



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

public quarterly report
for the period ended on
30 September 2012

Bank's management report

Dear shareholders of ABLV Bank, AS,

Q3 2012 was very successful for ABLV Bank, AS and the group. The business volume and all major performance indicators continued to grow. The bank's profit amounted to LVL 10.9 million.

Whereas global economy growth continued to slow down in Q3 2012, and the euro zone economy entered recession. In order to support growth, the European Central Bank announced beginning of the new programme, under which bonds will be bought on the market without amount limitation. The FRS also implemented long-awaited QE3 programme. The world's financial markets were enthusiastic about these decisions, and leading global stock indexes ended the quarter with a good increase, whereas MSCI stock index grew by 6.2%.

In the reporting period, Latvian economic indicators still were much better than average in the European Union. During the quarter, the unemployment rate decreased from 12.3% to 11.0%. Published data on Latvian GDP for Q3 2012 evidenced growth by 5.3% (YoY). In the first quarter, GDP increase was equal to 6.9%, and in the second – to 5.0%. According to forecasts by the International Monetary Fund, Latvia can end the year 2012 with an economy increase of 4.4%, which would be one of the best indicators in the European Union.

In Q3 we continued gradually substituting long-term deposits with investments in bonds by performing another issue of ABLV Bank, AS bonds. Under the Second Bond Offer Programme, there was issue of 2-year bonds performed in July, the issue size being USD 50 million. The annual interest rate is floating: LIBOR 6M + 1.20% with coupon payment twice a year. The issue maturity date is 30 July 2014. The bonds were acquired by 58 bank's customers, 20% of which are individuals, and 80% – legal entities. The issued bonds are included in NASDAQ OMX Riga list of debt securities, to ensure public quotation of the bonds. Investments in bonds allow customers to receive higher income than that under deposits and also ensure wider transaction opportunities — those can be purchased, sold or used as collateral to obtain financing, meanwhile retaining the investment amount and planned yield. NASDAQ OMX Riga stock exchange named our bank the largest issuer of corporate securities.

Other companies of ABLV Group also continued to grow. At the end of September, there was a project of changing brand of ABLV Group companies operating in real estate area commenced. Since beginning their operations in 2008, this group of companies was known as ABLV Transform. Now they will have a new single brand – Pillar, continuing real estate development, management and trade. The potential of this line of business is evidenced by large-scale projects accomplished in recent years: Saules Rasa, Pine Breeze, Aristo, and Mārtiņa Nams 2. Another two important projects are nearing completion – Lielezeres Apartment House and Elizabetes Park House. During several years, Pillar has realized 450 objects in total. Currently, Pillar supervises more than 1200 properties worth about LVL 60 million, which is one of the largest real estate portfolios in Latvia.

Bank

The group's profit over 9 months of 2012 amounted to LVL 10.3 million, whereas that of ABLV Bank, AS – to LVL 10.9 million.

On 21 September, there was an extraordinary meeting of ABLV Bank, AS shareholders held, at which the profit for the first half of the year, equal to LVL 5.7 million, was decided to be included in the bank's Tier 1 equity capital as retained profit.

ABLV Group maintained growth in all lines of its business:

- The bank's operating income for 9 months of 2012 before allowances for credit losses amounted to LVL 48.7 million.
- During 9 months of 2012, the amount of deposits with the bank has grown by 16.4%, reaching LVL 1.87 billion. ABLV Bank, AS is ranked first in terms of the amount of deposits among commercial banks operating in Latvia.
- As at 30 September 2012, the amount of the bank's assets totalled LVL 2.09 billion.
- The bank's loan portfolio is equal to LVL 476.2 million (as at 31 December 2011, it was equal to LVL 470.6 million). We hold to very conservative approach in crediting – the loan portfolio constitutes 22.8% of the bank's total assets.
- There are allowances of LVL 56.4 million made under the loan portfolio and other assets.
- The bank's capital and reserves amounted to LVL 100.9 million (LVL 90.2 million as at 31 December 2011).
- As at 30 September 2012, the bank's capital adequacy ratio was 15.08%, whereas liquidity equalled 66.22%.
- ROE reached 15.01%, and ROA – 0.73%.

The bank continued investing available funds in securities. The total amount of the securities portfolio was equal to LVL 938.0 million, as at 30 September 2012. The bank's securities portfolio is mostly composed of fixed-income debt securities. Securities having credit rating AA- and higher constitute 75.9% of the total securities portfolio. In terms of the investment amount, securities are allocated as follows: USA – 27.4%, Russia – 15.3%, Canada – 12.7%, Germany – 10.3%, Sweden – 7.1%, Netherlands – 4.1%, Latvia – 2.6%, Great Britain – 2.4%, Norway – 1.7%. Whereas 10.1% is

constituted by securities issued by international institutions – the European Commission, ERAB, etc. In the reporting period, annual yield of the securities portfolio amounted to 2.5%.

Increasing our customer service quality, we have improved some of the Internetbank functions and added some new ones in Q3 2012. Now overall information on account balances, payments, investments, and loans of all customers linked to the particular Internetbank user will be available at once. It will be also possible to send several documents on behalf of different customers without switching between them. There are also other convenient innovations implemented. The process of credit card issue was significantly improved as well, increasing its safety and the quality of the package and accompanying materials.

Investments

Our open-end bond funds demonstrated great results lately. Those were also appreciated by investment analysts, for example, Morningstar agency – one of the most known investment research agencies, included ABLV Emerging Markets USD Bond Fund in its TOP 15 funds rated in terms of their yield over 5 years. Whereas ABLV High Yield CIS USD Bond Fund was included in TOP 30, but ABLV Emerging Markets EUR Bond Fund – in TOP 100. There were more than 740 investment funds available in Latvia evaluated under this research. The funds were also included in the top of bond funds publicly offered in Latvia, which is compiled by business newspaper Dienas Bizness.

In Q3 2012, given growing customers' interest in futures and futures options trading, we started offering new service – electronic trading platform J-Trader ABLV. This platform is intended for investors who are well acquainted with financial markets and ready to make independent decisions, quickly responding to market changes.

On 10 October 2012, ABLV Bank, AS sold 100% of SIA AB.LV Transform Investment shares of capital, which were acquired on 5 September, for LVL 2.6 million. The company's capital asset were premises in Moscow.

For customers – outside work

We have released fifth issue of exclusive Vassiliev Style magazine, this time – about Riga, the gem of Art Nouveau. The magazine is received by all holders of Vassiliev Style credit cards. The exhibition Art Nouveau Fashion, brought by famous fashion historian Alexandre Vassiliev and supported by ABLV, was open in Riga till mid-October.

At the end of August, we held ABLV Golf Tournament 2012 in Ozo Golf Club. There were 75 golfers participating in the tournament – they were our customers from Latvia and abroad, cooperation partners, bank's officers, and also prospective customers of the bank.

We express our gratitude to our shareholders and customers for their loyalty and to all officers of ABLV Group for their important contribution in achievement of the company's targets!

General information

ABLV Bank, AS (hereinafter – the bank) was registered in Aizkraukle, Republic of Latvia, on 17 September 1993, as a joint stock company, under unified registration number 50003149401. At present, the legal address of the bank is Elizabetes Street 23, Riga.

The bank operates in accordance with the legislation of the Republic of Latvia and the license issued by the Bank of Latvia that allows the bank to render all the financial services specified in the Law on Credit Institutions.

As at 30 September 2012 the group and the bank operate the central office and one lending center in Riga, as well as foreign representation offices in Azerbaijan – Baku, in Belarus - Minsk, in Kazakhstan - Almaty, in Russia – Moscow, St. Petersburg and Yekaterinburg, in Ukraine – Kyiv with its branch in Odessa, in Uzbekistan - Tashkent and Tajikistan – Dushanbe. Organizational structure of ABLV Bank, AS is shown on page 8 at this public quarterly report.

This quarterly report is prepared in accordance with the Regulations on Preparation of Public Quarterly Reports of Banks approved by the Financial and Capital Market Commission for the purpose of providing information on the financial standing and performance indicators of the group and the bank for the period started 1 January 2012 till 30 September 2012.

Financial statements are reported in thousands of lats (LVL '000), unless otherwise stated.

Shareholders and groups of related shareholders of the bank

As at 30 September 2012 the shareholders of the bank and the groups of related shareholders are as follows:

	30.09.2012.			31.12.2011.		
	Amount of voting shares	Paid-in the Bank's share capital	% of the total paid-in the Bank's share capital with voting rights	Amount of voting shares	Paid-in the Bank's share capital	% of the total paid-in the Bank's share capital with voting rights
	amount	LVL'000	(%)	amount	LVL'000	(%)
Shareholders						
Ernests Bernis and Nika Berne (direct and indirect interest)	51,862	7,779	43.01	47,241	7,086	42.95
Oļegs Fiļs (indirect interest)	51,861	7,779	43.00	47,241	7,086	42.95
Other shareholders total	16,877	2,532	13.99	15,518	2,328	14.10
Total shares with voting rights	120,600	18,090	100.00	110,000	16,500	100.00
Shares without voting rights	11,000	1,650		-	-	
Paid-in share capital total	131,600	19,740		110,000	16,500	

Each share's par value is 150 lats.

Performance indicators

Title of entry	01.01.2012. - 30.09.2012. (unaudited)	01.01.2011. - 30.09.2011. (audited)*
Return on equity (ROE) (%)	15.01	30.90
Return on assets (ROA) (%)	0.73	1.69

Indicators are calculated according to principles of the Regulations on Preparation of Public Quarterly Reports of Banks approved by the Financial and Capital Market Commission.

* - Information has been prepared based on data that are available at financial statements for the nine-month period ended 30 September 2011 audited by SIA Ernst & Young Baltic (No 40003593454).

Risk management

Information about Risk management is available in 2011 Annual Report (p. 75 - 101) on ABLV Bank, AS web page <http://www.ablv.com/en/about/financial-reports>. Since 31 December 2011 there are no any essential changes in Risk management.

The Council and the Board

The Council of the Bank:

Chairman of the Council:
Oleg Fil

Date of election:
04.10.2011.

Deputy Chairman of the Council:
Janis Krigers

Date of re-election:
04.10.2011.

Council Member:
Igor Rapoport

Date of re-election:
04.10.2011.

The Board of the Bank:

Chairman of the Board:
Ernest Bernis - Chief Executive Officer (CEO)

Date of re-election:
17.10.2011.

Deputy Chairman of the Board:
Vadim Reinfeld - Deputy Chief Executive Officer (dCEO)

Date of re-election:
17.10.2011.

Board Members:
Aleksander Pazhe – Chief Compliance Officer (CCO)
Edgar Pavlovich – Chief Risk Officer (CRO)
Maris Kannenieks – Chief Financial Officer (CFO)
Roland Citajev – Chief IT Officer (CIO)

Date of re-election:
17.10.2011.
17.10.2011.
17.10.2011.
17.10.2011.

Roman Surnachov – Chief Operating Officer (COO)

Date of election:
17.10.2011.

Strategy and aim of the bank's activities

The group's and bank's main scope of activity are investment services, settlement products, asset management, financial consultations, and real estate management. The business model aimed at supplying individual services to wealthy individuals and their businesses.

Bank' vision

The group and the bank offer the most highly valued private banking experience, based on a unique understanding of our clients.

Bank's mission

The group and the bank mission is to preserve and increase your capital, providing financial and advisory services necessary for achieving this aim.

Bank's values

Collaborative

We listen attentively and respond intelligently. We are always ready for a change. We don't rest, we act.

Intuitive

We know what's important to our customers. We understand peculiarities of their business, law and culture of their countries, and offer tailored solutions.

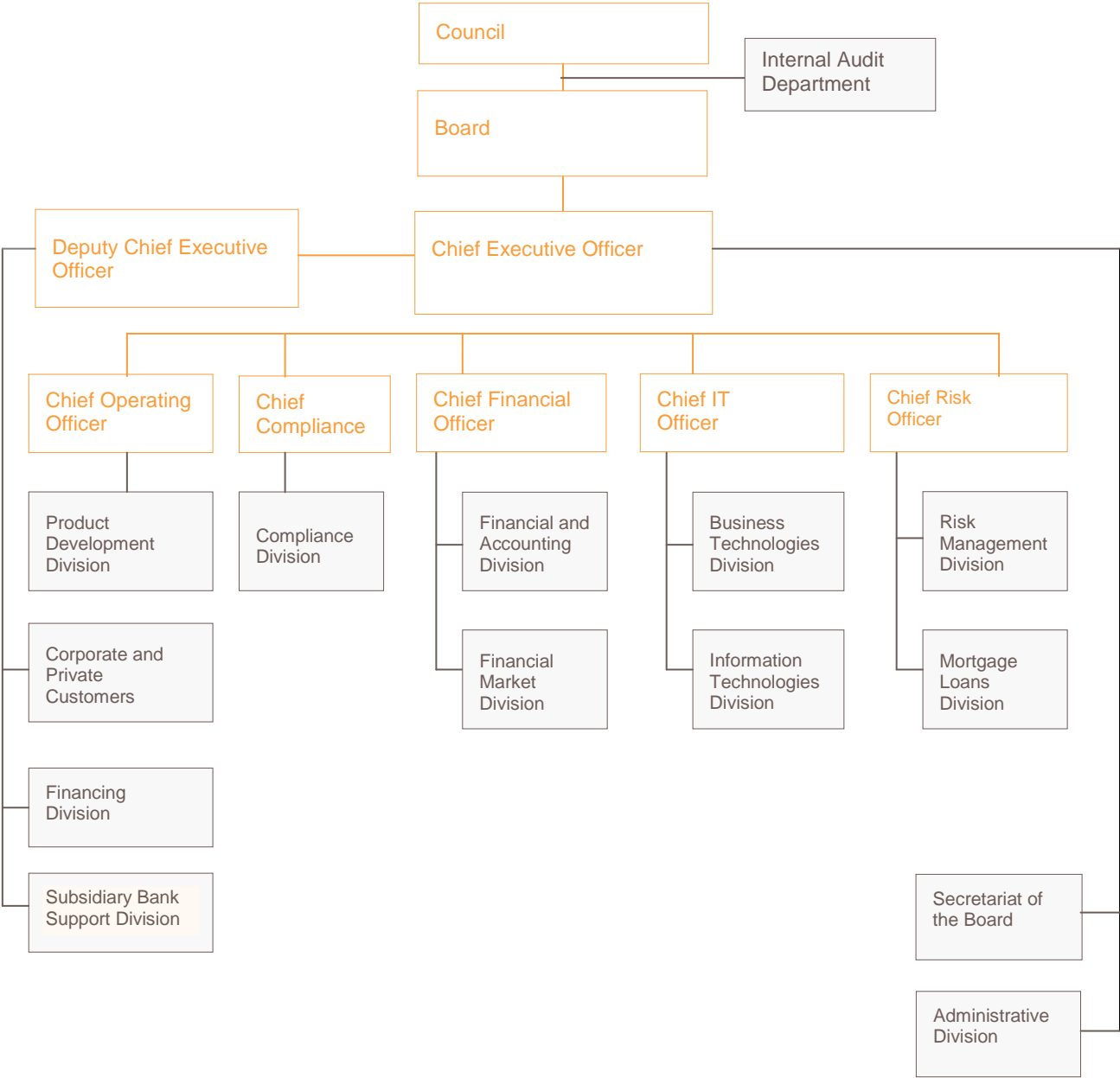
Valued

We work to bring success to our customers. Our key target is to be useful for our customers.

Bank's aim

According to the strategy approved in 2008, ABLV Bank, AS aim is to become a leader in rendering banking services, private wealth management, and financial advisory in Eastern Europe.

Bank's structure*



* More detailed information about the customer's service offices are available on the Bank's website <http://www.ablv.com/lv/about/offices>.

Members of the consolidation group

This public quarterly report contain the financial information about the bank and its subsidiaries (jointly – the group), as well as separately about the bank. The bank is the parent entity of the group.

Members of the consolidation group as at 30 September 2012:

No	Name of the company	Registration number	Code of registration state and address	Type of activities ⁴	Interest in share capital (%)	Share of voting rights (%)	Motivation for inclusion in the group ⁵
1	ABLV Bank, AS	50003149401	LV, Elizabetes iela 23, Rīga, LV-1010	BNK	100	100	MAS
2	ABLV Asset Management, IPAS	40003814724	LV, Elizabetes iela 23, Rīga, LV-1010	IPS	100	100	MS
3	ABLV Capital Markets, IBAS	40003814705	LV, Elizabetes iela 23, Rīga, LV-1010	IBS	100	100	MS
4	ABLV Consulting Services, AS	40003540368	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
5	ABLV Corporate Services, SIA	40103283479	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
6	ABLV Corporate Services, LTD	HE273600	CY, 1 Apriliou, 52, P.C.7600, Larnaca, Athienou	CKS	100	100	MS
7	ABLV Bank Luxembourg, S.A. ¹	B 162048	LU, Boulevard Royal, 26a, L-2449, Luxembourg	CKS	100	100	MS
8	AB.LV Transform Investments, SIA ²	40103191969	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
9	Pillar Holding Company, KS ³ (former ABLV Transform Partnership, KS)	40103260921	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	99.9997	99.9997	KS
10	Pillar, SIA	40103554468	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
11	Pillar Management, SIA ³ (former Transform 1, SIA)	40103193211	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
12	Pillar 2, SIA ³ (former Transform 2, SIA)	40103193033	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
13	Pillar 3, SIA ³ (former Transform 3, SIA)	40103193067	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
14	Pillar 4, SIA ³ (former Transform 4, SIA)	40103210494	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
15	Pillar 6, SIA ³ (former Transform 6, SIA)	40103237323	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
16	Pillar 7, SIA ³ (former Transform 7, SIA)	40103237304	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
17	Pine Breeze, SIA ³ (former Transform 8, SIA)	40103240484	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
18	Pillar 9, SIA ³ (former Transform 9, SIA)	40103241210	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
19	Pillar 10, SIA ³ (former Transform 10, SIA)	50103247681	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
20	Pillar 11, SIA ³ (former Transform 11, SIA)	40103258310	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
21	Pillar 12, SIA ³ (former Transform 12, SIA)	40103290273	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
22	Pillar 13, SIA ³ (former Transform 13, SIA)	40103300849	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
23	Lielezeres Apartment House, SIA ³ (former Transform 14, SIA)	50103313991	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
24	Pillar 17, SIA ³ (former Transform 17, SIA)	40103424617	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
25	Pillar 18, SIA ³ (former Transform 18, SIA)	40103492079	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
26	Elizabetes Park House, SIA	50003831571	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	91.6	91.6	MS

¹ - After reporting period, ABLV Bank Luxembourg, S.A. obtained the licence to conduct banking activities.

² - Subsidiary company AB.LV Transform Investments, SIA was alienated at the period between end of the reporting period and before the publication of this public quarterly report.

³ - Subsidiary companies has changed their names at the period between end of the reporting period and before the publication of this public quarterly report.

⁴ - BNK – bank, IBS – investment brokerage company, IPS – asset management company, CFI – other financial institution, CKS – other corporate company.

⁵ - MS – subsidiary; KS – joint venture company; MAS – parent company.

Members of the consolidation group as at 30 September 2012 (continuation of table):

No	Name of the company	Registration number	Code of registration state and address	Type of activities ⁴	Interest in share capital (%)	Share of voting rights (%)	Motivation for inclusion in the group ⁵
27	New Hanza City, SIA	40103222826	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
28	ABLV Private Equity Management, SIA	40103286757	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
29	ABLV Private Equity Fund 2010, KS	40103307758	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	KS
30	Vaiņode Agro Holding, SIA	40103503851	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
31	Vaiņodes Agro, SIA	40103484940	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
32	Gas Stream, SIA	42103047436	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	49	49	MS
33	Bio Future, SIA	42103047421	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	49	49	MS
34	Ortopēdijas, sporta traumatoloģijas un mugurkaula ķirurģijas klīnika ORTO, SIA	40103175305	LV, Dunties iela 23A, Rīga, LV-1005	CKS	60	60	MS
35	Orto māja, SIA	40103446845	LV, Dunties iela 23A, Rīga, LV-1005	CKS	60	60	MS

⁴ - BNK – bank, IBS – investment brokerage company, IPS – asset management company, CFI – other financial institution, CKS – other corporate company.

⁵ - MS – subsidiary; KS – joint venture company; MAS – parent company.

Income statements

Title of entry	01.01.2012. - 30.09.2012. (unaudited)		01.01.2011. - 30.09.2011. (audited)*	
	Group	Bank	Group	Bank
	LVL '000	LVL '000	LVL '000	LVL '000
Interest income	28,207	28,435	28,355	28,304
Interest expense	(11,801)	(11,860)	(11,896)	(11,831)
Income from dividends	5	1,402	1	707
Commission and fee income	23,393	21,290	19,263	17,053
Commission and fee expense	(2,794)	(2,528)	(2,444)	(2,102)
Net realised gain/ (loss) from financial assets at amortised cost	-	-	9,480	9,480
Net realised gain/ (loss) from available-for-sale financial assets	54	54	2,423	2,423
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	132	132	(4,502)	(4,502)
Changes in fair value hedge accounting	-	-	-	-
Net result from foreign exchange trading and revaluation	10,695	10,827	15,929	15,919
Gain/ (loss) from sale of tangible and intangible fixed assets	13	14	(9)	(15)
Other income	13,099	967	2,556	892
Other expense	(11,390)	(3,538)	(1,755)	(2,817)
Administrative expense	(21,721)	(17,445)	(19,389)	(16,803)
Depreciation	(1,502)	(1,079)	(1,253)	(1,161)
Change in allowances for credit losses	(12,838)	(12,664)	(11,384)	(11,384)
Impairment expenses	(441)	(563)	(1,389)	(1,495)
Profit/ (loss) before corporate income tax	13,111	13,444	23,986	22,668
Corporate income tax	(2,768)	(2,594)	(3,279)	(3,083)
Net profit/ (loss) for the period	10,343	10,850	20,707	19,585
Attributable to:				
Equity holders of the Bank	10,600		20,901	
Non-controlling interests	(257)		(194)	

* - Information has been prepared based on data that are available at financial statements for the nine-month period ended 30 September 2011 audited by SIA Ernst & Young Baltic (No 40003593454).

Balance sheet

	Notes	At 30 September 2012 (unaudited)		At 31 December 2011 (audited)*	
		Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
Assets					
Cash and demand deposits with central banks		172,338	172,338	143,663	143,663
Demand deposits from credit institutions		330,209	318,589	398,502	398,371
Financial assets held for trading		-	-	-	-
Financial assets at fair value through profit or loss		2,463	2,463	8,922	8,922
Available-for-sale financial assets		606,297	606,297	373,006	373,006
Loans and receivables	1	536,453	536,328	589,803	590,704
Held to maturity		329,432	329,432	166,778	166,778
Change of fair value of hedge portfolio		-	-	-	-
Prepaid expense and accrued income		636	316	686	335
Tangible fixed assets		11,571	4,867	10,071	4,954
Investment properties		21,571	16,521	21,542	16,662
Intangible fixed assets		3,613	3,247	3,493	3,368
Investments in subsidiaries		2,235	91,580	315	71,286
Current taxes receivables		410	183	3,401	3,359
Other assets		66,802	9,735	58,117	7,753
Total assets		2,084,030	2,091,896	1,778,299	1,789,161
Liabilities					
Liability due to central banks		-	-	-	-
Demand deposits from credit institutions		1,518	1,521	1,779	1,779
Financial liabilities held for trading		-	-	-	-
Financial liabilities at fair value through profit or loss		4,662	4,662	141	141
Financial liabilities at amortised cost	2	1,967,506	1,976,410	1,677,774	1,687,762
Financial liabilities arising from financial asset transfer		-	-	-	-
Change of fair value of hedge portfolio		-	-	-	-
Deferred income and accrued expense		7,258	5,928	6,121	5,182
Reserves		-	-	-	-
Deferred income tax		34	-	359	-
Other liabilities		6,936	2,488	6,798	4,123
Total liabilities		1,987,914	1,991,009	1,692,972	1,698,987
Total shareholders' equity		96,116	100,887	85,327	90,174
Total liabilities and shareholders' equity		2,084,030	2,091,896	1,778,299	1,789,161
Memorandum items					
Contingent liabilities		8,040	8,040	12,055	12,055
Financial commitments		9,205	9,205	20,940	20,940

* - Information has been prepared based on data that are available at financial statements for the period ended 31 December 2011 audited by SIA Ernst & Young Baltic (No 40003593454).

Summary report of equity and minimum capital requirements

Title of entry	30.09.2012. (unaudited)		31.12.2011. (audited)*	
	Group	Bank	Group	Bank
	LVL '000	LVL '000	LVL '000	LVL '000
Total equity	127,817	136,339	122,158	129,834
Tier 1	85,264	90,945	81,679	86,806
Tier 2	42,631	45,472	40,855	43,404
Decrease in Tier 1 and Tier 2	(78)	(78)	(376)	(376)
Tier 1 total applying decrease	85,225	90,906	81,491	86,618
Tier 2 total applying decrease	42,592	45,433	40,667	43,216
Used Tier 3	-	-	-	-
Total capital charge	77,680	72,348	72,018	67,140
Total of capital requirements for credit risk, counterparty credit risk, dilution risk and free deliveries risk	61,961	63,404	59,416	59,236
Capital charge for settlement/ deliveries risk	-	-	-	-
Capital charge for position risk, foreign currency risk and commodity risk	7,320	1,680	4,957	708
Capital charge for operational risk	8,399	7,264	7,645	7,196
Capital charge for other risk and transition period	-	-	-	-
Additional information				
Capital requirements covered by own funds (surplus/ (shortfall)) excluding capital charge for other risk and transition period	50,137	63,991	50,140	62,694
Capital adequacy ratio (%) excluding capital charge for other risk and transition period	13.16%	15.08%	13.57%	15.47%
Capital requirements covered by own funds (surplus/ (shortfall))	50,137	63,991	50,140	62,694
Capital adequacy ratio (%)	13.16%	15.08%	13.57%	15.47%

* - Information has been prepared based on data that are available at financial statements for the period ended 31 December 2011 audited by SIA Ernst & Young Baltic (No 40003593454).

Note 1

Loans and receivables

Title of entry	30.09.2012. (unaudited)		31.12.2011. (audited)*	
	Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
Loans	476,069	476,223	469,424	470,603
Loans to credit institutions	60,384	60,105	120,379	120,101
Total	536,453	536,328	589,803	590,704

Note 3

Financial liabilities at amortized cost

Title of entry	30.09.2012. (unaudited)		31.12.2011. (audited)*	
	Group LVL '000	Bank LVL '000	Group LVL '000	Bank LVL '000
Deposits	1,854,343	1,865,768	1,595,438	1,603,143
Issued securities	97,727	97,727	51,507	56,258
Subordinated deposits	11,696	11,696	21,662	21,662
Term deposits from credit institutions	3,740	1,219	9,167	6,699
Total	1,967,506	1,976,410	1,677,774	1,687,762

* - Information has been prepared based on data that are available at financial statements for the period ended 31 December 2011 audited by SIA Ernst & Young Baltic (No 40003593454).

Note 3

Analysis of concentration of the group's/ bank's securities portfolio

The group's and the bank's securities portfolio break downs by countries of issuers as at 30 September 2012:

Issuer state	Group/ Bank			
	Securities of central governments	Other issuers securities	Total	% of sareholders' equity
	LVL'000	LVL'000	LVL'000	%
United States of America	252,805	4,389	257,194	188.6
Russia	27,172	115,854	143,026	104.9
Canada	45,492	73,305	118,796	87.1
Germany	7,094	89,169	96,263	70.6
Sweden	44,930	21,719	66,649	48.9
Netherlands	-	38,218	38,218	28.0
Latvia	22,674	1,714	24,388	17.9
United Kingdom	-	22,928	22,928	16.8
Norway	10,311	5,586	15,897	11.7
Securities of other countries *	30,977	29,179	60,155	44.1
Securities of international organizations	-	94,490	94,490	69.3
Total securities, net	441,455	496,549	938,004	

* Each country's issuers' total exposure is less than 10% from the eligible capital used for capital adequacy calculation purposes.

The group's and the bank's securities portfolio break downs by countries of issuers as at 31 December 2011:

Issuer state	Group/ Bank			
	Securities of central governments	Other issuers securities	Total	% of sareholders' equity
	LVL'000	LVL'000	LVL'000	%
Russia	28,191	101,800	129,991	100.1
Germany	20,932	52,233	73,165	56.4
Canada	31,596	28,955	60,551	46.6
Sweden	28,456	17,029	45,485	35.0
United States of America	27,361	2,206	29,567	22.8
Netherlands	-	17,907	17,907	13.8
Australia	-	15,975	15,975	12.3
Securities of other countries *	34,666	35,487	70,153	54.0
Securities of international organizations	-	97,743	97,743	75.3
Total securities, net	171,202	369,335	540,537	

* Each country's issuers' total exposure is less than 10% from the eligible capital used for capital adequacy calculation purposes.

In the reporting period, impairment by 306 thousand lat was recognized for the securities of the available-for-sale portfolio.

At the end of reporting period provision was made to the following financial assets at amortized cost:

- securities of one company - totaling LVL 173 thousand, which market value was LVL 0 at 30 September 2012;
- securities of one credit institution - totaling LVL 810 thousand, which market value was LVL 135 thousand at 30 September 2012.

As at 30 September 2012 mostly of securities portfolio (75.9%) consist from securities with credit rating AA- or higher. In the reporting period, annual yield of the securities portfolio amounted to 2.5%.