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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.

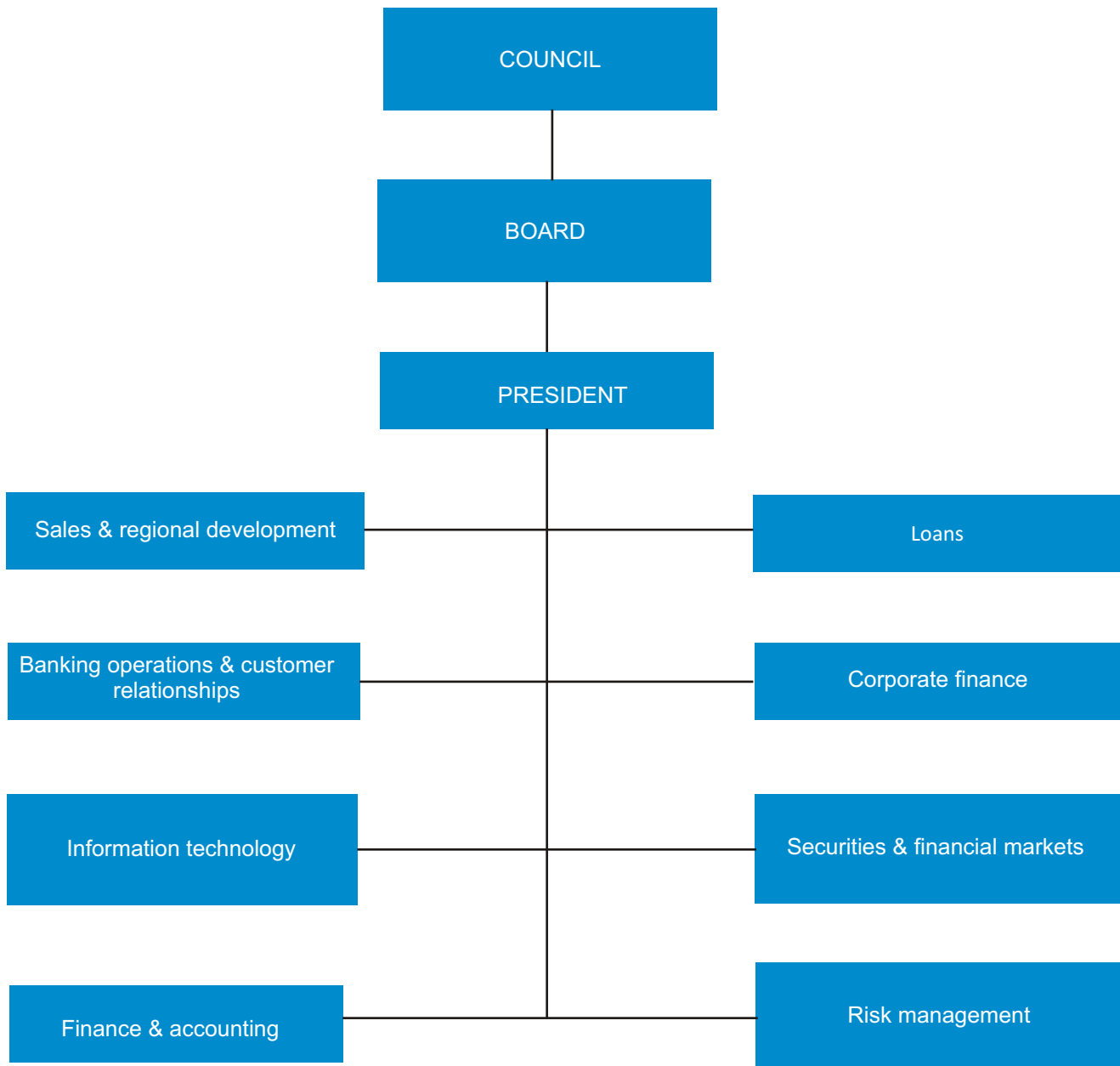
- Constantly raising customer service quality by improving and expanding the existing product range according to the current market situation and the Bank's technological capabilities.

- Continually improving the internal processes and information technologies.

Bank offices

The information about Rietumu Bank Worldwide offices can be found: 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(27/03/11-25/03/14)
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(26/11/10-26/11/13)

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	100	MS
2	SIA "RB Investments"	40003669082	LV, 7 Vesetas Street, 10th floor, Riga, Latvia, LV-1013	CFI	100	100	MS
3	SIA "RB Vidzeme"	40003682292	LV, 7 Vesetas Street, 10th floor, Riga, Latvia, LV-1013	CFI	100	100	MS
4	AS "RB Asset Management"	40003764029	LV, 7 Vesetas Street, 11th floor, Riga, Latvia, LV-1013	IPS	100	100	MS
5	SIA "RB Drošība"	40003780752	LV, 7 Vesetas Street, Riga, Latvia, LV-1013	CKS	100	100	MS
6	SIA "Westtransinvest"	100188077	BY, 8 Fabricius Street, 4th floor, room No 18, Minsk, Belarus, 220007	CFI	50	51	MS
7	SIA "Westleasing"	190510668	BY, 8 Fabricius Street, 4th floor, room No 42, Minsk, Belarus, 220007	CFI	50	51	MS
8	SIA "Westleasing-M"	1047796934206	RU, 10 Kostjakova Street, Moscow, Russia, 127422	CFI	50	51	MS
9	SIA "RB Namu serviss"	40103169629	LV, 7 Vesetas Street, 10th floor, Riga, Latvia, LV-1013	CKS	100	100	MS
10	SIA "Parex leasing"	190567618	BY, 23 Libavoromenskaja Street, room No 7, Minsk, Belarus, 220028	CFI	100	100	MS
11	SIA "InCREDIT GROUP"	40103307404	LV, 130 Krišjāņa Barona Street, Riga, Latvia, LV-1012	CFI	51	51	MS
12	SIA "OVERSEAS Estates"	40003943207	LV, 7 Vesetas Street, 3th floor, Riga, Latvia, LV-1013	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

	June 2011 Non-audited	June 2010 Non-audited	000'LVL
Interest income	15 226	15 574	
Interest expenses	-6 270	-6 260	
Net interest income	8 956	9 314	
Commission and fee income	8 098	8 103	
Commission and fee expense	-1 581	-1 347	
Net commission and fee income	6 517	6 756	
Profit from trading with fin.instruments	5 570	4 574	
Dividend income	17	268	
Other operating income	482	620	
Operating income	21 542	21 532	
Administrative expenses	-10 635	-8 835	
Depreciation of fixed assets	-1 050	-1 048	
Other operating expenses	-831	-49	
Impairment profit/losses	-5 773	-11 285	
Profit/loss from disposal of assets	20	1 413	
Profit from sale and revaluation of property	113	596	
PROFIT BEFORE TAXATION	3 386	2 324	
Taxes	-821	-292	
NET PROFIT	2 565	2 032	

Condensed Balance Sheet

	June 2011 Non-audited	June 2010 Non-audited	000'LVL
ASSETS			
Cash and balances with central bank	56 579	44 828	
Demand balances due from credit institutions	127 410	157 246	
Financial assets held for trading	130 952	36 460	
Financial assets available for sale	22 727	22 974	
Loans and advances to customers	592 077	559 340	
Held-to-maturity investments	186 910	147 039	
	<i>incl.</i>	<i>from central banks</i>	
		<i>from credit institutions</i>	
		<i>Investments in securities</i>	
	22 000	77 000	
	164 070	65 271	
	840	4 768	
Accrued income and prepaid expenses	6 346	5 512	
Fixed assets	4 537	4 978	
Investment property	6 461	5 777	
Non-material assets	2 521	2 808	
Investments in subsidiaries and associated entities	22 245	21 497	
Tax assets	499	1 500	
Other assets	14 854	23 906	
Total assets	1 174 118	1 033 865	
LIABILITIES AND SHAREHOLDERS' EQUITY			
Balances due to central banks	0	0	
Demand deposits due to credit institutions	8 326	3 685	
Financial liabilities held for trading (derivative financial liabilities)	210	675	
Financial liabilities at amortised value	970 523	796 532	
	<i>incl.</i>	<i>deposits</i>	
		<i>term of credit</i>	
		<i>Debt securities issued</i>	
	970 044	795 245	
	479	1 287	
	0	0	
Amounts payable under repurchase agreements	0	47 984	
Deferred income and accrued expense	5 016	4 837	
Provisions	45 658	34 822	
Tax liabilities	1 170	654	
Other liabilities	12 741	7 922	
Shareholders' equity	130 474	136 754	
	<i>incl.</i>	<i>paid-in share capital</i>	
		<i>share premium</i>	
		<i>reserve capital</i>	
		<i>previous years profit/loss</i>	
		<i>retained profit / loss</i>	
		<i>fixed asset revaluation reserve</i>	
		<i>available for sale financial assets revaluation reserve</i>	
	100 000	100 000	
	4 809	4 809	
	10 016	20 016	
	11 329	8 142	
	2 565	2 032	
	1 754	1 754	
	0	0	
Total liabilities and shareholder's equity	1 174 118	1 033 865	
	<i>Contingent liabilities</i>		
	<i>Off-balance sheet liabilities to customers</i>		
	14 150	7 552	
	46 378	39 617	

Profitability ratios

	June 2011	June 2010
ROE	3.77%	3.03%
ROA	0.45%	0.40%
Net interest margin	1.91%	2.40%
Cost/income ratio	55.09%	43.78%

Regulatory requirements and ratios

	June 2011	June 2010
Liquidity ratio	60.86%	50.12%
<i>note: mimum allowed by FCMC</i>	30.00%	30.00%
Capital adequacy ratio	18.52%	17.60%
<i>note: mimum allowed by FCMC</i>	8.00%	8.00%

Financial ratios

	June 2011	June 2010
Equity to loan portfolio ratio	23.60%	25.81%
Loan portfolio to total assets ratio	48.99%	53.04%
Equity to total assets ratio	11.56%	13.69%
Deposits to loans ratio	175.49%	150.08%

Risk management

Risk management can be found in the last annual report:

www.rietumu.com/bank-finance-audited