



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

public quarterly report
January – December 2013

Bank Management Report

Dear shareholders of ABLV Bank, AS,

Due to consequent implementation of the group's development strategy, ABLV Bank, AS, and other ABLV Group companies continued to grow in the reporting period. The growth was also facilitated by favourable overall economic conditions and upswing in our customers' areas of operations.

In 2013 the global economy growth continued to slow down: the global GDP increase is estimated to be less than 3.0% in 2013, whereas in 2012 it amounted to 3.5%. Growth pace decrease affected the world's largest economies: USA, China, Japan, and Germany. Furthermore, the major problem of the global economy – public debt increase in developed countries – was not solved in 2013.

However, Latvian economy continued to grow. In 2013, Latvia still was the leader in terms of GDP increase among all countries of the European Union. During the first three quarters of the year, Latvian GDP grew by 3.8%, 4.3%, and 4.5% respectively. This increase also boosted the optimism among local businessmen and investors, which is essential for further economic upturn. Such economic growth allowed decreasing the public debt to GDP ratio from 41.0% to 35.0%.

Overall Latvian investment environment and public debt servicing were positively influenced by Latvian credit rating upgrade by the leading rating agencies in 2013. The current rating is only one notch lower than during the period from 2004 to 2007. Whereas, Standard&Poor's decided to upgrade Latvian outlook from stable to positive at the end of 2013, preserving the current rating of BBB+, and thus in 2014 the country will be able to regain its highest rating so far.

Latvian economy is also positively affected by the programme of granting residence permits for investments in real estate and companies. It is difficult to calculate the exact economic effect of this programme, however according to approximate estimates the overall amount of funds attracted to the economy reaches several hundred million euros. For example, the programme directly affected the real estate sector, which grew by 11.6% in Q3, and construction of residential properties rose by 83.0% compared with the previous year. The programme also stimulated personal consumption.

Long-awaited implementation of single European currency, the euro, was also important for Latvian economy and financial market. This will definitely make Latvian economy more attractive for investors from both the West and the East. It is supposed to ensure considerable benefits for the country in the long term. Whereas establishment of the European Central Bank direct supervision over three largest banks – including ABLV Bank, AS, – will increase the stability, safety and reliability of those banks and Latvian banking system in general.

In autumn 2013, we celebrated ABLV Bank 20-year anniversary. We started operations being one of the smallest banks, and due to the steadily pursuing elaborated strategy our bank managed to successfully overcome all crisis situations, meanwhile retaining its independence, and became the largest private bank and one of the three biggest banks in Latvia.

One of the most significant events during the reporting period was another issue of ABLV Bank, AS, shares, under which there were 6 570 ordinary voting shares issued, and the bank's equity was increased by LVL 11.5 million (EUR 16.4 million) consequently. Also there were 2 400 employee shares issued. After completing the issue, the bank's share capital is comprised of 127 170 ordinary voting shares and 13 400 employee shares without voting rights attached. The sale price of one newly issued share equalled LVL 1 755 (EUR 2 499), and 38 current shareholders of the bank participated in the issue. Compared with the share issue performed in 2010, the price of one share of the bank increased 2.7 times. This clearly evidences financial return ensured by the shareholders' contribution. The funds obtained as a result of the share issue were invested in the bank's further development.

Continuing gradual replacement of long-term deposits with bonds, there were several new bond issues performed during the reporting period. In total, there were four issues of subordinated 10-year bonds for the sake of raising the capital performed in 2013, their size being USD 55.0 million and EUR 20.0 million, as well as six issues of straight 2-year bonds, amounting to USD 175.0 million and EUR 40.0 million. These bonds have been also included in the NASDAQ OMX Riga stock exchange list of debt securities. As at the end of 2013, investors held ABLV Bank, AS, bonds worth LVL 216.7 million (EUR 308.4 million), and 15 bond issues were included in the NASDAQ OMX Riga list of debt securities.

The efficiency of the business strategy chosen by us is also evidenced by the research performed by one of the most influential publications in the field of global capital and financial markets, Euromoney, which named ABLV Bank, AS, the best bank in Latvia. The appraisal was given to our bank under Euromoney Awards for Excellence 2013. According to Euromoney, ABLV Bank, AS, is one of the strongest banks in the region in terms of capital, and it maintains steady growth and works with proportionate profit.

Since ABLV Bank, AS, and other ABLV Group companies are constantly developing, both business volume and number of officers are growing. In 2013, ABLV Group staff was increased by 90 officers, and 58 of those started their work at the bank's structural units. As at 31 December 2013, there were 698 officers working in ABLV Group, and 571 of those – in the bank. Therefore, a decision on moving part of the bank's structural units to new premises – the business centre Jupiter Centre, at 7 Skanstes Street – was taken. Now the bank has two administrative buildings in Riga – at 23 Elizabetes Street and 7 Skanstes Street.

Financial results

The bank's major financial indicators for 2013 reached their historic maximum, and those evidence stable growth. ABLV Bank, AS, is the largest bank in Latvia with local capital and is ranked third in terms of the amount of assets.

- The bank's profit in 2013 amounted to LVL 30.7 million (EUR 43.7 million). Whereas the profit for 2012 was equal to LVL 16.5 million (EUR 23.4 million).
- The bank's operating income before allowances for credit losses totalled LVL 77.5 million (EUR 110.2 million). Compared with 2012, operating income has increased by 27.3%.
- The amount of customers' deposits equalled LVL 1.95 billion (EUR 2.78 billion) as at the end of the reporting period.
- The amount of the issued debt securities reached LVL 216.7 million (EUR 308.4 million).
- As at 31 December 2013, the amount of the bank's assets equalled LVL 2.33 billion (EUR 3.32 billion). Over the year, the amount of assets has grown by 8.9 %, the total assets increased by LVL 190.8 million (EUR 271.5 million).
- The bank's loan portfolio equalled LVL 535.0 million (EUR 761.3 million), as at the end of December.
- The bank's capital and reserves amounted to LVL 131.4 million (EUR 187.0 million).
- Assets under management and customers' financial instruments amounted to LVL 651.3 million (EUR 926.7 million).
- As at 31 December 2013, the bank's capital adequacy ratio was 17.53%, whereas liquidity equalled 79.20%.
- ROE reached 26.29%, and ROA – 1.36%, as at 31 December 2013.

The bank continued investing in securities. The total amount of the securities portfolio was equal to LVL 983.8 million (EUR 1.40 billion), as at 31 December 2013. The bank's securities portfolio is mostly composed of fixed-income debt securities, and 69.1% of the portfolio is constituted by securities having credit rating AA- and higher. In terms of the major countries, securities are allocated as follows: USA – 21.8%, Russia – 13.8%, Germany – 12.3%, Canada – 11.6%, Sweden – 8.8%, Latvia – 7.9%, Netherlands – 3.5%, Norway – 2.2%, Switzerland – 1.6%, and Great Britain – 1.4%. Whereas, 6.6% is constituted by securities issued by international institutions – the European Commission, EBRD, etc. In the reporting period, annual yield of the bank's securities portfolio amounted to 1.8%.

In 2013, Internetbank application for iPhone was made available to customers. Using the Internetbank for iPhone, customers will be able to view an account report and information on blocked amounts, payment card data, with an option to change the card status, as well as to make intrabank payments, to send currency exchange orders, and to perform other transactions.

In 2014, we will also offer Internetbank for iPad. Its functionality will be similar to that of standard Internetbank, from viewing account balances to managing of investment portfolios. Accounts, payment cards, deposits, investments, and credits will always be at hand, whereas convenient mailbox will keep customers informed of messages and reports sent by the bank. In order to facilitate the application use in different lightening conditions, the application is developed in accordance with our corporate style and it will be allowed to choose between two high-contrast versions — dark and light ones, as well as between landscape and portrait layout.

Improving work of our Client Line, from December 2013 we ensure the possibility to contact us any time — 24/7, calling at +371 6777 5555. Recognizing the growing significance of data protection, we implemented a number of new technologies and procedures for improving security in our Internetbank. For the utmost convenience, the new service implying the remote preparation of applications and payments for customers was launched.

It should be noted that under the euro implementation in Latvia on 1 January 2014 we also successfully switched the bank's systems, products and services to the new currency.

Investments

In 2013, ABLV Bank, AS, affiliate companies ABLV Capital Markets, IBAS, and ABLV Asset Management, IPAS, worked hardy on launching new products and improving existing ones.

During 2013, the range of our open-end mutual funds was expanded by four new funds. Those include two corporate bond funds, ABLV European Corporate EUR Bond Fund and ABLV Global Corporate USD Bond Fund, which have moderate investment strategy and balanced risk level, and are aimed at achieving capital growth considerably higher than that ensured by deposit interest rates, by investing the funds' assets in corporate bonds with high coupon yield and high liquidity. There were also two new stock funds added, ABLV European Industry EUR Equity Fund and ABLV US Industry USD Equity Fund, with moderately aggressive investment strategy and increased risk level, which are aimed at achieving long-term capital growth. Just like existing mutual funds, the new funds are also managed by ABLV Asset Management, IPAS.

As at the end of 2013, the total asset value of the open-end mutual funds reached LVL 61.8 million (EUR 87.9 million). Since the beginning of the year, the total value of funds has increased by 72.4%, i.e., approximately by LVL 26.0 million (EUR 36.9 million). The growth of the funds' value was due to the high interest in financial markets and customers' willingness to diversify their investment portfolios by acquiring shares of ABLV funds, as well as due to establishment of four new funds mentioned before.

As at the end of 2013, the total assets under ABLV Asset Management, IPAS, management amounted to LVL 65.5 million (EUR 93.2 million), of which LVL 61.8 million (EUR 87.9 million) were customers' investments in mutual funds managed by the company, and LVL 3.7 million (EUR 5.3 million) were customers' funds invested in individual investment programmes.

ABLV Capital Markets, IBAS, which executes customers' instructions for purchasing and selling all types of financial instruments in the world's major stock markets, gained profit of LVL 2.3 million (EUR 3.3 million) in 2013. As at 31 December 2013, the total assets of the company's customers invested in financial instruments were equal to LVL 548.5 million (EUR 780.4 million).

We continued expanding the opportunities of obtaining financing against pledge of investment portfolio, and we offer it not just in USD and EUR currencies, but in RUB currency as well.

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

Due to the contribution of ABLV Private Equity Fund 2010, KS, Orto clinic was opened in Riga in 2013 which is the first newly built private traumatology and orthopedics centre in Latvia. The total project costs were about LVL 3.5 million (EUR 5.0 million), where LVL 2.7 million (EUR 3.8 million) were spent on the building construction, and LVL 0.8 million (EUR 1.2 million) – on acquiring medical and other necessary equipment. The project financing was ensured by ABLV Private Equity Fund 2010, KS, investments in the share capital of Orto klīnika, SIA, and by the bank loan. Earlier, ABLV Private Equity Fund 2010, KS, made investments in Depo DIY, SIA (construction materials retail chain), Vaiņode Agro Holding, SIA (agricultural holding) and Grindeks, AS (pharmaceutical company).

At the beginning of December 2013, ABLV Bank, AS, established a new company – AmberStone Group, AS, investing LVL 3.4 million (EUR 4.9 million) in its share capital. This will be a holding company, managing own investments. The objective of establishing AmberStone Group, AS, is to separate the business not related to rendering financial and banking services from ABLV Group. It is planned that till the end of 2015 the share capital of the new company will be increased to EUR 25.0 million, also due to attracting new shareholders from ABLV Bank, AS, shareholders, customers, and partners. The members of the company's board will be Agris Grīnbergs, who is appointed the Chairman of the Board, and Kārlis Kavass and Māris Kannenīeks. Whereas ABLV Bank, AS, Chief Executive Officer, CEO, Ernests Bernis will be the Chairman of the company's council.

Real estate management

Other companies of ABLV Group also continued to grow. The year 2013 was successful for the whole Latvian real estate sector, but real estate development and trading group Pillar outperformed the market in 2013, achieving great results. Its sales increased 2.5 times, i.e., by 141.0%. According to different estimates, the overall market growth is estimated 30.0%. In 2013, the company made the total of 613 property sale transactions, amounting to LVL 27.1 million (EUR 38.6 million). Whereas, during 2012 Pillar sold 254 properties for LVL 11.0 million (EUR 15.7 million).

The customers' activity has considerably grown in respect of all residential property segments – premium class, new projects, and especially existing homes. Among sold properties, 134 were the apartments in new and renovated projects, including 14 premium class apartments in Elizabetes Park House project. There were 476 apartments sold in existing homes (in 2012 – 125 apartments), as well as 2 commercial property sale transactions and one private house sale transaction made. During last year the number of transactions with apartments in existing homes increased by 280.0%, whereas price growth in this sector was approximately up to 10.0%.

Pillar real estate development and renovation line of business continues to advance. By taking over and performing complete renovation of apartment blocks, private houses, and individual apartments, Pillar ensures their high-quality interior finishing. Totally, EUR 14.0 million has been invested in property renovation. Our renovated real estate development portfolio includes such special projects highly appreciated by customers as Elizabetes Park House, Saules Rasa, Pine Breeze, Mārtiņa Nams 2, Liesmas Apartment House, Dārza Apartment House, Lielezeres Apartment House, etc. The quality of our work is evidenced by the fact that most of the properties have already been sold off.

Active development of the project important for the whole ABLV Group – the financial and business centre New Hanza City, where ABLV Bank main building will be constructed in future – was continued. At the beginning of 2013, first construction works were started in Riga, at 28a Pulkveža Brieža Street, and Pillar will be able to move to its new office building at the project territory already in February 2014. Till now, more than LVL 20.0 million (EUR 28.5 million) have been invested in the project.

Advisory

We always try to stay close to our customers, and therefore in 2013 we continued expanding the network of our representative offices abroad. The representative office of ABLV Consulting Services, AS, was opened in Vladivostok (Russia), as well as territorial structural unit in Limassol (Cyprus) started its operations.

Vladivostok is an important transportation hub at the Russian Far East, which services huge flow of goods transported by sea and railroad. The city has been rapidly developing during recent years, and volumes of goods turnover are increasing, therefore our presence in the city is a significant support to the customers whose business is related to Vladivostok, their cooperation partners, and other businessmen from all over Far East.

Whereas Cyprus was chosen since many customers from Russia and CIS states making business in Cyprus, also use the services rendered by companies registered there.

Having opened two new representative offices, currently ABLV Group has 12 representative offices in 8 countries – Russia, Ukraine, Belarus, Kazakhstan, Tajikistan, Azerbaijan, Uzbekistan and Cyprus.

The service of obtaining residence permit in Latvia remains to be the most popular one among those rendered by ABLV Corporate Services, SIA. For convenience of foreign legal entities and to ensure cost reduction, in 2013 ABLV Corporate Services, SIA, started offering the opportunity of establishing a company in Latvia. Foreign legal entities can reduce their expenses by using tax benefits allowed for Latvian holding companies, as well as obtain more favourable lending conditions and payment fees.

Customers of ABLV Corporate Services, SIA, are also enthusiastic about getting advice on establishment of holding structures and assistance in changing their tax residence.

It should be noted that during the year specialists of ABLV Group participated in various international conferences, exhibitions and seminars: the largest Russian transport and logistics exhibition TransRussia, conference Intax Forums, Intax Expo, conference Inter Legal in Kiev, Kazakhstan conference Invest Pro – Kazakhstan 2013, as well as international conference and exhibition Intax Wealth Latvia, which was held in Riga for the first time. During those events, ABLV Group services were presented to existing and prospective customers.

Luxembourg

In September 2013, which is the month of ABLV Bank 20-year anniversary celebration, ABLV Bank subsidiary bank in Luxembourg, ABLV Bank Luxembourg, S.A., started rendering services to customers. Alongside traditional banking products, customers are also offered services, developed especially for customers of the Luxembourg bank: fiduciary deposits, overnight deposits, advisory investment management, etc. ABLV Bank Luxembourg, S.A., combines the high level of ABLV customer service and traditions of the largest European investment centre.

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, AS, is the first bank from the Baltic countries to establish a subsidiary bank in Luxembourg.

Plans for 2014

Given the understanding that pressure of various unfavourable factors and complications in banking business are constantly growing, as well as requirements of supervisory authorities are increasing, the most important in such situation is to ensure stable growth and development of the bank, meanwhile constantly improving risk management and taking care of protection of the customers' interests.

In 2014, we plan to increase the bank's operating income at least by 15.0%. Due to expansion of the operations, 147 new jobs are supposed to be created in ABLV Group.

For society

On 27 November 2013, ABLV Bank, AS, became a member of the Latvian Employers' Confederation. Joining the Confederation, we want to highlight that we are a socially responsible company, with high sense of responsibility to the state and willing to develop in a long term. The status of the Confederation member allows participating in development and adoption of the state policy planning documents and normative acts both domestically and internationally, thus bringing the changes that will have beneficial effect on development of the whole banking sector. In the Confederation, ABLV Bank, AS, will work on such issues as finance, operations of credit institutions, financial and investment services, securities and real estate transactions, and tax matters.

In 2013, ABLV Bank, AS, in cooperation with ABLV Charitable Foundation, continued supporting various socially important projects.

At the beginning of the year, the ABLV Bank, AS, collection supposed for future Latvian Contemporary Art Museum that is being created in cooperation with ABLV Charitable Foundation has been considerably increased. Due to acquiring new artworks, the collection became more diverse, comprising art of various genres: paintings, graphics, photos and videos, special artworks, and sculptures. Currently, the collection includes 204 works by 31 artists. On the 20th of September, the exhibition "...for an occurrence to become an adventure..." was opened in Riga Art Space, and works of all those artists were presented there. The exhibition aroused great public interest, and there were more than 5 600 visitors in total. We have also issued the art album "No Walls", which includes all the acquired artworks.

In July, we supported fifth exhibition of the dress collection brought by fashion historian Alexandre Vassiliev, which took place in the Museum of Decorative Arts and Design. This time the exhibition was named "From war to peace. Fashion of the 1940s and 1950s". Our customers had an opportunity to view the exhibition accompanied by Alexandre Vassiliev.

At the end of August, the bank's traditional golf tournament, ABLV Invitation Golf Tournament 2013, took place in Ozo Golf Club. There were 93 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.

On 17 September 2013, the bank celebrated its 20th anniversary – during these 20 years of operations we have gained valuable experience. Celebrating this, there was a bronze bull sculpture placed in the territory of the future financial and business centre New Hanza City in Riga. The sculpture motto is Labor Omnia Vincit (Work conquers all), and it stands for the power of work, determination, self-belief, and confidence about the chosen path. The sculpture was created by famous artist Gļebs Panteļevs.

At the end of 2013, ABLV Charitable Foundation in cooperation with ABLV Bank, AS, for the seventh time arranged Christmas fund drive, during which our customers and officers made donations to two main social programmes of the fund: "Help hear!" (for acquiring hearing devices) and "Help grow up!" (for children camps). The fund together with ABLV Bank, AS, doubled the amount donated to both programmes – "Help hear!" and "Help grow up!". Besides these programmes, ABLV Charitable Foundation launched a new one – "Help 21.11" – to ensure a long-term support for children whose parents died or were severely injured in a result of the tragedy in Zolitude. ABLV Bank, AS also made the first donation to the programme equal to LVL 50.0 thousand (EUR 71.1 thousand).

In January 2014, after the fund drive was completed, we discovered that the total amount of donations under this fund drive reached incredibly high level exceeding EUR 333 thousand. Therefore, this year we will be able to make dreams of even more children willing to hear or go to a summer camp come true.

In 2013, the bank allocated the total of LVL 1.2 million (EUR 1.7 million) to charity.

Statement of corporate governance is published at the bank's home page www.ablv.com.

We express our gratitude to our shareholders and customers for their loyalty and to all officers for their contribution to the bank's and the group's growth!

Chairman of the Council
Oļegs Fiļs

Chairman of the Board
Ernests Bernis

Riga, 24 February 2014

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 2013 the group and the bank operate the central office and one lending centre in Riga, subsidiary bank in Luxembourg, as well as foreign representation offices/ territorial structural units in Azerbaijan (Baku), in Belarus (Minsk), in Kazakhstan (Almaty), in Cyprus (Limassol), in Russia (Moscow, St. Petersburg, Yekaterinburg and Vladivostok), in Ukraine (Kyiv with a branch in Odessa), in Uzbekistan (Tashkent) and Tajikistan (Dushanbe).

Organizational structure of ABLV Bank, AS is shown on page 11 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 to providing information on the financial standing and performance indicators of the bank for the period started 1 January 2013 till 31 December 2013.

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

	31/12/2013			31/12/2012		
	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
Shareholders	amount	LVL'000	(%)	amount	LVL'000	(%)
Ernests Bernis and Nika Berne (direct and indirect interest)	54,683	8,203	43.00	51,862	7,779	43.01
Oļegs Fiļs (indirect interest)	54,686	8,203	43.00	51,861	7,779	43.00
Other shareholders total	17,801	2,670	14.00	16,877	2,532	13.99
Total shares with voting rights	127,170	19,076	100.00	120,600	18,090	100.00
Shares without voting rights	13,400	2,010		11,000	1,650	
Paid-in share capital total	140,570	21,086		131,600	19,740	

	31/12/2013			31/12/2012		
	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
Shareholders	amount	EUR'000	(%)	amount	EUR'000	(%)
Ernests Bernis and Nika Berne (direct and indirect interest)	54,683	11,672	43.00	51,862	11,069	43.01
Oļegs Fiļs (indirect interest)	54,686	11,672	43.00	51,861	11,068	43.00
Other shareholders total	17,801	3,799	14.00	16,877	3,603	13.99
Total shares with voting rights	127,170	27,143	100.00	120,600	25,740	100.00
Shares without voting rights	13,400	2,860		11,000	2,348	
Paid-in share capital total	140,570	30,003		131,600	28,088	

Each share's par value is LVL150 (EUR 213,4).

Performance indicators

Title of entry	01/01/2013 - 31/12/2013 (audited)*	01/01/2012 - 31/12/2012 (audited)*
Return on equity (ROE) (%)	26.29	16.64
Return on assets (ROA) (%)	1.36	0.82

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.

Risk management

The information about Risk management is available in 2013 Annual Report from Note 33 till Note 36 on ABLV Bank, AS web page <http://www.ablv.com/en/about/financial-reports>.

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2013 and in the annual report for the year ended 31 December 2012 audited by SIA Ernst & Young Baltic (No 40003593454).

The council and the board

The council of the bank:

Chairman of the Council: Oļegs Fiļs	Date of re-election: 01/04/2013
Deputy Chairman of the Council: Jānis Krīgers	Date of re-election: 01/04/2013
Council Member: Igoris Rapoport	Date of re-election: 01/04/2013

The board of the bank:

Chairman of the Board: Ernests 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 Kanneņieks – 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

There were no changes in the board of the bank during the reporting period.

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's 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 changes. 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.

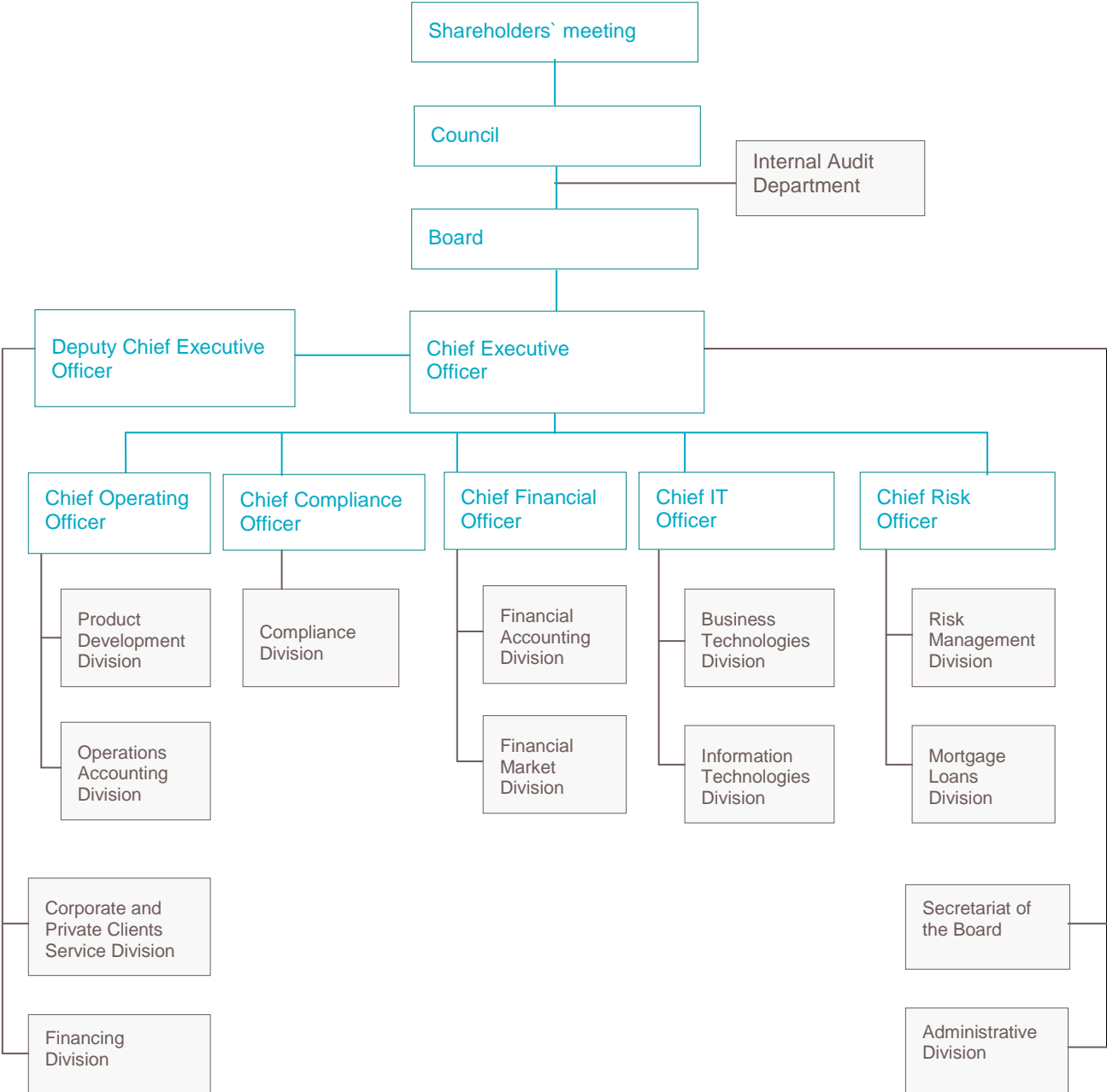
Valued

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 2013:

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 Bank Luxembourg, S.A.	B 162048	LU, Boulevard Royal, 26a, L-2449, Luxembourg	CKS	100	100	MS
3	ABLV Consulting Services, AS	40003540368	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
4	ABLV Corporate Services, SIA	40103283479	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
5	ABLV Corporate Services, LTD	HE273600	CY, 15 Karaiskaki Street, 3032, Limassol	CKS	100	100	MS
6	Pillar Holding Company, KS	40103260921	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	99.9997	KS
7	Pillar, SIA	40103554468	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
8	Pillar Management, SIA	40103193211	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
9	Pillar 2, SIA	40103193033	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
10	Pillar 3, SIA	40103193067	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
11	Pillar 4, SIA	40103210494	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
12	Pillar 6, SIA	40103237323	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
13	Pillar 7, SIA	40103237304	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
14	Pine Breeze, SIA	40103240484	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
15	Pillar 9, SIA	40103241210	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
16	Pillar 10, SIA	50103247681	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
17	Pillar 11, SIA	40103258310	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
18	Pillar 12, SIA	40103290273	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
19	Lielezeres Apartment House, SIA	50103313991	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
20	Pillar 18, SIA	40103492079	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
21	Elizabetes Park House, SIA	50003831571	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	91.6	91.6	MS
22	Pillar Parking, SIA	40103731804	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
23	New Hanza City, SIA	40103222826	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	100	MS
24	ABLV Asset Management, IPAS	40003814724	LV, Elizabetes iela 23, Rīga, LV-1010	IPS	100	100	MS
25	ABLV Capital Markets, IBAS	40003814705	LV, Elizabetes iela 23, Rīga, LV-1010	IBS	90	100	MS
26	AmberStone Group, AS	40103736854	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	100	101	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
29	Vaiņode Agro Holding, SIA	40103503851	LV, Elizabetes iela 23, Rīga, LV-1010	CKS	70	100	MS

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 of the bank

Title of entry	01/01/2013 -	01/01/2012 -	01/01/2013 -	01/01/2012 -
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	(audited)*	(audited)*	(audited)*	(audited)*
	LVL'000	LVL'000	EUR'000	EUR'000
Interest income	41,240	38,448	58,679	54,707
Interest expense	(11,200)	(15,349)	(15,936)	(21,840)
Dividends received	1,461	1,404	2,079	1,998
Commission and fee income	38,909	29,201	55,363	41,549
Commission and fee expense	(10,741)	(8,744)	(15,283)	(12,442)
Net realised gain/ (loss) from financial assets and liabilities at amortised cost	-	-	-	-
Net realised gain/ (loss) from available-for-sale financial assets	(13)	16	(18)	23
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	758	160	1,078	228
Changes in fair value hedge accounting	-	-	-	-
Net result from foreign exchange trading and revaluation	14,857	14,581	21,140	20,747
Gain/ (loss) from sale of tangible and intangible fixed assets	61	18	87	26
Other income	2,127	1,124	3,026	1,599
Other expense	(591)	(521)	(841)	(741)
Administrative expense	(29,829)	(23,965)	(42,445)	(34,100)
Depreciation	(1,968)	(1,433)	(2,800)	(2,039)
Impairment allowance	-	(338)	-	(481)
Impairment of financial instruments and non-financial assets	(8,916)	(14,405)	(12,686)	(20,496)
Profit/ (loss) before corporate income tax	36,155	20,197	51,443	28,738
Corporate income tax	(5,459)	(3,743)	(7,767)	(5,326)
Net profit/ (loss) for the period	30,696	16,454	43,676	23,412

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2013 and in the annual report for the year ended 31 December 2012 audited by SIA Ernst & Young Baltic (No 40003593454).

Balance sheet of the bank

		31/12/2013 (audited)*	31/12/2012 (audited)*	31/12/2013 (audited)*	31/12/2012 (audited)*
	Notes	LVL'000	LVL'000	EUR'000	EUR'000
Assets					
Cash and demand deposits with central banks		250,723	216,074	356,747	307,446
Demand deposits from credit institutions		261,285	249,995	371,775	355,712
Financial assets held for trading		317	81	451	115
Financial assets at fair value through profit or loss		11,803	3,333	16,794	4,742
Available-for-sale financial assets		514,213	547,757	731,659	779,388
Loans and receivables	1	708,799	642,281	1,008,530	913,882
Held to maturity investments		457,814	351,832	651,411	500,612
Change of fair value of hedge portfolio		-	-	-	-
Prepaid expense and accrued income		778	480	1,107	683
Tangible fixed assets		6,849	4,906	9,745	6,981
Investment properties		17,099	17,303	24,330	24,620
Intangible fixed assets		3,525	3,384	5,016	4,815
Investments in subsidiaries		93,353	89,577	132,829	127,457
Tax assets		1	74	1	105
Other assets		3,495	12,139	4,971	17,270
Total assets		2,330,054	2,139,216	3,315,366	3,043,828
Liabilities					
Liability due to central banks		-	-	-	-
Demand deposits from credit institutions		10,184	2,406	14,491	3,423
Financial liabilities held for trading		1,438	4,579	2,046	6,515
Financial liabilities at fair value through profit or loss		-	-	-	-
Financial liabilities at amortised cost	2	2,175,173	2,015,026	3,094,992	2,867,124
Financial liabilities arising from financial asset transfer		-	-	-	-
Change of fair value of hedge portfolio		-	-	-	-
Deferred income and accrued expense		5,184	5,537	7,376	7,878
Provisions		287	338	408	481
Tax liabilities		4,357	1,057	6,199	1,504
Other liabilities		1,980	3,470	2,817	4,937
Total liabilities		2,198,603	2,032,413	3,128,329	2,891,862
Total shareholders' equity		131,451	106,803	187,037	151,966
Total liabilities and shareholders' equity		2,330,054	2,139,216	3,315,366	3,043,828
Memorandum items					
Contingent liabilities		5,551	7,052	7,898	10,034
Financial commitments		42,730	30,276	60,799	43,079

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2013 and in the annual report for the year ended 31 December 2012 audited by SIA Ernst & Young Baltic (No 40003593454).

Bank's summary report of equity and minimum capital requirements

Title of entry	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	(audited)*	(audited)*	(audited)*	(audited)*
	LVL'000	LVL'000	EUR'000	EUR'000
Total equity	187,319	153,052	266,530	217,773
Tier 1	127,235	101,564	181,039	144,513
Tier 2	63,928	51,516	90,961	73,300
Decrease in Tier 1 and Tier 2	(3,844)	(28)	(5,470)	(40)
Tier 1 total applying decrease	125,313	101,550	178,304	144,493
Tier 2 total applying decrease	62,006	51,502	88,227	73,279
Used Tier 3	-	-	-	-
Total capital charge	85,495	76,337	121,648	108,618
Total of capital requirements for credit risk, counterparty credit risk, dilution risk and free deliveries risk	71,760	66,831	102,105	95,092
Capital charge for settlement/ deliveries risk	1	-	1	-
Capital charge for position risk, foreign currency risk and commodity risk	5,153	2,242	7,332	3,190
Capital charge for operational risk	8,581	7,264	12,210	10,336
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	101,824	76,715	144,882	109,155
Capital adequacy ratio (%) excluding capital charge for other risk and transition period	17.53%	16.04%	17.53%	16.04%
Capital requirements covered by own funds (surplus/ (shortfall))	101,824	76,715	144,882	109,155
Capital adequacy ratio (%)	17.53%	16.04%	17.53%	16.04%

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2013 and in the annual report for the year ended 31 December 2012 audited by SIA Ernst & Young Baltic (No 40003593454).

Note 1

Loans and receivables

	31/12/2013 (audited)*	31/12/2012 (audited)*	31/12/2013 (audited)*	31/12/2012 (audited)*
Title of entry	LVL'000	LVL'000	EUR'000	EUR'000
Loans	535,022	503,611	761,268	716,573
Loans to credit institutions	173,777	138,670	247,262	197,309
Total	708,799	642,281	1,008,530	913,882

Note 2

Financial liabilities at amortized cost

	31/12/2013 (audited)*	31/12/2012 (audited)*	31/12/2013 (audited)*	31/12/2012 (audited)*
Title of entry	LVL'000	LVL'000	EUR'000	EUR'000
Deposits	1,951,305	1,868,890	2,776,457	2,659,192
Issued securities	216,735	124,819	308,386	177,601
Subordinated deposits	7,133	12,912	10,149	18,372
Term deposits from credit institutions	-	8,405	-	11,959
Total	2,175,173	2,015,026	3,094,992	2,867,124

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2013 and in the annual report for the year ended 31 December 2012 audited by SIA Ernst & Young Baltic (No 40003593454).

Note 3

The bank's investments in financial assets, except derivatives

The bank's investments in financial assets break downs by countries of issuers as at 31 December 2013, except derivatives:

LVL'000				
Issuer state	Securities of central governments	Securities of other issuers	Total	% of shareholders' equity
United States of America	211,615	3,089	214,704	114.6
Russia	22,389	112,996	135,385	72.3
Germany	7,100	113,888	120,988	64.6
Canada	39,390	74,841	114,231	61.0
Sweden	65,439	21,235	86,674	46.3
Latvia	60,554	17,361	77,915	41.6
Netherlands	-	34,356	34,356	18.3
Norway	16,444	5,218	21,662	11.6
Securities of other countries*	49,776	62,717	112,493	60.1
Securities of international organizations	-	65,422	65,422	34.9
Total securities, net	472,707	511,123	983,830	

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

EUR'000				
Issuer state	Securities of central governments	Securities of other issuers	Total	% of shareholders' equity
United States of America	301,101	4,395	305,496	114.6
Russia	31,857	160,779	192,636	72.3
Germany	10,102	162,048	172,150	64.6
Canada	56,047	106,489	162,536	61.0
Sweden	93,111	30,215	123,326	46.3
Latvia	86,161	24,702	110,863	41.6
Netherlands	-	48,884	48,884	18.3
Norway	23,398	7,425	30,823	11.6
Securities of other countries*	70,824	89,239	160,063	60.1
Securities of international organizations	-	93,087	93,087	34.9
Total securities, net	672,601	727,263	1,399,864	

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

The bank's investments in financial assets break downs by countries of issuers as at 31 December 2012, except derivatives:

				LVL'000
Issuer state	Securities of central governments	Securities of other issuers	Total	% of shareholders' 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 ratio calculation purposes.

				EUR'000
Issuer state	Securities of central governments	Securities of other issuers	Total	% of shareholders' 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 ratio calculation purposes.

In the reporting period, impairment by LVL 775.0 thousand (EUR 1.1 million) was recognized for the securities of the available-for-sale portfolio.

At the end of reporting period provisions for financial assets at amortized cost amounted to LVL 80.9 thousand (EUR 115.1 thousand) and the market value of those securities amounted to LVL 150.3 thousand (EUR 213.9 thousand).