



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

public quarterly report
January - December 2012

Bank Management Report

Dear shareholders of ABLV Bank, AS,

The year 2012 was marked by success and growth of ABLV Bank, AS and the group. The business volume continued to increase, and the bank's profit reached LVL 16.5 million (EUR 23.4 million).

Globally, economic growth considerably declined in 2012. A number of leading economies, including the euro zone and the UK, entered recession once again. According to the IMF estimates, the world's GDP growth in 2012 can amount to 3.3%, whereas in 2011 it was equal to 3.8%. Moreover, the euro zone and the UK economies might have lost about 0.4% over the last year. Compared with the previous year, growth of the German economy decreased as well – from 3.1% to 0.9%, while that of China declined from 9.2% to 7.8%. According to forecasts, the US experienced growth – its GDP is supposed to increase from 1.8% to 2.2%, and that of Japan – from 0.8% to 2.2%.

A negative trend of 2012 can be considered the fact that almost all developed countries once again ended the year with budget deficits. The last year was also full of dramatic events in the field of combating debt crisis in the euro zone. In June, Spain and Cyprus were forced to seek help from European authorities. In the second half of the year, the initiative was taken by the euro zone leadership. After several successful decisions were made, including expansion of powers of the stabilization fund, establishment of the banking union, and especially after the decision on purchasing bonds without amount restriction was taken by the European Central Bank, the crisis has receded.

Given this background, the economic situation in Latvia was very successful. GDP growth over 2012 is estimated to reach 5.1%, which might be one of the best economy growth indicators in the EU. Latvia continued becoming a regional financial centre alongside development of foreign customer service, investment and asset management, and international trade finance. Export of financial services is an important part of Latvian national economy, likewise other exportable sectors – woodworking, pharmaceutical industry, metalworking, and logistics. There are new jobs created in this segment and related services developed. Deposits of foreign customers ensure additional financing opportunities for business development in Latvia. Now the total direct effect of exporting financial services on GDP amounts to almost 1%.

Given overall development in the financial sector, ABLV Bank strengthened its position of the largest private bank in Latvia and major market player in the field of export of financial services. There were 59 jobs created within the group during the year, most of which in Latvia. As at the end of 2012, there were 608 people working at ABLV Group. The bank expanded geography of its operations, gradually becoming a notable financial market player internationally. An important contribution to this was ensured by establishing subsidiary bank in Luxembourg and obtaining the licence for banking operations.

Bank

ABLV Bank, AS profit in 2012 amounted to LVL 16.5 million (EUR 23.4 million). The bank's profit for 2012 is LVL 2.6 million (EUR 3.8 million) less than that for 2011, because considerable part of the profit in 2011 was constituted by extraordinary income generated by sale of securities.

Due to implementation of business strategy and all planned measures, the bank improved financial indicators even more and strengthened its position in Latvian financial sector in 2012.

- In 2012, the bank's operating income before allowances for credit losses amounted to LVL 66.1 million (EUR 94.0 million).
- During 2012, the amount of deposits with the bank has increased – by 16.6% to reach LVL 1.87 billion (EUR 2.66 billion).
- As at 31 December 2012, the amount of the bank's assets equalled LVL 2.14 billion (EUR 3.04 billion); ABLV Bank, AS ranked fourth among commercial banks operating in Latvia in terms of the amount of assets.
- The bank's loan portfolio amounted to LVL 503.6 million or EUR 716.6 million (as at 31 December 2011, it was equal to LVL 470.6 million or EUR 669.6 million). As at 31 December 2012, the loan portfolio constituted 23.5% of the bank's total assets. The loan portfolio quality continued to improve. In 2012, allowances made for credit losses amounted to LVL 12.0 million or EUR 17.1 million (in 2011 – LVL 16.5 million or EUR 23.5 million).
- The bank's capital and reserves amounted to LVL 106.8 million or EUR 152.0 million (LVL 90.2 million or EUR 128.3 million as at 31 December 2011).
- As at 31 December 2012, the bank's capital adequacy ratio was 16.04%, whereas liquidity equalled 62.51%.
- ROE reached 16.64%, and ROA – 0.82%, as at the end of the year.

The bank continued investing available funds in securities. The total amount of the securities portfolio was equal to LVL 902.9 million (EUR 1.28 billion), as at 31 December 2012. The bank's securities portfolio is mostly composed of fixed-income debt securities. Securities having credit rating AA- and higher constitute 74.5% of the total securities portfolio. In terms of the investment amount, the securities are allocated as follows: USA – 24.0%, Russia – 15.2%, Canada – 13.8%, Germany – 12.1%, Sweden – 6.7%, Latvia – 3.1%, whereas 10.0% 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 2.35%.

One of the major events in 2012 was increase of the equity by issuing shares. The bank's shareholders were paid dividends for 2011, at the same time allowing a possibility to re-invest the funds in the bank's growth – i.e., to acquire the bank's newly issued shares. There were 10 600 shares issued, thus increasing the bank's equity by LVL 15.0 million (EUR 21.3 million). At the 2nd stage of share offer, the demand was 4.5 times higher than supply. 35 current shareholders of the bank acquired the issued shares. In March 2012, there were also employee shares issued and distributed between 21 key officers of the bank, thus establishing unified motivation system for achieving successful results. Currently, the bank's equity is constituted by 131 600 shares, i.e., 120 600 voting shares and 11 000 employee shares without voting rights attached.

Among products and services offered by the bank, the payment card segment was especially successful. The number of issued premium credit cards increased considerably. The bank's revenues under payment cards grew by 39.5%, reaching LVL 5.6 million (EUR 8.0 million).

Other lines of business were improved as well. Starting from June 2012, our customers can obtain financing secured not just by securities, but also by balances of precious metals accounts.

Investments

Our open-end mutual bond funds also demonstrated great results last year. Currently, we offer 4 bond funds and 2 stock funds. The latest one is bond fund in RUB, which was made available to the customers from 17 January 2012.

Evaluating return of open-end mutual funds, it should be noted that most of those managed to surpass the level of 10%: one-year return of ABLV Emerging Markets USD Bond Fund reached 15.63% as at the end of 2012, that of ABLV Emerging Markets EUR Bond – 15.88%, ABLV High Yield CIS USD Bond Fund – 17.96%, ABLV High Yield CIS RUB Bond Fund – 6.92%, ABLV Global USD ETF Fund – 9.33%, and ABLV Global EUR ETF Fund – 11.67%.

As at the end of 2012, ABLV Asset Management, IPAS total assets under management amounted to LVL 38.2 million (EUR 54.4 million), of which LVL 35.9 million (EUR 51.1 million) were customers' investments in mutual funds managed by the company and LVL 2.3 million (EUR 3.3 million) were customers' funds invested in individual investment programmes. The said growth was also facilitated by increasing number of customers. More and more our customers wish to diversify their investment portfolios by acquiring shares of ABLV mutual funds.

In 2012, liquidation process of bankrupt company MF Global UK was performed. MF Global UK was one of the custodians of our customers' securities and cooperation partner in securities trading. Taking care of our customers' assets, we made a significant decision that will facilitate development of the bank's investment business: the bank assumed the customers'–securities holders' risks and possible losses related to their assets with MF Global UK, as well as covered administrative expenses under getting the funds and securities back from MF Global UK. The bank used its own funds to acquire securities worth LVL 7.4 million (EUR 10.5 million) to substitute the customers' securities held with MF Global UK. The bank's direct expenses and allowances under assuming the customers' risk equalled LVL 1.5 million (EUR 2.1 million) in the reporting period. Therefore, the bank's profit indicator for the first half of the year was decreased, but this paid off by growing customers' loyalty and investment business development already in the second half of the year. This was also a valuable experience, which will be useful in future.

Due to this, 2012 was a record year for the bank's subsidiary company ABLV Capital Markets, IBAS. Business of ABLV Capital Markets, IBAS has been growing rapidly, and the customers' assets increased by 67.0%, amounting to historical maximum of LVL 425.5 million (EUR 605.4 million), thus allowing the company to end 2012 with profit of LVL 1.5 million (EUR 2.1 million).

In 2012, the bank continued gradual replacement of long-term deposits with bonds, which was initiated at the end of 2011. We have already performed 9 public bond issues earlier. Under the First Bond Offer Programme, there were 3 bond issues performed in 2011, their face value amounting to EUR 25 million and USD 30 million. Whereas under the Second Bond Offer Programme, there were 6 issues performed in 2012, their face value amounting to EUR 20 million and USD 145 million. The issued bonds have been included in NASDAQ OMX Riga list of debt securities. ABLV Bank, AS statement of corporate governance is available at the bank's home page www.ablv.com.

According to NASDAQ OMX Riga data, in 2012 ABLV Bank, AS, ensured 86.7% of the listed debt securities trading turnover in Riga market, whereas in the Baltics (Riga, Tallinn, Vilnius) our securities constituted 29.8% of the total trading turnover. This is the second best result among 14 members of the Baltic Stock Exchange. Our achievements were also appraised by NASDAQ OMX Riga presenting Stock Exchange Annual Award 2012 to ABLV Bank, AS, for important contribution to formation of Latvian securities market by expanding the range of available financial instruments and services.

Since the bank's customers demonstrate great interest in such investment products, the bonds will be also issued in the future.

The bank's subsidiary company ABLV Private Equity Management, SIA continued its development; this company establishes and manages risk capital investment funds for making investments in share capital of promising Latvian and foreign companies. ABLV Private Equity Management, SIA manages direct investment fund ABLV Private Equity Fund 2010, KS, established in July 2010.

In the reporting period, ABLV Private Equity Fund 2010, KS participated in the transaction which allowed management of SIA Depo DIY to increase their share in SIA Depo DIY from 28% to 75% by purchasing shares previously owned by financial investors. SIA DEPO DIY operates the largest building materials and household goods retail chain in Latvia – Depo. As a result of the transaction, ABLV Private Equity Fund 2010 owns 25% of SIA Depo DIY capital shares. Earlier, the fund has acquired capital shares of biogas producing company, pharmaceutical company and special private clinic Orto.

The last year was also important for our real estate development and trading group. The real estate line of business was launched to ensure completion, maintenance, and sale of taken over properties that were used as collateral under loans before crisis. In 2012, the real estate line of business acquired new brand – Pillar. The number of properties sold in 2012 has doubled compared with 2011, amounting to 254 real estate units. 125 of those were apartments in existing homes, but 101 – in new projects. The total value of properties sold by Pillar in 2012 was LVL 11.0 million (EUR 15.7 million).

Given customers' demand, intensive work on completing apartment blocks has been performed. In 2012, there were 3 new projects completed: 33 apartments in Pine Breeze project at Lašu 1A in Jurmala, 50 apartments in Mārtiņa nams 2 project at Slokas 59A in Riga, and 47 apartments at Liesmas 4 in Riga. The total amount invested by Pillar in developing these projects reached LVL 7.5 million (EUR 10.7 million).

Whereas in 2013 Pillar will complete an upscale project – Elizabetes Park House in Riga centre, at Elizabetes 21a. Most of 18 premium apartments in this building have already been reserved during renovation. In 2013, Pillar also plans to complete two more projects in Riga: 80 apartments in Lielzemes Apartment House and 54 apartments at Dārza 32, as well as several small individual projects.

In total, Pillar has sold 450 properties over several years. Currently, Pillar supervises more than 1 200 properties worth about LVL 60 million (EUR 85.4 million), which is one of the largest real estate portfolios in Latvia.

In the last year, we sold 100% of SIA AB.LV Transform Investment capital shares for LVL 2.6 million (EUR 3.7 million). The main asset of the company were commercial premises in Moscow.

Advisory

The service of obtaining residence permit in Latvia remains to be the most popular one among those rendered by ABLV Corporate Services, SIA. In total, during 2012 we have assisted 102 persons in receiving residence permits – they were our customers and their families. 80% of them obtained residence permits due to acquiring real estate, thus their investments contributed to increasing liquidity of Latvian real estate market and the sector development.

During the reporting period, the customers also used other advisory services – advice on establishing holding structures, settling trusts, and assistance in choosing tax residency.

ABLV Consulting Services, AS was also operating successfully, assisting in maintaining relations with existing customers and attracting new customers at ABLV Group target markets. ABLV Group has 10 representative offices in 7 countries – in Russia, Ukraine, Belarus, Kazakhstan, Tajikistan, Azerbaijan, and Uzbekistan.

At the beginning of April 2012, ABLV representative office in Minsk moved to new premises located at 70 Mjasnikova street. The new office follows the pattern of meeting premises in Riga office, maintaining our customer service standards and complying with the brand requirements. The premises of other representative offices will be also gradually redesigned to meet these standards.

Luxembourg

In the reporting period, the Luxembourg Ministry of Finance issued banking licence to ABLV Bank Luxembourg, S.A. ABLV Bank Luxembourg, S.A. is an independent company, the founder and sole shareholder of which is ABLV Bank, AS. ABLV Bank, AS invested EUR 20 million in capital of Luxembourg subsidiary bank.

The subsidiary bank in Luxembourg was established in order to develop the existing customer base and strengthen their loyalty, providing larger range of investment and fiduciary services, as well as to attract new customers. ABLV Bank is the first bank from the Baltic countries to establish subsidiary bank in Luxembourg.

The Board of ABLV Bank Luxembourg, S.A. will be composed of Ernests Bernis, Vadims Reinfelds, Leonīds Kijs, Paul Mousel, Benoît Wtterwulghe, and Andris Riekstiņš. Daily bank management is assigned to the Chief Executive Officer – Benoît Wtterwulghe and the Deputy Chief Executive Officer – Andris Riekstiņš, who have managed the company since its establishment – during research and preparatory period. At the beginning of 2013, preliminary offering of the bank's products to limited number of customers was started.

Plans for 2013

Planning growth, increase of profitability and overall income in 2013, great attention will be paid to assessing and reducing possible impact of negative factors, as well as to risk management and compliance with regulatory requirements. At the same time, the bank and subsidiaries companies rendering investment services are expected to grow faster than on average within the sector, retaining leading positions in the field of export of financial services, as well as the status of the largest bank.

We continue work on increasing the number of active customers and services used by them, and we are going to implement some new investment products. Therefore we plan operating income of ABLV Group to rise by at least 19% in 2013. We will considerably increase the amount of granted commercial loans, mainly focusing on Latvian and Russian markets. In 2013, we will substantially enhance investments in Latvian government securities. To ensure business growth in 2013, we plan considerable staff increase – there will be more than 90 jobs created.

For society

In 2012, ABLV Bank, in cooperation with ABLV Charitable Foundation, continued supporting various socially important projects.

Art exhibitions supported by the bank and charitable foundation were also greatly appreciated by public. Traditionally, the largest number of visitors was attracted by dress exhibition presented by famous fashion historian Alexandre Vassiliev. The name of the exhibition brought to Riga this time was Art Nouveau Fashion. This was already fourth exhibition of Alexandre Vassiliev's dress collection in Riga supported by ABLV.

At the end of the year, in cooperation with ABLV Charitable Foundation, we arranged annual fund drive "Help children!". The funds donated under this fund drive were used to buy hearing devices for children who need them and to help children from poor families and children with special needs go to summer camps.

Since the foundation was established, the bank has donated LVL 1.37 million (EUR 1.95 million) to charity through the intermediary of the foundation. The funds were used to implement about 200 charitable projects.

At the end of the last year, the bank decided to acquire new office premises for ABLV Charitable Foundation for LVL 262 thousand (EUR 372.8 thousands), thus allowing the foundation to operate even more successfully.

We express our gratitude to our shareholders and customers for their loyalty and to all officers 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 31 December 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 31 December 2012.

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

Shareholders and groups of related shareholders of the bank

Shareholders	31.12.2012.			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	(%)
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	

Shareholders	31.12.2012.			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	EUR'000	(%)	amount	EUR'000	(%)
Ernests Bernis and Nika Berne (direct and indirect interest)	51,862	11,069	43.01	47,241	10,082	42.95
Oļegs Fiļs (indirect interest)	51,861	11,069	43.00	47,241	10,082	42.95
Other shareholders total	16,877	3,602	13.99	15,518	3,313	14.10
Total shares with voting rights	120,600	25,740	100.00	110,000	23,477	100.00
Shares without voting rights	11,000	2,347	-	-	-	-
Paid-in share capital total	131,600	28,087		110,000	23,477	

Each share's par value is 150 lats (213.43 euro).

Performance indicators

Title of entry	01.01.2012. - 31.12.2012. (audited)*	01.01.2011. - 31.12.2011. (audited)*
Return on equity (ROE) (%)	16.64	22.06
Return on assets (ROA) (%)	0.82	1.20

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 in the annual report for the year ended 31 December 2012 and in the annual report for the year ended 31 December 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:
Oļegs Fiļs

Date of election:
04/10/2011

Deputy Chairman of the Council:
Jānis Krīgers

Date of re-election:
04/10/2011

Council Member:
Igoris Rapoport

Date of re-election:
04/10/2011

The Board of the Bank:

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

Date of re-election:
17/10/2011

Deputy Chairman of the Board:
Vadims Reinfelds – Deputy Chief Executive Officer (dCEO)

Date of re-election:
17/10/2011

Board Members:
Aleksandrs Pāže – Chief Compliance Officer (CCO)
Edgars Pavlovičs – Chief Risk Officer (CRO)
Māris Kannenieks – Chief Financial Officer (CFO)
Rolands Citajevs – Chief IT Officer (CIO)

Date of re-election:
17/10/2011
17/10/2011
17/10/2011
17/10/2011

Romans Surnačovs – 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 bank offer the most highly valued private banking experience, based on a unique understanding of our clients.

Bank's mission

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.

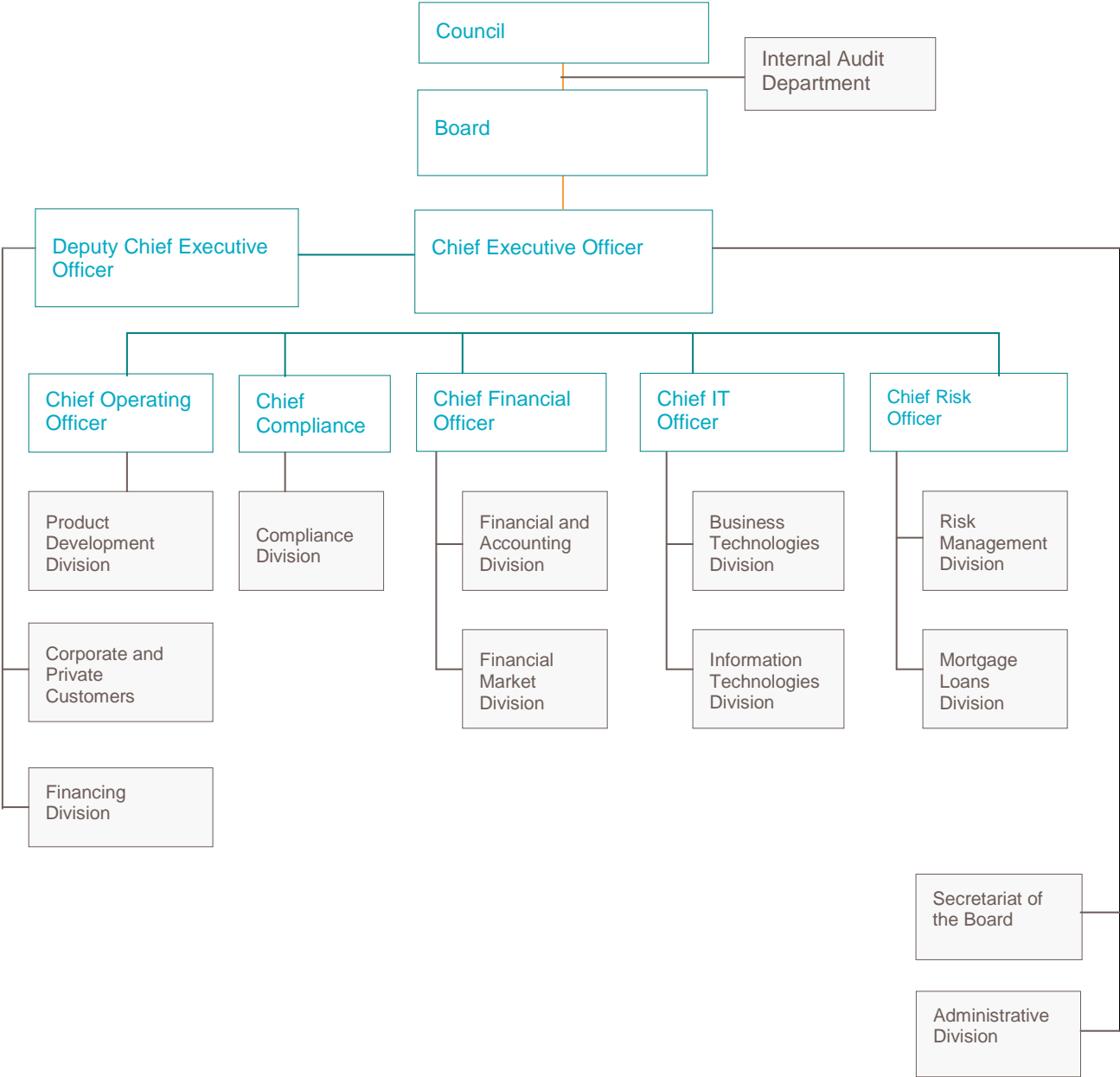
Valued

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>.

Consolidation group

Information disclosed in the report is prepared in accordance with the principles of the Regulations on Preparation of Public Quarterly Reports of Banks approved by the Financial and Capital Market Commission. The bank is the parent entity of the group.

Members of the consolidation group as at 31 December 2012:

No	Name of the company	Registration number	Code of registration state and address	Type of activities ¹	Interest in share capital (%)	Share of voting rights (%)	Motivation for inclusion in the group ²
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.	B 162048	LU, Boulevard Royal, 26a, L-2449, Luxembourg	CKS	100	100	MS
8	Pillar Holding Company, KS (former ABLV Transform Partnership, KS)	40103260921	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	99.9997	99.9997	KS
9	Pillar, SIA	40103554468	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
10	Pillar Management, SIA (former Transform 1, SIA)	40103193211	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
11	Pillar 2, SIA (former Transform 2, SIA)	40103193033	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
12	Pillar 3, SIA (former Transform 3, SIA)	40103193067	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
13	Pillar 4, SIA (former Transform 4, SIA)	40103210494	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
14	Pillar 6, SIA (former Transform 6, SIA)	40103237323	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
15	Pillar 7, SIA (former Transform 7, SIA)	40103237304	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
16	Pine Breeze, SIA (former Transform 8, SIA)	40103240484	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
17	Pillar 9, SIA (former Transform 9, SIA)	40103241210	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
18	Pillar 10, SIA (former Transform 10, SIA)	50103247681	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
19	Pillar 11, SIA (former Transform 11, SIA)	40103258310	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
20	Pillar 12, SIA (former Transform 12, SIA)	40103290273	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
21	Pillar 13, SIA (former Transform 13, SIA)	40103300849	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
22	Lielezeres Apartment House, SIA (former Transform 14, SIA)	50103313991	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
23	Pillar 17, SIA (former Transform 17, SIA)	40103424617	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
24	Pillar 18, SIA (former Transform 18, SIA)	40103492079	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
25	Elizabetes Park House, SIA	50003831571	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	91.6	91.6	MS
26	New Hanza City, SIA	40103222826	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
27	ABLV Private Equity Management, SIA	40103286757	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
28	ABLV Private Equity Fund 2010, KS	40103307758	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	KS

¹ - BNK – bank, IBS – investment brokerage company, IPS – asset management company, CFI – other financial institution, CKS – other corporate company.

² - MS – subsidiary; KS – joint venture company; MAS – parent company.

Income statements

Title of entry	01.01.2012. -	01.01.2011. -	01.01.2012. -	01.01.2011. -
	31.12.2012.	31.12.2011.	31.12.2012.	31.12.2011.
	(audited)*	(audited)*	(audited)*	(audited)*
	Bank	Bank	Bank	Bank
	LVL '000	LVL '000	EUR '000	EUR '000
Interest income	37,988	37,725	54,052	53,678
Interest expense	(15,349)	(15,566)	(21,840)	(22,148)
Dividends received	1,404	707	1,998	1,006
Commission and fee income	29,201	23,521	41,549	33,467
Commission and fee expense	(3,523)	(2,994)	(5,013)	(4,260)
Net realised gain/ (loss) from financial assets and liabilities at amortised cost	-	9,480	-	13,489
Net realised gain/ (loss) from available-for-sale financial assets	16	1,827	23	2,600
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	160	(5,598)	228	(7,966)
Changes in fair value hedge accounting	-	-	-	-
Net result from foreign exchange trading and revaluation	14,581	20,963	20,746	29,828
Gain/ (loss) from sale of tangible and intangible fixed assets	18	16	26	23
Other income	1,584	1,349	2,254	1,919
Other expense	(5,742)	(4,954)	(8,170)	(7,049)
Administrative expense	(23,965)	(24,081)	(34,099)	(34,264)
Depreciation	(1,433)	(1,516)	(2,039)	(2,157)
Provisions	(13,577)	(17,138)	(19,318)	(24,385)
Impairment of financial instruments and non-financial assets	(1,166)	(1,401)	(1,659)	(1,994)
Profit/ (loss) before corporate income tax	20,197	22,340	28,738	31,787
Corporate income tax	(3,743)	(3,234)	(5,326)	(4,602)
Net profit/ (loss) for the period	16,454	19,106	23,412	27,185

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2012 and in the annual report for the year ended 31 December 2011 audited by SIA Ernst & Young Baltic (No 40003593454).

Balance sheet

		At 31 December 2012 (audited)*	At 31 December 2011 (audited)*	At 31 December 2012 (audited)*	At 31 December 2011 (audited)*
		Bank	Bank	Bank	Bank
Assets	Notes	LVL '000	LVL '000	EUR '000	EUR '000
Cash and demand deposits with central banks		216,074	143,663	307,446	204,414
Demand deposits from credit institutions		249,995	398,371	355,712	566,830
Financial assets held for trading		81	8,169	115	11,623
Financial assets at fair value through profit or loss		3,333	753	4,742	1,071
Available-for-sale financial assets		547,757	373,006	779,388	530,740
Loans and receivables	1	642,281	590,704	913,882	840,497
Held to maturity		351,832	166,778	500,612	237,304
Change of fair value of hedge portfolio		-	-	-	-
Prepaid expense and accrued income		480	335	683	477
Tangible fixed assets		4,906	4,954	6,981	7,049
Investment properties		17,303	16,662	24,620	23,708
Intangible fixed assets		3,384	3,368	4,815	4,792
Investments in subsidiaries		89,577	71,286	127,457	101,431
Current taxes receivables		74	3,359	105	4,779
Other assets		12,139	7,753	17,272	11,031
Total assets		2,139,216	1,789,161	3,043,830	2,545,746
Liabilities					
Liabilities due to central banks		-	-	-	-
Demand deposits from credit institutions		2,406	1,779	3,423	2,531
Financial liabilities held for trading		4,579	141	6,515	201
Financial liabilities at fair value through profit or loss		-	-	-	-
Financial liabilities at amortised cost	2	2,015,026	1,687,762	2,867,124	2,401,469
Financial liabilities arising from financial asset transfer		-	-	-	-
Change of fair value of hedge portfolio		-	-	-	-
Deferred income and accrued expense		5,537	5,182	7,878	7,373
Reserves		338	-	481	-
Deferred income tax		1,057	-	1,504	-
Other liabilities		3,470	4,123	4,939	5,868
Total liabilities		2,032,413	1,698,987	2,891,864	2,417,442
Total shareholders' equity		106,803	90,174	151,966	128,304
Total liabilities and shareholders' equity		2,139,216	1,789,161	3,043,830	2,545,746
Memorandum items					
Contingent liabilities		7,052	12,055	10,034	17,153
Financial commitments		30,276	20,940	43,079	29,795

*- Information has been prepared based on data that are available in the annual report for the year ended 31 December 2012 and in the annual report for the year ended 31 December 2011 audited by SIA Ernst & Young Baltic (No 40003593454).

Summary report of equity and minimum capital requirements

Title of entry	31.12.2012.	31.12.2011.	31.12.2012.	31.12.2011.
	(audited)*	(audited)*	(audited)*	(audited)*
	Bank	Bank	Bank	Bank
	LVL '000	LVL '000	EUR '000	EUR '000
Total equity	153,052	129,834	217,773	184,736
Tier 1	101,564	86,806	144,512	123,512
Tier 2	51,516	43,404	73,301	61,758
Decrease in Tier 1 and Tier 2	(28)	(376)	(40)	(534)
Tier 1 total applying decrease	101,550	86,618	144,492	123,245
Tier 2 total applying decrease	51,502	43,216	73,281	61,491
Used Tier 3	-	-	-	-
Total capital charge	76,337	67,140	108,618	95,532
Total of capital requirements for credit risk, counterparty credit risk, dilution risk and free deliveries risk	66,800	59,010	95,048	83,964
Capital charge for settlement/ deliveries risk	-	-	-	-
Capital charge for position risk, foreign currency risk and commodity risk	2,273	934	3,234	1,329
Capital charge for operational risk	7,264	7,196	10,336	10,239
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	76,715	62,694	109,155	89,204
Capital adequacy ratio (%) excluding capital charge for other risk and transition period	16.04%	15.47%	16.04%	15.47%
Capital requirements covered by own funds (surplus/ (shortfall))	76,715	62,694	109,155	89,204
Capital adequacy ratio (%)	16.04%	15.47%	16.04%	15.47%

*- Information has been prepared based on data that are available in the annual report for the year ended 31 December 2012 and in the annual report for the year ended 31 December 2011 audited by SIA Ernst & Young Baltic (No 40003593454).

Note 1

Loans and receivables

Title of entry	31.12.2012.	31.12.2011.	31.12.2012.	31.12.2011.
	(audited)*	(audited)*	(audited)*	(audited)*
	Bank	Bank	Bank	Bank
	LVL '000	LVL '000	EUR '000	EUR '000
Loans	503,611	470,603	716,574	669,608
Loans to credit institutions	138,670	120,101	197,309	170,889
Total	642,281	590,704	913,883	840,497

Note 2

Financial liabilities at amortized cost

Title of entry	31.12.2012.	31.12.2011.	31.12.2012.	31.12.2011.
	(audited)*	(audited)*	(audited)*	(audited)*
	Bank	Bank	Bank	Bank
	LVL '000	LVL '000	EUR '000	EUR '000
Deposits	1,868,890	1,603,143	2,659,192	2,281,067
Issued securities	124,819	56,258	177,601	80,048
Subordinated deposits	12,912	21,662	18,372	30,822
Term deposits from credit institutions	8,405	6,699	11,959	9,532
Total	2,015,026	1,687,762	2,867,124	2,401,469

*- Information has been prepared based on data that are available in the annual report for the year ended 31 December 2012 and in the annual report for the year ended 31 December 2011 audited by SIA Ernst & Young Baltic (No 40003593454).

Note 3

Analysis of concentration of the bank's securities portfolio

The bank's securities portfolio break downs by countries of issuers as at 31 December 2012:

				LVL'000
Issuer state	Securities of central governments	Other issuers securities	Total	% of sareholders' equity
United States of America	213,232	2,985	216,217	158.8
Russia	25,656	113,236	138,892	102.0
Canada	55,011	68,890	123,901	91.0
Germany	7,131	101,454	108,585	79.7
Sweden	38,964	21,175	60,139	44.2
Netherlands	-	31,583	31,583	23.2
Latvia	26,860	2,646	29,506	21.7
United Kingdom	8,089	14,301	22,390	16.4
Norway	9,880	5,388	15,268	11.2
Securities of other countries *	38,755	28,286	67,041	49.2
Securities of international organizations	-	89,400	89,400	65.6
Total securities, net	423,578	479,344	902,922	

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

				EUR'000
Issuer state	Securities of central governments	Other issuers securities	Total	% of sareholders' equity
United States of America	303,402	4,247	307,649	158.8
Russia	36,505	161,121	197,626	102.0
Canada	78,274	98,022	176,296	91.0
Germany	10,146	144,356	154,502	79.7
Sweden	55,441	30,129	85,570	44.2
Netherlands	-	44,939	44,939	23.2
Latvia	38,218	3,765	41,983	21.7
United Kingdom	11,510	20,348	31,858	16.4
Norway	14,058	7,666	21,724	11.2
Securities of other countries *	55,143	40,247	95,390	49.2
Securities of international organizations	-	127,205	127,205	65.6
Total securities, net	602,697	682,045	1,284,742	

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

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

LVL'000

Issuer state	Central governments securities	Other issuers securities	Total	% of sareholders' equity
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.

EUR'000

Issuer state	Central governments securities	Other issuers securities	Total	% of sareholders' equity
Russia	40,112	144,849	184,961	100.1
Germany	29,784	74,321	104,105	56.4
Canada	44,957	41,199	86,156	46.6
Sweden	40,489	24,230	64,719	35.0
United States of America	38,931	3,139	42,070	22.8
Netherlands	-	25,479	25,479	13.8
Australia	-	22,730	22,730	12.3
Securities of other countries	49,325	50,494	99,819	54.0
Securities of international organizations	-	139,076	139,076	75.3
Total securities, net	243,598	525,517	769,115	

* 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 342 thousand lats (487 thousand euro) 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 (EUR 246 thousand), which market value was LVL 0 (EUR 0) at 31 December 2012.