capital	-
1.2.	Tier 2 capital	143 373
2	Total risk exposure amount(2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	2 086 605
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 846 962
2.2.	Settlement/delivery risk exposure amount	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	8 754
2.4.	Total risk exposure amount for operational risk	230 707
2.5.	Total risk exposure amount or credit valuation adjustment	183
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)	12.16
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	159 911
3.3.	Tier 1 Capital ratio (%) (1.1./2.*100)	12.16
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital(-) (1.1.-2.*6%)	128 612
3.5.	Total capital ratio (%) (1./2.*100)	19.03
3.6.	Surplus(+)/Deficit(-) of total capital (-) (1.-2.*8%)	230 253
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	
5.2.	CET1 capital ratio including Pillar II adjustments	12.16%
5.3.	Tier 1 capital ratio including Pillar II adjustments	12.16%
5.4.	Total capital ratio including Pillar II adjustments	19.03%

Liquidity ratio calculation

Code	Position description	000'EUR 31.03.2015
1.	Liquid assets (1.1.+1.2.+1.3.+1.4.)	2 210 949
1.1.	Cash	5 096
1.2.	Balances with Latvian Central Bank	746 190
1.3.	Loans to credit institutions	956 394
1.4.	Liquid securities	503 269
2.	Current liabilities (with remaining maturity up to 30 days) (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	2 931 814
2.1.	Deposits from credit institutions	23 149
2.2.	Deposits	2 776 830
2.3.	Issued debt securities	-
2.4.	Money in transit	40 382
2.5.	Other current liabilities	30 335
2.6.	Off-balance sheet liabilities	61 118
3.	Liquidity ratio (%) (1.:2.) (%)	75.41
4.	Minimum liquidity ratio (%)	30%

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.

31.03.2015 Non-audited Issuer	At fair value	For sale	Held to maturity	TOTAL	000'EUR % of shareholders' equity
Latvia					
Government obligations	-	-	1 842	1 842	
Investment funds	-	46 491	-	46 491	
Financial institutions	-	62	-	62	
Private institutions	115	-	-	115	
Total:	115	46 553	1 842	48 510	12.21%
USA					
Government obligations	-	232 362	-	232 362	
Investment funds	-	-	-	-	
Financial institutions	-	1 412	6 032	7 443	
Private institutions	-	13 113	2 273	15 386	
Total:	-	246 887	8 305	255 192	64.25%
Luxembourg					
Government obligations	-	-	-	-	
Investment funds	-	37 225	-	37 225	
Financial institutions	-	-	4 841	4 841	
Private institutions	-	463	-	463	
Total:	-	37 688	4 841	42 528	10.71%
Russia					
Government obligations	-	-	13 068	13 068	
Investment funds	-	-	-	-	
Financial institutions	942	19 947	27 688	48 578	
Private institutions	-	19 229	17 228	36 456	
Total:	942	39 176	58 003	98 102	24.70%
Securities of other countries:	3 762	76 000	50 276	130 038	32.81%
Total securities portfolio:	4 820	446 304	123 266	574 390	

In the reporting period, impairment in the amount of EUR 2,2 m was recognised for available-for-sale securities.

At the end of the reporting period the total volume of the Bank's securities portfolio amounted to EUR 574,4 m. Majority of that – EUR 444,4 m – was invested in government and corporate obligations in Europe, Russia and USA. 69.24% of the investment was made in securities with investment grade credit ratings. The biggest concentration of investments by country was in Latvia, USA, Luxembourg and Russia (12.21%, 64.25%, 10.71% and 24.70% of Bank's shareholders' equity). Bank's investments in USA government obligations constituted 58.5% of Bank's shareholders equity.