

Contents

2	General information
3	The structure of JSC “Rietumu Banka”
4	Shareholders of the Bank
4	The Council of JSC “Rietumu Banka”
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
7	Risk management

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.

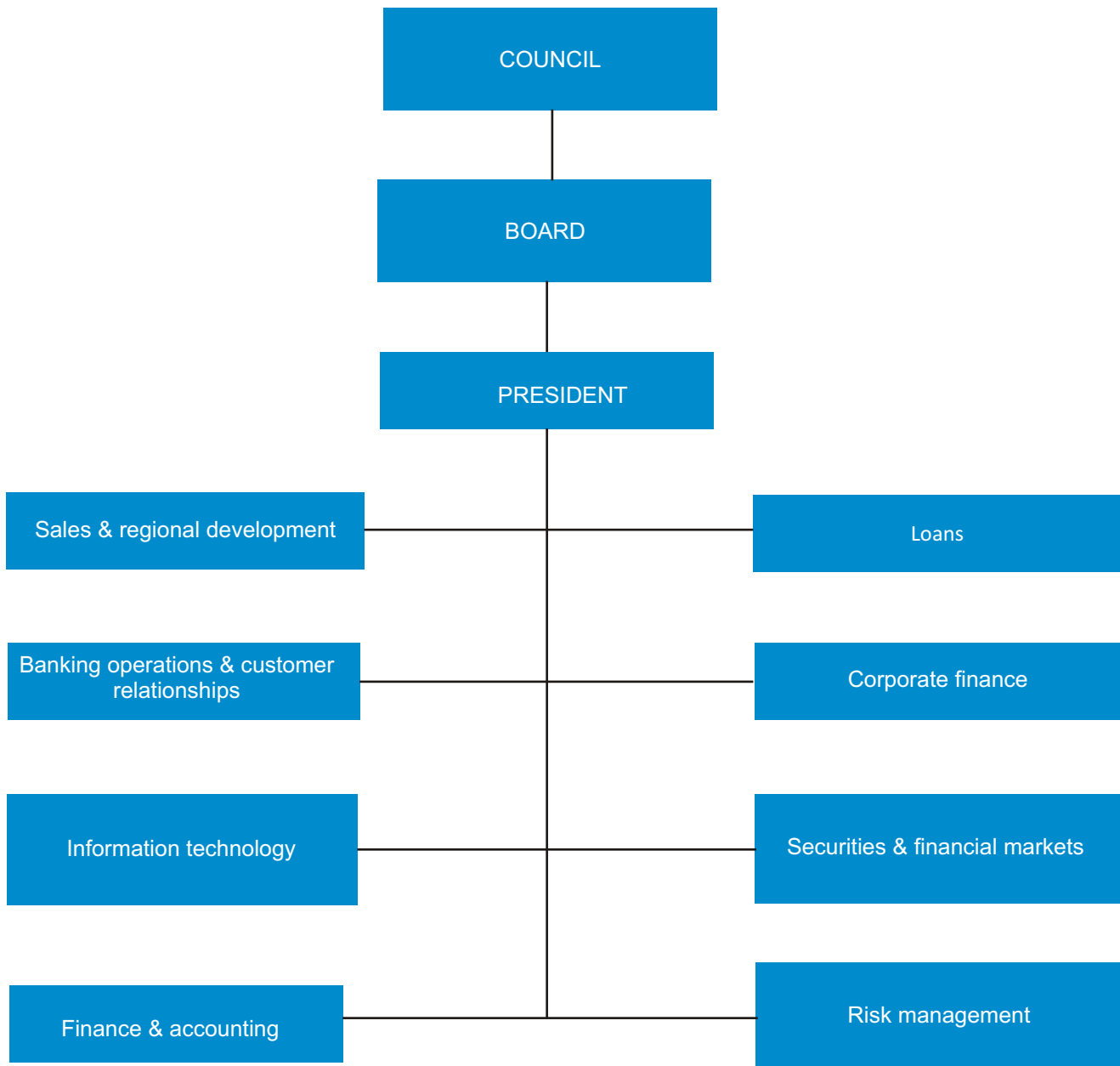
/Constantly raising customer service quality by improving and expanding the existing product range according to the current market situation and the Bank's technological capabilities.

/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	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(25/03/11-25/03/14)
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, Vesetas iela 7, 10.stāvs, Rīga, Latvija, LV-1013	CFI	100	100	MS
3	SIA "RB Vidzeme"	40003682292	LV, Vesetas iela 7, 10.stāvs, Rīga, Latvija, LV-1013	CFI	100	100	MS
4	AS "RB Asset Management"	40003764029	LV, Vesetas iela 7, 11.stāvs, Rīga, Latvija, LV-1013	IPS	100	100	MS
5	SIA "RB Drošība"	40003780752	LV, Vesetas iela 7, Rīga, Latvija, 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, Vesetas iela 7, 10.stāvs, Rīga, Latvija, LV-1013	CKS	100	100	MS
10	SIA "InCREDIT GROUP"	40103307404	LV, Krišjāna Barona iela 130, Rīga, Latvija, LV-1012	CFI	51	51	MS
11	SIA "OVERSEAS Estates"	40003943207	LV, Vesetas iela 7, 3.stāvs, Rīga, Latvija, LV-1013	CKS	100	100	MS
12	SIA "RB BAKI"	1701269651	AZ, Istiglalijat iela 7-1, Baku, Azerbaidžāna	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

	March 2012 Non-audited	March 2011 Non-audited	000'LVL
Interest income	9 988	7 389	
Interest expenses	-3 136	-3 146	
Net interest income	6 852	4 243	
Commission and fee income	5 503	3 806	
Commission and fee expense	-944	-648	
Net commission and fee income	4 559	3 158	
Profit from trading with fin.instruments	3 087	2 360	
Dividend income	-	-	
Other operating income	208	225	
Operating income	14 706	9 986	
Administrative expenses	-9 224	-5 456	
Depreciation of fixed assets	-483	-533	
Other operating expenses	-103	-6	
Impairment profit/losses	-138	-1 987	
Profit/loss from disposal of assets	3	18	
Profit from sale and revaluation of property	0	100	
PROFIT BEFORE TAXATION	4 761	2 122	
Taxes	-953	-587	
NET PROFIT	3 808	1 535	

Condensed Balance Sheet

	March 2012 Non-audited	2011 Non-audited	000'LVL
ASSETS			
Cash and balances with central bank	56 578	61 634	
Demand balances due from credit institutions	493 316	488 574	
Financial assets held for trading	21 407	52 647	
Financial assets available for sale	100 533	106 835	
Loans and advances to customers	656 010	643 648	
Held-to-maturity investments	123 107	27 720	
<i>incl.</i>			
<i>from central banks</i>	13 000	10 000	
<i>from credit institutions</i>	94 636	2 192	
<i>investments in securities</i>	15 471	15 528	
Accrued income and prepaid expenses	7 041	6 570	
Fixed assets	4 092	4 235	
Investment property	6 934	6 926	
Non-material assets	2 002	2 239	
Investments in subsidiaries and associated entities	22 549	22 549	
Tax assets	353	212	
Other assets	14 672	14 295	
Total assets	1 508 594	1 438 084	
LIABILITIES AND SHAREHOLDERS'S EQUITY			
Balances due to central banks	-	-	
Demand deposits due to credit institutions	11 632	12 844	
Financial liabilities held for trading (derivative financial liabilities)	34	186	
Financial liabilities at amortised value	1 282 741	1 223 360	
<i>Incl.</i>			
<i>deposits</i>	1 282 160	1 222 487	
<i>term of credit</i>	581	873	
<i>debt securities issued</i>	-	-	
Amounts payable under repurchase agreements	-	-	
Deferred income and accrued expense	10 885	7 530	
Provisions	48 144	48 183	
Tax liabilities	1 171	1 528	
Other liabilities	13 264	9 361	
Shareholders' equity	140 723	135 092	
<i>incl.</i>			
<i>paid-in share capital</i>	100 000	100 000	
<i>share premium</i>	4 809	4 809	
<i>reserve capital</i>	10 016	10 016	
<i>previous years profit/loss</i>	19 289	11 329	
<i>retained profit / loss</i>	3 808	10 083	
<i>fixed asset revaluation reserve</i>	1 754	1 754	
<i>available for sale financial assets revaluation reserve</i>	1 047	-2 899	
Total liabilities and shareholder's equity	1 508 594	1 438 084	
<i>Contingent liabilities</i>	8 527	9 593	
<i>Off-balance sheet liabilities to customers</i>	68 156	63 857	

Profitability ratios

	March 2012	March 2011
ROE ¹	10.90%	4.43%
ROA ²	1.04%	0.53%
Net interest margin ³	0.47%	0.37%
Cost/income ratio ⁴	66.71%	60.03%

Regulatory requirements and ratios

	March 2012	March 2011
Liquidity ratio ⁵	62.32%	62.65%
<i>note: mimum allowed by FCMC</i>	30.00%	30.00%
Capital adequacy ratio	17.12%	18.56%
<i>note: mimum allowed by FCMC</i>	8.00%	8.00%

Financial ratios

	March 2012	March 2011
Equity to loan portfolio ratio	22.89%	24.94%
Loan portfolio to total assets ratio	42.10%	49.56%
Equity to total assets ratio	9.64%	12.36%
Deposits to loans ratio	208.55%	172.87%

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>

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 2012 Issuer	For trading	For sale	Held to maturity	TOTAL:	000'LVL % to shareholders equity
Latvia					
Government obligations	3 954	-	-	3 954	
Investment funds	-	22 230	-	22 230	
Financial institutions	-	44	-	44	-
Private institutions	208	-	-	208	
Total:	4 162	22 274	-	26 436	16.77%
USA					
Government obligations	-	-	-	0	
Investment funds	-	5 132	4 513	9 645	
Financial institutions	-	3 641	10 022	13 663	-
Private institutions	5 352	1 525	-	6 877	
Total:	5 352	10 298	14 535	30 185	19.15%
Securities of other countries:	11 569	67 961	951	80 481	51.05%
Total securities portfolio:	21 083	100 533	15 486	137 102	

At the end of the reporting period the total volume of the Bank's securities portfolio amounted to 137.1 billion LVL. Majority of that – 132.6 billion LVL – was invested in government and corporate obligations in Europe, US and Asia. 95.5% of the investment was made in securities with investment grade credit ratings. The biggest concentration of investment by county was in the US (19.15% of Bank's shareholders' equity) and Latvia (16.77% 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.

At the end of the reporting period the volume of investment in securities held to maturity amounted to 222 345 LVL.