



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

Public Quarterly Report
January – June 2015

Bank's Management Report

Ladies and gentlemen, dear shareholders of ABLV Bank, AS,

During the reporting period, the bank and other companies of ABLV Group continued to grow, due to consistent implementation of the group's development strategy. Although situation in several our target markets remained complex and strained, we managed to achieve planned results due to our thoroughly chosen business model and prudent risk management.

At the beginning of the year, another issue of ABLV Bank shares was performed. Under the issue, there were 2 385 000 registered shares issued, added to 29 385 000 shares that constituted the bank's voting share capital before the new issue. Following the issue, the bank's share capital is comprised of 31 770 000 ordinary voting shares and 3 265 000 employee shares without voting rights attached. The newly issued shares constitute 7.5% of the bank's voting share capital. The issue of shares was performed in the form of non-public offering, and only current shareholders of the bank participated in the offering. There were 82 applicants in total, which is 64% of the total number of shareholders having voting rights. The sale price of one share was EUR 13.85.

On 31 March, the ordinary meeting of the bank's shareholders also made an important decision to pay EUR 58.4 million out of the profit for 2014 in the form of dividends. The payment per share amounted to EUR 1.79. Payment of the dividends allowed the bank's shareholders to re-invest the profit derived from dividends in the bank's further growth by acquiring the bank's newly issued shares.

Continuing the bond issue programme, in this year the bank performed four new issues of coupon bonds: two of them under the Fourth Bond Offer Programme, and the other two – under the Fifth Bond Offer Programme. The total size of the bond issues amounted to USD 150 000 000 and EUR 40 000 000 at face value respectively. Following these bond issues, there are 19 bond issues included in the Nasdaq Riga Baltic list of debt securities. The bank initiated gradual replacement of long-term deposits with bonds at the end of 2011. Including new bonds and those already redeemed, we have performed 29 public bond issues so far.

Financial results

The bank's major financial indicators in the first half of 2015 demonstrate stable growth of the bank. ABLV Bank, AS is the largest bank in Latvia with local capital and is ranked second in terms of the amount of assets.

- The bank's profit in H1 2015 amounted to EUR 43.5 million. Whereas in H1 2014 it was equal to EUR 32.9 million.
- The bank's operating income before allowances for credit losses totalled EUR 73.0 million. Compared with H1 2014, operating income has increased by 22.6%.
- The amount of the customers' deposits equalled EUR 3.65 billion as at the end of the reporting period.
- The amount of issued debt securities reached EUR 476.0 million.
- As at 30 June 2015, the amount of the bank's assets totalled EUR 4.55 billion. Since the beginning of the year, the amount of assets has grown by 9.1%, the total assets increasing by EUR 378.4 million.
- The bank's loan portfolio equalled EUR 833.3 million as at the end of June.
- The bank's capital and reserves amounted to EUR 249.3 million.
- As at 30 June 2015, the bank's capital adequacy ratio was 17.66%, whereas liquidity equalled 76.63%.
- ROE reached 38.10%, and ROA – 1.91%, as at 30 June 2015.

The bank continued investing in securities. The total amount of the securities portfolio was equal to EUR 2.60 billion, as at 30 June 2015. The bank's securities portfolio is mostly composed of fixed-income debt securities, and 75.0% of the portfolio is constituted by securities having credit rating AA- and higher. In terms of major countries, the securities are allocated as follows: USA – 30.5%, Germany – 14.5%, Latvia – 9.1%, Canada – 9.1%, Russia – 8.7%, Sweden – 7.4%, Netherlands – 3.2%, and Norway – 1.9%. Whereas 3.9% is constituted by securities issued by international institutions – the European Commission, EBRD, etc. In the reporting period, annual yield of the securities portfolio amounted to 2.4%.

In the reporting period, we have implemented several new products and services for the convenience of our customers. From 1 April 2015 the bank's customers will be able to make payments in five new currencies: THB (Thai baht), TRY (Turkish lira), HKD (Hong Kong dollar), AMD (Armenian dram), and GEL (Georgian lari).

Expanding the range of our financing services, the bank resumed offering cargo ship financing that meets the market demand. The bank offers financing of the ships having the cargo capacity above 3 000 DWT (deadweight tonnes). These are mostly general cargo vessels, bulk carriers, and reefer ships. Maximum amount of financing of one ship is EUR 10 million, and the ship's maximum age – 25 years as at the moment of the loan repayment. Financing of finished ships can be granted to companies from the Baltic states, the Black Sea and Mediterranean region, as well as Russian East. The company should have at least 10-year experience in ship transport area and impeccable reputation.

Whereas on 16 June this year ABLV Bank signed an agreement with the development finance institution ALTUM on cooperation within the programme of providing guarantees under housing loans. ABLV Bank is the fifth commercial bank joining the programme implemented by ALTUM. Within the programme, ALTUM provides guarantees under loans for housing acquisition or construction granted by commercial banks to families with children. Although our bank primarily focuses on private banking services, mortgage lending is an important line of business, and we will continue its development by offering new competitive products. Currently, we offer six different mortgage lending programmes.

Under development of remote account management services, we pay great attention to security of using our Internetbank and therefore introduced considerable changes in customer recognition, which form a part of large remote service improvement project. Now two-factor authentication (recognition) will be applied to customers who have one representative, one Internetbank user, and one authorization tool – when logging in to the Internetbank those customers will need to provide not just user ID and password (the first factor that the customer knows) but also code card or Digipass value (the other factor that the customer owns). The transition to two-factor authentication will be implemented gradually – from May to the end of August this year.

To ensure even more convenient and secure use of Internetbank, in May we began implementation of new code cards – electronic code cards Digipass GO 100, which generate unique codes for authorization of each transaction. Well-known multifunctional devices Digipass 270 and large Digipass 300 Comfort will be also available upon the customer's request.

From March, we offer new Internetbank version (version 1.2) for iPad tablets. There are both functional and visual innovations introduced in this version in order to facilitate the application use. The major ones include new section 'Locations and Contacts' available at the start page, the possibility to send account details via SMS or e-mail, and displaying of payment cards linked to the card account in the list of accounts.

Investments

Despite instability still prevailing in global financial markets and occasional strong price fluctuations, open-end mutual funds managed by ABLV Asset Management, IPAS demonstrated good results. As at the end of June this year, their total asset value amounted to EUR 122.5 million. Since the beginning of the year, the total value of funds has increased by 14.9%, i.e., approximately by EUR 15.9 million. The growth of the funds' value was due to increasing interest in financial markets and customers more and more willing to diversify their investment portfolios by acquiring shares of ABLV funds.

It should be noted that from 17 February this year we offer an eleventh fund – ABLV Multi-Asset Total Return USD Fund. Taking into account growing demand for our products, we plan to expand the range of offered funds in future by adding at least one new fund each year, so that customers have wider opportunities of investing in financial instruments.

As at the end of June 2015, total assets under ABLV Asset Management, IPAS management amounted to EUR 124.1 million, of which EUR 122.5 million were the customers' investments in mutual funds managed by the company, and EUR 1.6 million were the customers' funds invested in individual investment programmes.

The first half of 2015 was also successful for ABLV Capital Markets, IBAS which executes customers' instructions for purchasing and selling all types of financial instruments in the world's major securities markets. In the first half of the year, profit of ABLV Capital Markets, IBAS amounted to EUR 3.3 million. As at 30 June 2015, total assets of the company's customers invested in financial instruments were equal to EUR 1.05 billion.

In the reporting period, issue of AmberStone Group, AS shares arranged by ABLV Bank was completed successfully. The Bank provided support to the issuer – AmberStone Group by arranging subscription to newly issued shares.

Following the issue of shares, share capital of AmberStone Group has been increased by EUR 21.0 million, reaching EUR 35.0 million in total. The issue was aimed at raising additional funds for the company's development and also at increasing the number of the company's shareholders. 96 applicants took part in the share capital increase – they were current shareholders of AmberStone Group, including ABLV Bank, as well as third parties – particular customers, shareholders, and officers of the bank.

Share capital of AmberStone Group has been increased by issuing 21 000 000 ordinary registered shares. The initial placement price of a new share was EUR 1.05, and it included nominal value of EUR 1.00 and share premium of EUR 0.05. There was no public offering, and shares were offered individually. After the issue completion, the number of AmberStone Group shareholders reached 103, and the largest one is ABLV Bank holding 24.64% of the company's shares.

AmberStone Group, AS is a holding company established in 2013 and managing its affiliate companies operating in different sectors. Its major long-term financial objective is to increase the value of the whole holding and to ensure sustainable operations of its affiliate companies. The holding company owns 70% of Vaiņode Agro Holding, SIA, 60% of Orto klīnika, SIA, and 100% of ASG 1, SIA.

Real estate

At the beginning of the year, stagnation prevailed in real estate market, which was due to negative effect of new normative acts – amendments to the programme of granting residence permits, introduction of 'hand keys back' principle, etc. However, in the second quarter the situation changed and positive trends returned to the market – the demand for housing was gradually resumed, which was facilitated by attractive property prices, decreasing prices of credit resources, and new mortgage lending programmes.

During the first six months of the year, Pillar group made transactions on sale of 180 properties, which is twice less than in the respective period last year, when the company's sales reached historical maximum. The total amount of transactions over six months of this year reached EUR 7.7 million.

Local buyers still are more active, and they prefer purchasing uniform apartments. During six months, Pillar made 121 sale transactions in this segment. Whereas in H1 2014 there were 218 uniform apartments sold.

There was significant increase observed in private house segment. In this year, 34 private houses have already been sold, which is almost 3 times more than in the first half of 2014. There were 13 transactions in new projects made, as well as 7 land plots and 1 commercial property sold.

It should be mentioned that in the first half of the year Pillar started to make reservations for apartments in the premium-class apartment block Miera Park House, at 57a Miera Street in Riga. There are 38 apartments available for those interested in excellent housing, the apartment area being from 62 sq m to 238 sq m. New building Miera Park House was acquired at the beginning of 2013 for EUR 2.4 million. The amount of investments in reconstruction and finishing works will reach approximately EUR 5.6 million.

Advisory

In the reporting period, the bank's affiliate company ABLV Corporate Services, SIA improved its range of services by starting to offer accounting services of new quality to the customers. There is a team of professional accountants working in ABLV Corporate Services and having the experience of rendering services in such jurisdictions as Latvia, Cyprus, and Singapore. The company's specialists can render accounting services to the companies during the whole year, making monthly and quarterly reports, providing profound advice on taxes and legislation amendments, etc. Currently, the team of ABLV Corporate Services includes 15 accountants, and almost 100 customers use their services.

Besides the said services, ABLV Corporate Services, SIA also offers advice on obtaining residence permits and citizenship of Latvia, Great Britain, and Saint Kitts and Nevis. The company's customers also use other advisory services – advice on establishing holding structures (also in Latvia) and assistance in changing tax residency.

To expand into new target regions and to be closer to its customers, in the reporting period ABLV group company ABLV Consulting Services, AS has opened new representative office – in global financial centre of Hong Kong. The representative office has obtained the registration certificate and started its operations. Its main task is to inform prospective and current customers about financial, investment, and advisory services offered by ABLV group. Major advantages of Hong Kong are liberal tax system and developed sector of financial services. Moreover, many customers from Russia and CIS states register companies in Hong Kong to establish their business.

At the same time, following assessment of customer activity and for the sake of optimizing the network of representative offices, on 1 April this year ABLV Consulting Services closed two representative offices – the ones in Yekaterinburg (Russia) and Dushanbe (Tajikistan).

Currently, ABLV group has 11 representative offices in 8 countries – Russia, Ukraine, Belarus, Kazakhstan, Azerbaijan, Uzbekistan, Hong Kong, and Cyprus.

Luxembourg

In the reporting period, Risk Committee of the international payment system VISA Europe has approved assignment of VISA Associate Membership status to ABLV Bank Luxembourg, S.A. Thus ABLV Bank Luxembourg will be able to offer payment cards to its customers on its own – from debit cards to premium cards VISA Platinum and Infinite. At the beginning, it is planned to offer Visa Gold and Visa Gold Business payment cards to the customers.

Currently, design of ABLV Bank Luxembourg payment cards is being developed and other required technological preparatory works are performed, so that customers can use the advantages ensured by the bank's payment cards and accompanying services like those rendered to customers of ABLV Bank. For example, travel insurance policy and coverage will be the same as those in Riga, and it will be provided by Seesam Insurance AS Latvia branch.

Since ABLV Bank acquired VISA Principal Member status at the beginning of 2009, it will ensure support (act as sponsor) under issue of cards by the Luxembourg 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, AS is the first bank from the Baltic countries to establish subsidiary bank in Luxembourg. The bank started offering its services to broad range of customers in September 2013.

As at 30 June 2015, ABLV Bank Luxembourg assets and assets under management reached EUR 181.5 million.

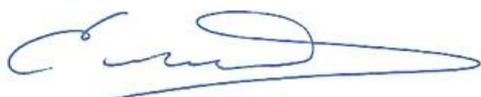
For society

In 2015, ABLV Bank, in cooperation with ABLV Charitable Foundation, continued supporting various socially important projects.

In January, results of the fund drive arranged by ABLV Charitable Foundation and ABLV Bank, AS were summarized; under this fund drive, the bank's customers and officers made donations for the foundation to ensure purchase of digital hearing devices for hearing-impaired children, and also to allow poor children to spend time in rehabilitation and development summer camps, as well as to support Riga urban development.

The donations made under the fund drive reached the incredible amount of EUR 1 323 097, of which EUR 157 531 were donated to the 'Help Hear!' programme, EUR 43 941 – to the 'Help grow up!' programme, and EUR 1 121 625 – to the new programme 'New Riga'. ABLV Charitable Foundation, in cooperation with ABLV Bank, doubled the amounts donated to the 'Help hear!' and 'Help grow up!' programmes.

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



Chairman of the Board
Ernests Bernis



Deputy Chairman of the Board
Vadims Reinfelds

Riga, 24 August 2015

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 June 2015 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 and Vladivostok), in Ukraine (Kyiv with separate office in Odessa), in Uzbekistan (Tashkent) and in Hong Kong.

Organizational structure of ABLV Bank, AS is shown on page 7 at this public quarterly report.

This quarterly report is prepared in accordance with the Regulations on Preparation of Public Quarterly Reports of Credit Institutions approved by the Financial and Capital Market Commission for the purpose of providing information on the financial standing and performance indicators of the bank for the period started 1 January 2015 till 30 June 2015.

Financial statements are reported in thousands of euro (EUR'000), unless otherwise stated. Information given herein in brackets represents comparative figures for the period ended 31 December 2014 or for the six-month period ended 30 June 2014 respectively.

Shareholders and groups of related shareholders of the bank

	30/06/2015			
	Amount of voting shares	Par value of shares	Paid-in the Bank's share capital	% of the total paid-in the Bank's share capital with voting rights
	amount	EUR	EUR'000	(%)
Shareholders				
Ernests Bernis and Nika Berne (direct and indirect interest)	13,702,131	1	13,702	43.12
Oļegs Fijs (indirect interest)	13,702,131	1	13,702	43.13
Other shareholders total	4,365,738	1	4,366	13.75
Total shares with voting rights	31,770,000	x	31,770	100.00
Shares without voting rights (personnel shares)	3,265,000		3,265	
Paid-in share capital total	35,035,000		35,035	

	31/12/2014			
	Amount of voting shares	Par value of shares	Paid-in the Bank's share capital	% of the total paid-in the Bank's share capital with voting rights
	amount	EUR	EUR'000	(%)
Shareholders				
Ernests Bernis and Nika Berne (direct and indirect interest)	12,669,930	1	12,670	43.11
Oļegs Fijs (indirect interest)	12,669,930	1	12,670	43.12
Other shareholders total	4,045,140	1	4,045	13.77
Total shares with voting rights	29,385,000	x	29,385	100.00
Shares without voting rights (personnel shares)	3,265,000		3,265	
Paid-in share capital total	32,650,000		32,650	

Performance indicators

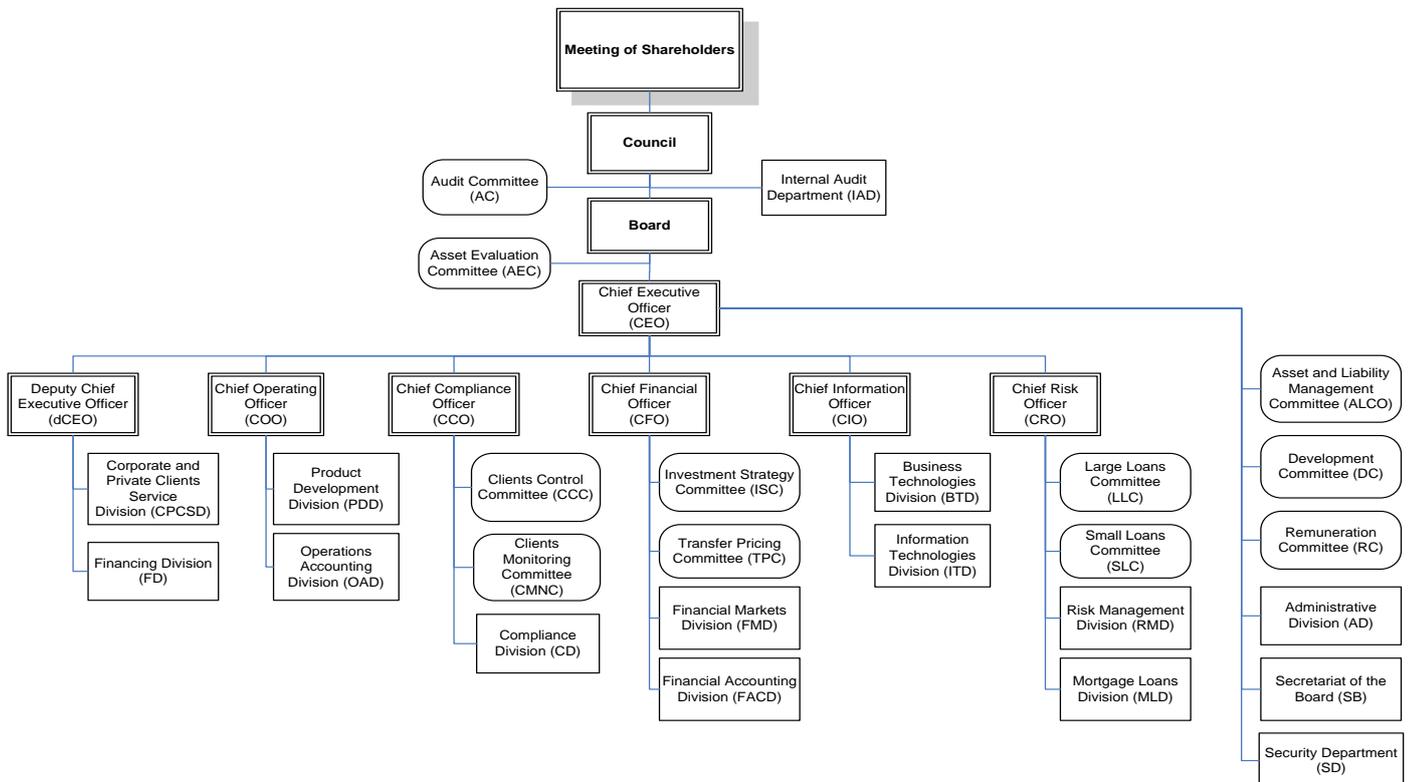
Title of entry	01/01/2015 - 30/06/2015 (non-audited)	01/01/2014 - 30/06/2014 (audited)*
Return on equity (ROE) (%)	38.10	35.41
Return on assets (ROA) (%)	1.91	1.87

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

Risk management

The information about Risk management is available in 2014 Annual Report from Note 34 till Note 37 on ABLV Bank, AS website <http://www.ablv.com/en/about/financial-reports>.

Bank's structure**



*- Information has been prepared based on data that are available at financial statements for the six-month period ended 30 June 2014 audited by SIA Ernst & Young Baltic (No 40003593454).

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

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 Rapoportis	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: 01/05/2014
Deputy Chairman of the Board: Vadims Reinfelds – Deputy Chief Executive Officer (dCEO)	Date of re-election: 01/05/2014
Board Members:	Date of re-election:
Aleksandrs Pāže – Chief Compliance Officer (CCO)	01/05/2014
Edgars Pavlovičs – Chief Risk Officer (CRO)	01/05/2014
Māris Kannenieks – Chief Financial Officer (CFO)	01/05/2014
Rolands Citajevs – Chief IT Officer (CIO)	01/05/2014
Romans Surnačovs – Chief Operating Officer (COO)	01/05/2014

There were no changes in the council and 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

Bank's vision is to become the leading independent private bank in Eastern Europe and to be the first bank, which combines traditional banking services, asset management and advisory services in a single client-tailored service offer.

Bank's mission

Bank's mission is to preserve and increase capital of our clients, providing them financial and advisory services necessary for that.

Bank's values

Collaborative

We listen attentively and respond intelligently. We are always ready for changes. We do not rest, we act.

Intuitive

We know what is 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

Bank's goal is to achieve that medium-size private companies and wealthy individuals in the Baltic States and CIS countries choose us as the primary financial partner and advisor.

Consolidation group

Information disclosed in the report is prepared in accordance with the principles of the Regulations on Preparation of Public Quarterly Reports of Credit Institutions approved by the Financial and Capital Market Commission. ABLV Bank, AS, is the parent entity of the group.

Members of the consolidation group* as at 30 June 2015:

No	Name of the company	Registration number	Code of country of incorporation 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	MT
2	ABLV Bank Luxembourg, S.A.	B 162048	LU, Boulevard Royal, 26a, L-2449, Luxembourg	BNK	100	100	MS
3	ABLV Corporate Services Holding Company, SIA	40103799987	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
4	Pillar Holding Company, KS	40103260921	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
5	Pillar Management, SIA	40103193211	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
6	Pillar, SIA	40103554468	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
7	Pillar 2, 12 & 14, SIA	50103313991	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
8	Pillar 3, SIA	40103193067	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
9	Pillar 4 & 6, SIA	40103210494	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
10	Pillar 7 & 8, SIA	40103240484	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
11	Pillar 9, SIA	40103241210	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
12	Pillar 10, SIA	50103247681	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
13	Pillar 11, SIA	40103258310	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
14	Pillar 18, SIA	40103492079	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
15	Pillar 19, SIA	40103766952	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
16	Pillar 20, SIA	40103903056	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
17	Elizabetes Park House, SIA	50003831571	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	91.6	91.6	MMS
18	Schaller Kyncl Architekten Riga, SIA	40103437217	LV, Pulkveža brieža iela 28A, Rīga, LV1045	PLS	100	100	MMS
19	Pillar Parking, SIA	40103731804	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
20	New Hanza City, SIA	40103222826	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
21	GP Electro, SIA	40103693339	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
22	ABLV Asset Management, IPAS	40003814724	LV, Elizabetes iela 23, Rīga, LV-1010	IPS	90	100	MS
23	ABLV Capital Markets, IBAS	40003814705	LV, Elizabetes iela 23, Rīga, LV-1010	IBS	90	100	MS
24	ABLV Private Equity Management, SIA	40103286757	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
25	ABLV Private Equity Fund 2010, KS	40103307758	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS

¹ - BNK – bank, IBS – investment brokerage company, IPS – asset management company, CFI – other financial institution, PLS – ancillary subsidiary company.

² - MS – subsidiary company, MMS – subsidiary company of subsidiary company, MT – parent company.

*- The consolidation group conform to Regulation No 575/2013 requirements, differences with IFRS are set out in Statement of Information Disclosure on bank's website www.ablv.com.

Income statements of the bank

Title of entry	EUR'000	
	01/01/2015 - 30/06/2015 (non-audited)	01/01/2014 - 30/06/2014 (audited)*
Interest income	40,667	32,035
Interest expense	(10,800)	(7,862)
Dividends received	9,057	3,786
Commission and fee income	27,962	27,734
Commission and fee expense	(7,862)	(7,165)
Net realised gain/ (loss) from financial assets and liabilities at amortised cost	-	(1,030)
Net realised gain/ (loss) from available-for-sale financial assets	1,138	(251)
Net realised gain/ (loss) from financial assets and liabilities held for trading	808	429
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-	-
Changes in fair value hedge accounting	-	-
Net result from foreign exchange trading and revaluation	10,151	10,061
Gain/ (loss) from sale of tangible and intangible fixed assets	21	80
Other income	1,890	1,748
Other expense	(780)	(459)
Administrative expense	(24,106)	(20,836)
Depreciation	(1,663)	(1,482)
Impairment allowance	-	(246)
Impairment of financial instruments	(682)	(621)
Profit/ (loss) before corporate income tax	45,801	35,921
Corporate income tax	(2,348)	(2,985)
Net profit/ (loss) for the period	43,453	32,936

*- Information has been prepared based on data that are available at financial statements for the six-month period ended 30 June 2014 audited by SIA Ernst & Young Baltic (No 40003593454).

Balance sheet of the bank

	EUR'000	
	30/06/2015	31/12/2014
Assets	(non-audited)	(audited)*
Cash and demand deposits with central banks	340,421	258,908
Demand deposits from credit institutions	344,793	568,373
Financial assets held for trading	16,970	18,963
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	1,604,036	1,209,073
Loans and receivables	1,084,041	1,017,156
<i>Loans</i>	833,309	790,247
<i>Loans to credit institutions</i>	250,732	226,909
Held to maturity investments	983,786	930,579
Change of fair value of hedge portfolio	-	-
Prepaid expense and accrued income	926	1,185
Tangible fixed assets	10,060	10,606
Investment properties	25,023	25,033
Intangible fixed assets	5,807	5,700
Investments in subsidiaries	121,803	115,099
Tax assets	3,647	4,719
Other assets	6,928	4,450
Total assets	4,548,241	4,169,844
Liabilities		
Liability due to central banks	116,819	16,797
Demand deposits from credit institutions	31,594	28,962
Financial liabilities held for trading	215	5,630
Financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	4,137,973	3,877,997
<i>Deposits</i>	3,646,256	3,406,032
<i>Issued ordinary bonds</i>	346,197	341,206
<i>Issued subordinated bonds</i>	129,753	113,375
<i>Subordinated deposits</i>	15,767	14,413
<i>Term deposits from credit institutions</i>	-	2,971
Financial liabilities arising from financial asset transfer	-	-
Change of fair value of hedge portfolio	-	-
Deferred income and accrued expense	7,227	6,758
Provisions	346	352
Tax liabilities	-	-
Other liabilities	4,793	6,447
Total liabilities	4,298,967	3,942,943
Total shareholders' equity	249,274	226,901
Total liabilities and shareholders' equity	4,548,241	4,169,844
Memorandum items		
Contingent liabilities	10,768	9,444
Financial commitments	71,906	60,228

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2014 audited by SIA Ernst & Young Baltic (No 40003593454).

Own funds and capital adequacy ratios summary

		EUR'000	
		30/06/2015	31/12/2014
Code Position description		(non-audited)	(audited)*
1.	Own funds	321,318	309,922
1.1	Tier 1 capital	193,771	195,464
1.1.1.	Common equity Tier 1 capital	193,771	195,464
1.1.2.	Additional Tier 1 capital	-	-
1.2.	Tier 2 capital	127,547	114,458
2.	Total risk exposure amount	1,819,547	1,648,617
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1,549,648	1,404,853
2.2.	Total risk exposure amount for settlement/ delivery	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	71,480	64,685
2.4.	Total risk exposure amount for operational risk (OpR)	198,336	177,926
2.5.	Total risk exposure amount for credit valuation adjustment	83	1,153
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-
2.7.	Other risk exposure amounts	-	-
3.	Capital ratio and capital levels		
3.1.	CET1 Capital ratio	10.65%	11.86%
3.2.	Surplus(+)/Deficit(-) of CET1 capital	111,892	121,276
3.3.	T1 Capital ratio	10.65%	11.86%
3.4.	Surplus(+)/Deficit(-) of T1 capital	84,598	96,547
3.5.	Total capital ratio	17.66%	18.80%
3.6.	Surplus(+)/Deficit(-) of total capital	175,755	178,032
4.	Total capital buffers	2.50	2.50
4.1.	Capital conservation buffer (%)	2.50	2.50
4.2.	Institution specific countercyclical capital buffer (%)	-	-
4.3.	Systemic risk buffer (%)	-	-
4.4.	Systemically important institution buffer (%)	-	-
4.5.	Other Systemically Important Institution buffer (%)	-	-
5.	Capital ratio including adjustments		
5.1.	Own funds adjustments related to Pillar II	-	-
5.2.	Common equity Tier 1 capital ratio including Pillar II adjustments mentioned in line 5.1.	10.65%	11.86%
5.3.	Tier 1 capital ratio including Pillar II adjustments mentioned in line 5.1.	10.65%	11.86%
5.4.	Total capital ratio including Pillar II adjustments mentioned in line 5.1.	17.66%	18.80%

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2014 audited by SIA Ernst & Young Baltic (No 40003593454).

Liquidity ratio calculation

	EUR'000	
	30/06/2015	31/12/2014
	(non-audited)	(audited)*
Liquid assets		
Cash	7,543	8,112
Deposits with central banks	292,465	250,796
Deposits with credit institutions	568,535	738,444
Liquid securities	1,935,969	1,557,633
Total liquid assets	2,804,512	2,554,985
Current liabilities (with maturity no more than 30 days)		
Deposits from credit institutions	31,594	28,962
Deposits	3,606,193	3,338,007
Issued debt securities	-	-
Cash in transit	2	23
Other current liabilities	13,366	41,662
Off-balance liabilities	8,694	9,712
Total current liabilities	3,659,849	3,418,366
Liquidity ratio (%)	76.63	74.74
Minimum liquidity ratio (%)	30.00	30.00

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2014 audited by SIA Ernst & Young Baltic (No 40003593454).

Note 1

The bank's investments in financial instruments, except derivatives

The bank's investments in financial instruments break downs by countries of issuers as at 30 June 2015, except derivatives:

	EUR'000			
Issuer state	Securities of central governments	Securities of other issuers	Total	% of shareholders' equity
United States of America	776,290	17,070	793,360	246.9
Germany	10,024	367,553	377,577	117.5
Latvia	211,583	25,779	237,362	73.9
Canada	103,163	133,678	236,841	73.7
Russia	25,929	200,897	226,826	70.6
Sweden	129,059	63,830	192,889	60.0
Netherlands	-	84,543	84,543	26.3
Norway	40,466	9,033	49,499	15.4
Finland	35,915	9,017	44,932	14.0
Securities of other countries*	106,196	152,248	258,444	80.4
Securities of international organizations	-	102,296	102,296	31.8
Total securities, net	1,438,625	1,165,944	2,604,569	

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

As at 30 June 2015 the securities portfolio weighted average modified duration was 2.7 (2.6).

During the reporting period has been recognized an impairment for available for sale financial assets amounted to 632 thousands EUR, while at the first half of 2014 has been recognized an impairment for available for sale financial assets amounted to 590 thousands EUR.

During the reporting period has been decrease of recognized impairments for financial assets at amortized cost amounted to 537 thousands EUR, while at the first half of 2014 has been recognized an impairment for available for sale financial assets amounted to 31 thousands EUR

At the end of reporting period provisions for financial instruments at amortized cost amounted to 1.6 (2.0) million EUR and the market value of those securities amounted to 1.8 (2.4) million EUR.

The bank's investments in financial instruments break downs by countries of issuers as at 31 December 2014, except derivatives:

Issuer state	Securities of central governments	Securities of other issuers	Total	EUR'000
				% of shareholders' equity
United States of America	558,014	11,968	569,982	183.9
Germany	10,059	272,505	282,564	91.2
Canada	86,666	123,401	210,067	67.8
Russia	27,576	179,952	207,528	67.0
Latvia	178,789	22,822	201,611	65.1
Sweden	144,668	53,980	198,648	64.1
Netherlands	-	74,919	74,919	24.2
Denmark	33,658	4,148	37,806	12.2
Norway	29,237	8,332	37,569	12.1
Finland	24,859	8,295	33,154	10.7
Securities of other countries*	77,046	109,371	186,417	60.1
Securities of international organizations	-	114,271	114,271	36.9
Total securities, net	1,170,572	983,964	2,154,536	

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

Note 2

Events after reporting date

As of the last day of the reporting period until the date of signing this Public Quarterly Report there have been no events requiring adjustment of or disclosure in this Public Quarterly Report.