BANKING / INVESTMENTS \ ADVISORY

ABLV

ABLV Bank, AS

Interim condensed consolidated annual report for the year ended 31 December 2013

Contents

Bank’s 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 hardly 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 Kannenieks. 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 Panteļejevs.

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	Chairman of the Board
Oļegs Fiļs	**Ernests Bernis**

Riga, 24 February 2014

The council and the board

The council of the bank:

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

The board of the bank:

Chairman of the Board:	Date of re-election:
Ernests Bernis - Chief Executive Officer (CEO)	17/10/2011
Deputy Chairman of the Board:	Date of re-election:
Vadims Reinfelds – Deputy Chief Executive Officer (dCEO)	17/10/2011
Board Members:	Date of re-election:
Aleksandrs Pāže – Chief Compliance Officer (CCO)	17/10/2011
Edgars Pavlovičs – Chief Risk Officer (CRO)	17/10/2011
Māris Kannenieks – Chief Financial Officer (CFO)	17/10/2011
Rolands Citajevs – Chief IT Officer (CIO)	17/10/2011
	Date of election:
Romans Surnačovs – Chief Operating Officer (COO)	17/10/2011

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

Statement of management's responsibility

The council and the board of ABLV Bank, AS (hereinafter – the bank) are responsible for the preparation of the financial statements of the bank as well as for the preparation of the consolidated financial statements of the bank and its subsidiaries (hereinafter – the group).

The financial statements set out on pages 10 to 38 are prepared in accordance with the source documents and present truly and fairly the financial position of the bank and the group as at 31 December 2013 and 2012, and the results of their operations, changes in the shareholders' equity and cash flows for the years then ended.

The aforementioned financial statements are prepared on a going concern basis in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, as well as consistently applying accounting policies in conformity with International Financial Reporting Standards as adopted by the European Union. Prudent and reasonable judgements and estimates have been made by the management in the preparation of the financial statements.

The council and the board of the bank (hereinafter – the management) are responsible for the maintenance of proper accounting records, the safeguarding of the group's assets, and the prevention and detection of fraud and other irregularities in the group. The management of the bank are also responsible for operating the group and the bank in compliance with the Law of the Republic of Latvia on Credit Institutions, Regulations of the Bank of Latvia and the Financial and Capital Market Commission, and other laws of the Republic of Latvia applicable to credit institutions.

Chairman of the Council
Oļegs Fiļs

Chairman of the Board
Ernests Bernis

Riga, 24 February 2014

Income statements and other statements of comprehensive income for the years ended 31 December 2013 and 2012*

LVL'000

	Notes	Group 01/01/2013-31/12/2013	Group 01/01/2012-31/12/2012	Bank 01/01/2013-31/12/2013	Bank 01/01/2012-31/12/2012
Interest income	3	41,379	38,766	41,240	38,448
Interest expense	3	(11,410)	(15,367)	(11,200)	(15,349)
Net interest income		**29,969**	**23,399**	**30,040**	**23,099**
Commission and fee income	4	43,354	32,320	38,909	29,201
Commission and fee expense	4	(7,573)	(6,216)	(10,741)	(8,744)
Net commission and fee income		**35,781**	**26,104**	**28,168**	**20,457**
Net gain on transactions with financial instruments and foreign exchange	5	15,457	14,611	15,602	14,757
Gains on sale of non-financial assets held for sale		3,352	935	17	-
Other income	6	12,934	5,844	2,171	1,142
Income from dividends		74	7	1,461	1,404
Impairment allowance for loans	7	(6,653)	(12,438)	(6,653)	(12,264)
Operating income		**90,914**	**58,462**	**70,806**	**48,595**
Administrative expense		(39,057)	(30,250)	(29,829)	(23,965)
Amortisation and depreciation		(3,334)	(2,044)	(1,968)	(1,433)
Other expense	6	(5,773)	(3,078)	(591)	(521)
Provisions		-	(338)	-	(338)
Impairment of financial instruments		(856)	(322)	(856)	(322)
Impairment of other assets		446	(2,605)	(1,407)	(1,819)
Operating expense		**(48,574)**	**(38,637)**	**(34,651)**	**(28,398)**
Profit before corporate income tax		**42,340**	**19,825**	**36,155**	**20,197**
Corporate income tax	8	(6,498)	(3,959)	(5,459)	(3,743)
Net profit for the year		**35,842**	**15,866**	**30,696**	**16,454**
Attributable to:					
Equity holders of the bank		35,354	16,106		
Non-controlling interests		488	(240)		
Other comprehensive income:					
Other comprehensive income which already is or could be recognised in profit or loss					
Changes in fair value revaluation reserve of available-for-sale financial assets		(2,151)	4,773	(2,151)	4,773
Charge to income statement as a result of sale of available-for-sale securities		13	(16)	13	(16)
Charge to income statement due to recognised impairment of available-for-sale securities		769	342	769	342
Change in deferred corporate income tax		205	(764)	205	(764)
Other comprehensive income, total		**(1,164)**	**4,335**	**(1,164)**	**4,335**
Total comprehensive income		**34,678**	**20,201**	**29,532**	**20,789**
Attributable to:					
Equity holders of the bank		34,190	20,441		
Non-controlling interests		488	(240)		
Earnings per share attributable to the equity holders of the bank, LVL		243.22	162.19		

* - 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).

Statements of financial position as at 31 December 2013 and 31 December 2012*

LVL'000

Assets	Notes	Group 31/12/2013	Group 31/12/2012	Bank 31/12/2013	Bank 31/12/2012
Cash and deposits with central banks		250,738	216,085	250,723	216,074
Balances due from credit institutions	9	450,023	392,898	435,062	388,665
Derivatives		317	81	317	81
Financial assets at fair value through profit or loss	10	11,803	3,333	11,803	3,333
Available-for-sale financial assets	11	519,130	547,757	514,213	547,757
Loans		527,171	499,787	535,022	503,611
Held-to-maturity financial assets	12	458,957	351,832	457,814	351,832
Investments in subsidiaries and associates	13	4,663	2,668	93,353	89,577
Investment properties		23,444	20,856	17,099	17,303
Tangible fixed assets		22,962	19,610	6,849	4,906
Intangible fixed assets		3,963	3,821	3,525	3,384
Current corporate income tax receivables		87	71	-	-
Deferred corporate income tax	8	499	404	-	74
Non-financial assets held for sale		50,712	56,045	437	855
Other assets		6,084	13,961	3,837	11,764
Total assets		**2,330,553**	**2,129,209**	**2,330,054**	**2,139,216**
Liabilities					
Derivatives		1,438	4,579	1,438	4,579
Demand deposits from credit institutions		7,488	967	10,184	2,406
Term deposits from credit institutions		2,553	2,230	-	8,405
Deposits	14	1,945,480	1,862,391	1,951,305	1,868,890
Current corporate income tax liabilities		3,727	1,273	3,602	1,057
Other liabilities		12,192	15,915	7,800	9,007
Deferred corporate income tax	8	559	71	119	-
Provisions		287	338	287	338
Issued securities	15	216,735	124,819	216,735	124,819
Subordinated deposits	16	7,133	12,912	7,133	12,912
Total liabilities		**2,197,592**	**2,025,495**	**2,198,603**	**2,032,413**
Shareholders' equity					
Paid-in share capital	17	21,086	19,740	21,086	19,740
Share premium		29,156	18,611	29,156	18,611
Reserve capital and other reserves		1,500	1,500	1,500	1,500
Fair value revaluation reserve of available-for-sale financial assets		691	1,855	691	1,855
Retained earnings brought forward		42,436	43,293	48,322	48,643
Retained earnings for the period		35,354	16,106	30,696	16,454
Attributable to the equity holders of the bank		130,223	101,105	131,451	106,803
Non-controlling interests		2,738	2,609	-	-
Total shareholders' equity		**132,961**	**103,714**	**131,451**	**106,803**
Total liabilities and shareholders' equity		**2,330,553**	**2,129,209**	**2,330,054**	**2,139,216**
Memorandum items					
Contingent liabilities		5,545	7,047	5,551	7,052
Financial commitments		42,477	30,161	42,730	30,276

* - 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).

Statement of changes in shareholders' equity of the group for the years ended 31 December 2013 and 31 December 2012

LVL'000

	Paid-in share capital	Share premium	Reserve capital	Fair value revaluation reserve	Retained earnings	Attributable to the equity holders of the Bank	Non-controlling interests	Total shareholders' equity
As at 1 January 2012	**16 500**	**5 255**	**1 500**	**(2 480)**	**64 049**	**84 824**	**503**	**85 327**
Total comprehensive income for the reporting year	-	-	-	4 335	16 106	20 441	(240)	20 201
Dividends paid	-	-	-	-	(19 106)	(19 106)	-	(19 106)
Issue of personnel shares	1 650	-	-	-	(1 650)	-	-	-
Issue of shares	1 590	13 356	-	-	-	14 946	-	14 946
Increase of non-controlling interests	-	-	-	-	-	-	2 346	2 346
As at 31 December 2012	**19 740**	**18 611**	**1 500**	**1 855**	**59 399**	**101 105**	**2 609**	**103 714**
As at 1 January 2013	**19 740**	**18 611**	**1 500**	**1 855**	**59 399**	**101 105**	**2 609**	**103 714**
Total comprehensive income for the reporting year	-	-	-	(1 164)	35 354	34 190	488	34 678
Dividends paid	-	-	-	-	(16 558)	(16 558)	-	(16 558)
Issue of personnel shares	360	-	-	-	(405)	(45)	45	-
Issue of shares	986	10 545	-	-	-	11 531	-	11 531
Decrease of non-controlling interests	-	-	-	-	-	-	(404)	(404)
As at 31 December 2013	**21 086**	**29 156**	**1 500**	**691**	**77 790**	**130 223**	**2 738**	**132 961**

Statement of changes in shareholders' equity of the bank for the years ended 31 December 2013 and 31 December 2012

LVL'000

	Paid-in share capital	Share premium	Reserve capital	Fair value revaluation reserve	Retained earnings	Total shareholders' equity
As at 1 January 2012	**16 500**	**5 255**	**1 500**	**(2 480)**	**69 399**	**90 174**
Total comprehensive income for the reporting year	-	-	-	4 335	16 454	20 789
Dividends paid	-	-	-	-	(19 106)	(19 106)
Issue of personnel shares	1 650	-	-	-	(1 650)	-
Issue of shares	1 590	13 356	-	-	-	14 946
As at 31 December 2012	**19 740**	**18 611**	**1 500**	**1 855**	**65 097**	**106 803**
As at 1 January 2013	**19 740**	**18 611**	**1 500**	**1 855**	**65 097**	**106 803**
Total comprehensive income for the reporting year	-	-	-	(1 164)	30 696	29 532
Dividends paid	-	-	-	-	(16 415)	(16 415)
Issue of personnel shares	360	-	-	-	(360)	-
Issue of shares	986	10 545	-	-	-	11 531
As at 31 December 2013	**21 086**	**29 156**	**1 500**	**691**	**79 018**	**131 451**

Cash flow statements of the group and the bank for the years ended 31 December 2013 and 31 December 2012

LVL'000

Cash flow from operating activities	Group 01/01/2013- 31/12/2013	Group 01/01/2012- 31/12/2012	Bank 01/01/2013- 31/12/2013	Bank 01/01/2012- 31/12/2012
Profit before corporate income tax	42,340	19,825	36,155	20,197
Amortisation and depreciation of fixed assets and investment properties	3,334	2,044	1,968	1,433
Allowance for impairment of assets	6,653	12,438	6,653	12,264
Impairment of other assets	(446)	2,605	1,407	1,819
Decrease in financial instruments	856	322	856	322
Interest (income)	(41,379)	(38,766)	(41,240)	(38,448)
Interest expense	11,410	15,367	11,200	15,349
Other non-cash items	137	5,011	774	(699)
Net cash flow from operating activities before changes in assets and liabilities	**22,905**	**18,846**	**17,773**	**12,237**
Decrease/ (increase) in balances due from credit institutions	3,306	(19,427)	7,402	(19,133)
(Increase) in loans	(38,364)	(41,504)	(42,530)	(44,627)
(Increase) in financial assets at fair value through profit or loss	(8,175)	(11,291)	(8,175)	(11,291)
Decrease/ (increase) in other assets	12,928	(10,072)	9,113	1,538
Increase/ (decrease) in balances due to credit institutions	189	(1,308)	(8,399)	7,210
Increase in deposits	131,370	288,111	132,431	286,906
(Decrease)/ increase in derivatives	(3,376)	12,527	(3,376)	12,527
(Decrease)/ increase in other liabilities	(3,732)	2,860	(1,713)	(304)
Net cash flow from operating activities before corporate income tax	**117,051**	**238,742**	**102,526**	**245,063**
Interest received in the reporting year	49,819	33,034	49,819	33,387
Interest (paid) in the reporting year	(15,859)	(12,631)	(15,657)	(12,631)
Corporate income tax (paid)	(2,972)	(409)	(2,376)	-
Net cash flow from operating activities	**148,039**	**258,736**	**134,312**	**265,819**
Cash flow from investing activities				
(Purchase) of held-to-maturity financial assets	(127,734)	(246,320)	(126,592)	(246,320)
Redemption of held-to-maturity financial assets	9,829	14,635	9,829	14,635
(Purchase) of available-for-sale financial assets	(650,964)	(766,214)	(646,046)	(766,214)
Sale of available-for-sale financial assets	653,421	636,700	653,421	636,700
(Purchase) of intangible and tangible fixed assets and investment properties	(9,497)	(16,826)	(4,105)	(2,230)
Sale of intangible and tangible fixed assets	456	5,467	256	53
(Purchase) of investments in other entities	(641)	(2,353)	(5,949)	(23,712)
Decrease in participation in subsidiaries	154	-	39	4,863
Net cash flow from investing activities	**(124,976)**	**(374,911)**	**(119,147)**	**(382,225)**
Cash flow from financing activities				
Increase in subordinated loans	2,431	2,335	2,431	2,335
(Repayment) of subordinated loans	(8,044)	(10,880)	(8,044)	(10,880)
Sale of issued securities	141,070	90,350	141,070	90,350
(Repurchase) of issued securities	(43,306)	(18,078)	(43,306)	(22,828)
Dividends (paid)	(16,554)	(19,100)	(16,410)	(19,100)
Issue of shares	11,531	14,946	11,531	14,946
Net cash flow from financing activities	**87,128**	**59,573**	**87,272**	**54,823**
Net cash flow	**110,191**	**(56,602)**	**102,437**	**(61,583)**
Cash and cash equivalents at the beginning of the year	**571,332**	**637,416**	**565,944**	**637,007**
Gain from revaluation of foreign currency positions	(5,546)	(9,482)	(5,546)	(9,480)
Cash and cash equivalents at the end of the year	**675,977**	**571,332**	**662,835**	**565,944**

LVL'000

Cash and cash equivalents	Group 31/12/2013	Group 31/12/2012	Bank 31/12/2013	Bank 31/12/2012
Cash and deposits with central banks	250,738	216,078	250,723	216,074
Balances due from credit institutions	432,727	356,221	422,296	352,276
Balances due to credit institutions	(7,488)	(967)	(10,184)	(2,406)
Total cash and cash equivalents	**675,977**	**571,332**	**662,835**	**565,944**

Notes to the financial statements for the year ended 31 December 2013

Note 1

General information

ABLV Bank, AS was registered in Aizkraukle, Republic of Latvia, on 17 September 1993, as a joint stock company. At present, the legal address of the bank is Elizabetes Street 23, Riga.

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

The group's and bank's main scope of activity is investment services, settlement products, asset management, financial consultations and real estate management.

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).

The following abbreviations are used in the notes to these financial statements: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Accounting Standards Board (IASB), International Financial Reporting Interpretations Committee (IFRIC), Financial and Capital Market Commission (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD).

These consolidated and separate financial statements contain the financial information about the bank and its subsidiaries as well as separately about the bank. The bank's separate financial statements are included in these consolidated financial statements to comply with legal requirements. The bank is the parent of the group.

Note 2

Information on principal accounting policies

a) Basis of Preparation

These consolidated and separate financial statements are prepared with IAS 34 Interim Financial Reporting as adopted by the European Union, on a going concern basis.
These financial statements are prepared on a historical cost basis, except for financial assets and liabilities (available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and derivatives) which are reported at fair value.

During the year ended 31 December 2013, the group and the bank consistently applied accounting policies in line with those disclosed in the prior-year financial statements, except for the changes listed below in *Adoption of new and/ or changed IFRSs and IFRIC interpretations in the reporting year*.

The accounting policies are applied consistently by all entities of the group.

The functional currency of the bank and its Latvian subsidiaries is the monetary unit of the Republic of Latvia (LVL). Transactions of the bank's foreign subsidiaries are accounted for in the currency of their economic environment. The presentation currency of the group and the bank is the lat (LVL).
From 1 January 2014 Latvia became a member of European Monetary Union. Starting from 1 January 2014 the bank`s and its subsidiaries` functional currency is EUR.

These consolidated and separate financial statements are reported in thousands of lats (LVL'000), unless otherwise stated. Information given herein in brackets represent comparative figures as at 31 December 2012 or for the year ended 31 December 2012 respectively.

The principal rates of exchange (LVL for one foreign currency unit) fixed by the Bank of Latvia and used in the preparation of the bank's and group's financial statements were as follows):

Reporting date	USD	EUR	RUB
31 December 2013	0.515	0.702804	0.0156
31 December 2012	0.531	0.702804	0.0174

b) Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

During the year the group and the bank has adopted the following IFRS amendments:

- Amendment to IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income (OCI).
- Amendments to IAS 19 Employee Benefits.
- Amendment to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities.
- IFRS 13 Fair Value Measurement.
- IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine.

Amendment to IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income (OCI).
This amendment changes the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's and the Bank's financial position or performance. Since the Group has just one OCI item, the change to its presentation is minimal.

Amendments to IAS 19 Employee Benefits.
These amendments range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. This amendment did not impact the financial statements of the Group and the Bank, because the Group and the Bank does not have material defined benefit obligations.

Amendment to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities.
The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. This amendment did not impact the financial statements of the Group and the Bank, because the Group and the Bank does not have netting arrangements.

IFRS 13 Fair Value Measurement.
The main reason of issuance of IFRS 13 is to reduce complexity and improve consistency in application when measuring fair value. It does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. The implementation of this standard did not have a material impact on the amounts recognised in these financial statements, however it resulted in additional disclosures (see Note 31).

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine.
This interpretation applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). This interpretation had no impact on the Group's and the Bank's financial statements, as the Group and the Bank is not involved in mining activity.

The IASB has issued the Annual Improvements to IFRSs 2009 – 2011 Cycle, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS.

- IAS 1 Financial Statement Presentation. Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.
- IAS 16 Property, Plant and Equipment. Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
- IAS 32 Financial Instruments: Presentation. Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.
- IAS 34 Interim Financial Reporting. Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment and disclosure at interim financial reports.

c) Standards issued but not yet effective

The group and the bank has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective:

IAS 19 Employee Benefits (Amended)
Amendment is effective for financial years beginning on or after 1 July 2014. The amendments address accounting for the employee contributions to a defined benefit plan. This amendment has not yet been endorsed by the EU. Since the group's and the bank's employees do not make such contributions, the implementation of this amendment will not have any impact on the financial statements of the group and the bank.

IAS 27 Separate Financial Statements (Amended)
Amendment is effective for financial years beginning on or after 1 January 2014. As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was amended to contain accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 Separate Financial Statements requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The implementation of this amendment will not have any impact on the financial statements of the group and the bank.

IAS 28 Investments in Associates and Joint Ventures (Amended)
Amendment is effective for financial years beginning on or after 1 January 2014. As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was renamed and addresses the application of the equity method to investments in joint ventures in addition to associates. The implementation of this amendment will not have any impact on the financial statements of the group and the bank.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amended)
Amendment is effective for financial years beginning on or after 1 January 2014. This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The group and the bank have not yet evaluated the impact of the implementation of this amendment.

IAS 36 Impairment of Assets (Amended)
Amendment is effective for financial years beginning on or after 1 January 2014.This amendment adds a few additional disclosure requirements about the fair value measurement when the recoverable amount is based on fair value less costs of disposal and removes an unintended consequence of IFRS 13 to IAS 36 disclosures. The amendment will not have any impact on the financial position or performance of the group and the bank, however may result in additional disclosures.

IAS 39 Financial Instruments: Recognition and Measurement (Amended)
Amendment is effective for financial years beginning on or after 1 January 2014. The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendment will not have any impact on the financial position or performance of the group and the bank, since it does not apply hedge accounting.

IFRS 9 Financial Instruments
The new standard is effective for financial years beginning on or after 1 January 2015. IFRS 9 will eventually replace IAS 39. The IASB has issued the first three parts of the standard, establishing a new classification and measurement framework for financial assets, requirements on the accounting for financial liabilities and hedge accounting. This standard has not yet been endorsed by the EU.The group and the bank has not yet evaluated the impact of the implementation of this standard.

IFRS 10 Consolidated Financial Statements
The new standard is effective for financial years beginning on or after 1 January 2014. IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. The group and the bank have not yet evaluated the impact of the implementation of this standard.

IFRS 11 Joint Arrangements
The new standard is effective for financial years beginning on or after 1 January 2014. IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today’s accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses. The group and the bank have not yet evaluated the impact of the implementation of this standard.

IFRS 12 Disclosures of Interests in Other Entities
The new standard is effective for financial years beginning on or after 1 January 2014. IFRS 12 combines the disclosure requirements for an entity’s interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures also will be required such as disclosing the judgments made to determine control over another entity. The group and the bank have not yet evaluated the impact of the implementation of this standard.

IFRS 14 Regulatory Deferral Accounts
The new standard is effective for financial years beginning on or after 1 January 2016. It is an interim standard that provides first-time adopters of IFRS with relief from derecognizing rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. This standard has not yet been endorsed by the EU. The implementation of this standard will not have any impact on the group and the bank.

IFRS 10, IFRS 12 and IAS 27 - Investment Entities (Amended)
The amendments are effective for financial years beginning on or after 1 January 2014. The amendments apply to entities that qualify as investment entities. The amendments provide an exception to the consolidation requirements of IFRS 10 by requiring investment entities to measure their subsidiaries at fair value through profit or loss, rather than consolidate them. The implementation of this amendment will not have any impact on the financial statements of the group, as the parent of the group is not an investment entity.

IFRIC Interpretation 21 Levies
Interpretation is effective for financial years beginning on or after 1 January 2014. This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognized in the financial statements when the activity that triggers the payment of the levy occurs. This amendment has not yet been endorsed by the EU. The group and the bank have not yet evaluated the impact of the implementation of this intepretation.

In December 2013 IASB issued a number of amendments of standarts. Therefore, the adoptions of amendments are subject to change in accounting policy or disclosure. The applying of amendments is mandatory, but non-urgent. Amendments to the following standards have bean made:

- IFRS 1 First-time adoption of IFRS;
- IFRS 2 Share-based Payment;
- IFRS 3 Business Combinations;
- IFRS 8 Operating Segments;
- IFRS 13 Fair value Measurement;
- IAS 16 Property, Plant and Equipment;
- IAS 24 Related Party Disclosures;
- IAS 38 Intangible Assets;
- IAS 40 Investment property.

The group and the bank is in the process of assessing the impact of the guidance on the financial position or performance of the group and the bank.
The group and the bank plan to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

d) Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS as adopted by the EU requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. Such estimates and assumptions are based on most reliable information available to the management in respect to specific events and actions. The effect of any changes in estimates will be recorded in the financial statements when determinable.

The significant areas of estimation and assumptions relate to calculation of deferred corporate income tax, determining the allowance for credit losses and the collateral (pledge) value, estimation of impairment of other assets, and the fair value of financial assets and liabilities.

e) Reclassification

1. During the previous reporting periods, the group recognised penalties related to late repayment of loans in profit or loss as other income. From 2013, such penalties are included in the effective interest rate calculation for respective loans and recognised in profit or loss as interest income.
2. During the previous reporting periods, the group recognised customer attraction costs in profit or loss as other expense. From 2013, such expense is recognised in profit or loss as commission and fee expense.
3. During the previous reporting periods, the group recognised income and expense from transactions with non-financial assets held for sale in profit or loss as other income or expense, respectively. From 2013, all income and expense related to operations with non-financial assets held for sale are reported seperatly in Income Statement as Gains on sales of non-financial assets held for sale.
4. During the previous reporting periods, the group recognised impairment of accrued income from financial instruments and other assets in profit or loss as impairment allowance. From 2013, impairment has been reclassified in line with the asset category.

Table of reclassification effect:

LVL'000

		Group			Bank		
		2012			2012		
	Refe-rence	After reclassificaton	Change	Before reclassificaton	After reclassificaton	Change	Before reclassificaton
Interest income	1.	38,766	463	38,303	38,448	460	37,988
Commission and fee expense	2.	(6,216)	(2,289)	(3,927)	(8,744)	(5,221)	(3,523)
Gain on non-financial assets held for sale	3.	935	935	-	-	-	-
Gain on disposal of tangible and intangible fixed assets		-	(23)	23	-	(18)	18
Other income	1., 3.	5,844	(10,848)	16,692	1,142	(442)	1,584
Impairment allowance for loans	4.	(12,438)	986	(13,424)	(12,264)	975	(13,239)
Other expense	2., 3.	(3,078)	11,762	(14,840)	(521)	5,221	(5,742)
Impairment of financial instruments	4.	(322)	20	(342)	(322)	20	(342)
Impairment of other assets	4.	(2,605)	(1,006)	(1,599)	(1,819)	(995)	(824)

Note 3

Interest income and expense

LVL'000

Interest income	Group 01/01/2013-31/12/2013	Group 01/01/2012-31/12/2012	Bank 01/01/2013-31/12/2013	Bank 01/01/2012-31/12/2012
Interest income on available-for-sale financial assets at amortised cost				
on loans and advances to customers	21,461	22,363	21,337	22,053
on held-to-maturity securities	14,367	10,026	14,365	10,026
on available-for-sale securities	3,755	5,084	3,755	5,084
on balances due from credit institutions and central banks	1,796	1,293	1,783	1,285
Total interest income on available-for-sale financial assets at amortised cost	**41,379**	**38,766**	**41,240**	**38,448**
Total interest income	**41,379**	**38,766**	**41,240**	**38,448**
Interest expense				
on the deposit guarantee fund	4,332	5,930	4,324	5,930
on subordinated liabilities	3,857	3,855	3,857	3,855
on debt securities issued	2,174	743	2,174	787
on deposits from non-bank customers	944	4,734	815	4,741
on balances due to credit institutions and central banks	103	105	30	36
Total interest expense	**11,410**	**15,367**	**11,200**	**15,349**

The group’s and the bank’s interest income on impaired assets totalled LVL 1.6 (2.7) million.

Note 4

Commission and fee income and expense

LVL'000

Commission and fee income	Group 01/01/2013-31/12/2013	Group 01/01/2012-31/12/2012	Bank 01/01/2013-31/12/2013	Bank 01/01/2012-31/12/2012
commission on payment transfer handling on behalf of customers	22 072	16 319	22 067	16 319
commission on account service	7 347	4 044	7 388	4 044
commission on handling of settlement cards	6 305	5 576	6 305	5 576
commission on brokerage operations	4 000	2 700	-	-
commission on asset management	1 515	1 172	574	745
commission on documentary transactions	594	665	594	665
other commission and fee income	1 521	1 844	1 981	1 852
Total commission and fee income	**43 354**	**32 320**	**38 909**	**29 201**
Commission and fee expense				
commission on customer attraction	2 088	2 289	6 014	5 221
correspondent bank service charges	3 193	2 149	3 193	2 149
commission on transactions with settlement cards	1 483	1 355	1 483	1 355
commission on brokerage operations	680	383	-	-
other commission and fee expense	129	40	51	19
Total commission and fee expense	**7 573**	**6 216**	**10 741**	**8 744**

Note 5

Net gain on transactions with financial instruments and foreign exchange

LVL'000

	Group	Group	Bank	Bank
Financial assets at fair value through profit or loss	01/01/2013-31/12/2013	01/01/2012-31/12/2012	01/01/2013-31/12/2013	01/01/2012-31/12/2012
Gain/(loss) from revaluation of financial assets at fair value through profit or loss	433	204	433	193
Derivatives	15	19	15	19
Securities	418	185	418	174
Gain/(loss) from trading with financial assets at fair value through profit or loss	325	(33)	325	(33)
Derivatives	81	(45)	81	(45)
Securities	244	12	244	12
Net gain/ (loss) from financial assets at fair value through profit or loss	**758**	**171**	**758**	**160**
Available-for-sale financial instruments				
Gain from sale of available-for-sale securities	(13)	16	(13)	16
Net realised gain from available-for-sale financial assets	**(13)**	**16**	**(13)**	**16**
Foreign exchange				
Profit from foreign currency exchange	15 125	14 109	15 260	14 264
(Loss)/gain from revaluation of foreign currency positions	(413)	315	(403)	317
Net result from foreign exchange trading and revaluation	**14 712**	**14 424**	**14 857**	**14 581**
Net gain on transactions with financial assets and foreign exchange	**15 457**	**14 611**	**15 602**	**14 757**

Note 6

Other operating income and expense

LVL'000

	Group	Group	Bank	Bank
Other income	01/01/2013-31/12/2013	01/01/2012-31/12/2012	01/01/2013-31/12/2013	01/01/2012-31/12/2012
other income from the sale of products by related companies	6,656	2,663	-	-
repurchase of liabilities	2,039	-	-	-
recognition of associates under the equity method	1,754	910	-	-
financial consulting, legal and accounting services	1,170	807	-	-
sale of companies	219	576	451	169
sale of services to subsidiaries	-	-	1,414	690
other operating income	1,096	888	306	283
Total other income	**12,934**	**5,844**	**2,171**	**1,142**
Other expense				
other expense related to the sale of products by related companies	4,890	2,199	-	-
membership fees	564	489	460	419
other expense	319	390	131	102
Total other expense	**5,773**	**3,078**	**591**	**521**

Note 7

Allowances for loan impairment

LVL'000

Category	Group 01/01/2013-31/12/2013	Group 01/01/2012-31/12/2012	Bank 01/01/2013-31/12/2013	Bank 01/01/2012-31/12/2012
Loans - individual allowances	(186)	1 513	(186)	1 339
Loans - portfolio allowances	7 229	10 675	7 229	10 675
(Recovery) of write-offs/ loss during write-offs	(390)	250	(390)	250
Impairment allowances establsihed during the reporting year, net	**6 653**	**12 438**	**6 653**	**12 264**

The table below presents changes in impairment allowances of the group in 2013:

LVL'000

	Mortgage loans	Business loans	Consumer loans	Other loans	**Total**
Allowances at the beginning of the year	**37 652**	**7 129**	**54**	**2 587**	**47 422**
Increase/ (decrease) in allowances for the year	6 939	(528)	22	610	7 043
(Decrease) in allowances for the year due to currency fluctuations	(5)	(28)	-	-	(33)
(Elimination) of allowances for the year due to write-offs	(16 794)	(1 869)	(35)	(534)	(19 232)
Allowances at the end of the year	**27 792**	**4 704**	**41**	**2 663**	**35 200**
Individual allowances	860	4 342	-	383	5 585
Portfolio allowances	26 932	362	41	2 280	29 615
Total gross loans	**284 387**	**257 344**	**1 069**	**19 571**	**562 371**

As at 31 December 2013, the impairment allowances formed 6.4% (8.6%) of the group's loan portfolio.

The table below presents changes in the impairment allowances of the group in 2012:

LVL'000

	Mortgage loans	Business loans	Consumer loans	Other loans	**Total**
Allowances at the beginning of the year	**42 957**	**14 353**	**63**	**1 291**	**58 664**
Increase/ (decrease) in allowances for the year	12 044	(1 572)	16	1 700	12 188
(Decrease) in allowances for the year due to currency fluctuations	(7)	(17)	-	-	(24)
(Elimination) of allowances for the year due to write-offs	(17 342)	(5 635)	(25)	(404)	(23 406)
Allowances at the end of the year	**37 652**	**7 129**	**54**	**2 587**	**47 422**
Individual allowances	966	6 719	-	385	8 070
Portfolio allowances	36 686	410	54	2 202	39 352
Total gross loans	**322 538**	**207 034**	**1 263**	**16 374**	**547 209**

The table below presents changes in impairment allowances of the bank in 2013:

LVL'000

	Mortgage loans	Business loans	Consumer loans	Other loans	**Total**
Allowances at the beginning of the year	**37 652**	**7 129**	**54**	**2 587**	**47 422**
Increase/ (decrease) in allowances for the year	6 939	(528)	22	610	7 043
(Decrease) in allowances for the year due to currency fluctuations	(5)	(28)	-	-	(33)
(Elimination) of allowances for the year due to write-offs	(16 794)	(1 869)	(35)	(534)	(19 232)
Allowances at the end of the year	**27 792**	**4 704**	**41**	**2 663**	**35 200**
Individual allowances	860	4 342	-	383	5 585
Portfolio allowances	26 932	362	41	2 280	29 615
Total gross loans	**284 387**	**265 195**	**1 069**	**19 571**	**570 222**

The table below presents changes in impairment allowances of the bank in 2012:

LVL'000

	Mortgage loans	Business loans	Consumer loans	Other loans	Total
Allowances at the beginning of the year	**42 957**	**14 527**	**63**	**1 291**	**58 838**
Increase/ (decrease) in allowances for the year	12 044	(1 746)	16	1 700	12 014
(Decrease) in allowances for the year due to currency fluctuations	(7)	(17)	-	-	(24)
(Elimination) of allowances for the year due to write-offs	(17 342)	(5 635)	(25)	(404)	(23 406)
Allowances at the end of the year	**37 652**	**7 129**	**54**	**2 587**	**47 422**
Individual allowances	966	6 719	-	385	8 070
Portfolio allowances	36 686	410	54	2 202	39 352
Total gross loans	**322 538**	**210 858**	**1 263**	**16 374**	**551 033**

Note 8

Taxation

LVL'000

	Group 01/01/2013-31/12/2013	Group 01/01/2012-31/12/2012	Bank 01/01/2013-31/12/2013	Bank 01/01/2012-31/12/2012
Profit before corporate income tax	42 340	19 825	36 155	20 197
Theoretical corporate income tax	**6 351**	**2 974**	**5 422**	**3 030**
Permanent differences	(106)	879	(222)	518
Actual corporate income tax expense for the reporting year	**6 245**	**3 853**	**5 200**	**3 548**
Adjustments to prior-year corporate income tax	115	(89)	115	-
Adjustments to prior-year deferred tax	(6)	30	-	30
Tax paid abroad	144	165	144	165
Total corporate income tax expense	**6 498**	**3 959**	**5 459**	**3 743**

Deferred corporate income tax calculation:

LVL'000

	Group 31/12/2013	Group 31/12/2012	Bank 31/12/2013	Bank 31/12/2012
	Amounts subject to temporary differences	Amounts subject to temporary differences	Amounts subject to temporary differences	Amounts subject to temporary differences
Accumulated excess of tax depreciation over accounting depreciation	10 491	8 592	5 162	4 328
Fair value revaluation reserve of available-for-sale financial assets	813	2 183	813	2 183
Revaluation of derivatives and securities	(1 123)	383	(1 123)	383
Revaluation of assets and accrual for vacation pay	(9 521)	(12 638)	(4 056)	(7 380)
Deferred tax asset on intra-group transactions	1 458	(2 235)	-	-
Tax loss	(11 302)	(8 424)	-	-
Unrecognised tax asset	9 579	9 923	-	-
Basis for calculation of deferred corporate income tax	**395**	**(2 216)**	**796**	**(486)**
Tax rate	15%	15%	15%	15%
Deferred corporate income tax (asset)/ liability at the end of the year	**(499) 559**	**(404) 71**	**- 119**	**(74) -**

LVL'000

	Group 01/01/2013-31/12/2013	Group 01/01/2012-31/12/2012	Bank 01/01/2013-31/12/2013	Bank 01/01/2012-31/12/2012
Deferred corporate income tax at the beginning of the year	**(404) 71**	**(3 386) 186**	**(74) -**	**(3 359) -**
Increase charged to the statement of comprehensive income	552	2 355	398	2 521
Increase/ (decrease) attributable to fair value revaluation reserve under equity	(205)	764	(205)	764
Adjustments attributable to retained earnings/ (accumulated deficit)	46	(252)	-	-
Deferred corporate income tax (asset)/ liability at the end of the year	**(499) 559**	**(404) 71**	**- 119**	**(74) -**

Note 9

Balances due from credit institutions

As at 31 December 2013, the Bank had established correspondent relationships with 28 (27) credit institutions registered in the EU and OECD area, 5 (6) credit institutions registered in Latvia, and 28 (16) credit institutions incorporated in other countries.

As at 31 December 2013, the group's and bank's major balances due from credit institutions registered in the EU and OECD area were as follows: LVL 52.5 (47.8) million due from the Bank of Montreal, LVL 44.6 (4.1) million due from Deutsche Bank AG, and LVL 40.2 (23.6) million due from Commerzbank AG.

LVL'000

	Group 31/12/2013	Group 31/12/2012	Bank 31/12/2013	Bank 31/12/2012
Demand deposits with credit institutions				
Correspondent account balances	245 677	205 615	239 498	201 677
Overnight deposits	-	331	-	331
Total demand deposits with credit institutions	**245 677**	**205 946**	**239 498**	**202 008**
Other balances due from credit institutions				
Term deposits	182 255	138 339	173 777	138 339
Other balances	22 091	48 613	21 787	48 318
Total other balances due from credit institutions	**204 346**	**186 952**	**195 564**	**186 657**
Total balances due from credit institutions	**450 023**	**392 898**	**435 062**	**388 665**

Note 10

Financial assets at fair value through profit or loss

LVL'000

	Group/ bank 31/12/2013	Group/ bank 31/12/2012
Equity shares securities		
Credit institutions	1 316	457
Corporate companies	962	811
Total investments in equity shares	2 278	1 268
Investments in funds	9 525	2 065
Total financial assets at fair value through profit or loss	**11 803**	**3 333**

Note 11

Available-for-sale financial assets

LVL'000

Issuer	Group 31/12/2013	Group 31/12/2012	Bank 31/12/2013	Bank 31/12/2012
Fixed-income debt securities				
Central governments and central banks	301 726	299 930	301 726	299 930
Credit institutions	162 131	165 903	162 131	165 903
International organisations	28 284	62 337	28 284	62 337
State-owned enterprises	7 889	10 960	7 889	10 960
Financial auxiliaries and other financial intermediaries	5 280	2 185	5 280	2 185
Corporate companies	4 863	3 834	4 863	3 834
Municipalities	3 005	361	3 005	361
Total fixed-income debt securities	513 178	545 510	513 178	545 510
Equity shares				
Financial auxiliaries and other financial intermediaries	98	98	98	98
Total investments in equity shares	98	98	98	98
Investments in funds	5 854	2 149	937	2 149
Total available-for-sale financial assets	**519 130**	**547 757**	**514 213**	**547 757**

Note 12

Held-to-maturity financial assets

LVL'000

Issuer	Group 31/12/2013	Group 31/12/2012	Bank 31/12/2013	Bank 31/12/2012
Fixed-income debt securities				
Central governments and central banks	170 982	107 303	170 982	107 303
Credit institutions	121 659	121 387	120 901	121 387
Corporate companies	93 680	67 465	93 295	67 465
International organisations	37 138	27 065	37 138	27 065
Municipalities	30 296	23 226	30 296	23 226
State-owned enterprises	5 202	5 386	5 202	5 386
Total held-to-maturity financial assets	**458 957**	**351 832**	**457 814**	**351 832**

Note 13

Investments in subsidiaries and associates

The group has shares in the following companies:

LVL'000

	31/12/2013					31/12/2012			
Company	Country of incor-poration	Share capital	Equity	Group's share of total share capital, %	Carrying amount under equity method	Share capital	Equity	Group's share of total share capital, %	Carrying amount under equity method
DEPO DIY, SIA	LV	5 272	16 044	25	4 660	5 272	11 097	25	2 668
Traumatoloģijas un ortopēdijas klīnika Ādaži	LV	2	9	30	3	-	-	-	-
Investments in associates		**5 274**	**16 053**	**x**	**4 663**	**5 272**	**11 097**	**x**	**2 668**

The bank has equity investments in the following companies:

LVL'000

Company	Country of incor-poration	31/12/2013 Share capital	31/12/2013 Equity	31/12/2013 Bank's share of total share capital, %	31/12/2013 Carrying amount	31/12/2012 Share capital	31/12/2012 Equity	31/12/2012 Bank's share of total share capital, %	31/12/2012 Carrying amount
Pillar Holding Company, KS	LV	63,252	64,528	100	63,252	63,252	63,731	99.9997	63,252
ABLV Bank Luxembourg, S.A.	LU	14,056	10,796	100	14,056	14,056	12,767	100	14,056
ABLV Private Equity Fund 2010, KS	LV	7,028	8,606	100	7,028	7,028	7,872	100	7,028
New Hanza City, SIA	LV	6,900	6,790	100	6,900	4,400	4,352	100	4,400
AmberStone Group, AS	LV	3,444	3,444	100	3,444	-	-	-	-
ABLV Consulting services, AS	LV	500	623	100	500	500	540	100	500
ABLV Capital Markets, IBAS	LV	450	2,792	90	405	400	1,886	100	400
ABLV Asset Management, IPAS	LV	400	657	100	400	400	391	100	400
ABLV Private Equity Mangement, SIA	LV	120	214	100	120	120	150	100	120
ABLV Corporate Services, SIA	LV	20	134	100	20	20	140	100	20
Pillar, SIA	LV	2	2	100	4	2	2	100	4
Pillar Management, SIA	LV	-	-	-	-	500	391	100	500
Total investments in subsidiaries and associates		**96,172**	**98,586**		**96,129**	**90,678**	**92,222**		**90,680**
Impairment allowance					(2,776)				(1,103)
Total investments in subsidiaries and associates, net					**93,353**				**89,577**

During the reporting year, the bank increased its investment in ABLV Capital Markets, IBAS by LVL 5 thousand; during the reporting year, ABLV Capital Markets, IBAS, issued registered non-voting shares (personnel shares) amounting to LVL 45 thousand.

The increase in the share capital of New Hanza City, SIA, of LVL 1.0 million, that at the end of the reporting period was paid according to the capital increase rules, was not registered with the Enterprise Register of the Republic of Latvia after the year end.

The movements in investments in subsidiaries and associates:

LVL'000

	Group 01/01/2013-31/12/2013	Group 01/01/2012-31/12/2012	Bank 01/01/2013-31/12/2013	Bank 01/01/2012-31/12/2012
Investments at the beginning of the year	**2,668**	**315**	**90,680**	**71,873**
New subsidiaries established	-	-	3,444	4
Investments in associates	641	1,757	-	-
Increase in investments in associates under equity method	1,754	910	-	-
Dividend payout from associates	(400)	-	-	-
(Decrease) in investments in associates consolidated during the reporting year	-	(314)	-	-
Investments in existing subsidiaries	-	-	2,505	21,303
Disposal of subsidiaries	-	-	(500)	(2,500)
Investments at the end of the year	**4,663**	**2,668**	**96,129**	**90,680**
Impairment allowance	-	-	(2,776)	(1,103)
Investments at the end of the year, net	**4,663**	**2,668**	**93,353**	**89,577**

As at 31 December 2013, funds of the customers of ABLV Asset Management, IPAS, managed by the said company based on the customers' authorisation amounted to LVL 65.5 (38.2) million. The value of financial instruments of the ABLV Capital Markets, IBAS, customers as at 31 December 2013 was LVL 548.5 (425.5) million.

As at 31 December 2013, the group comprises of the following subsidiaries:

No	Company	Country of incor-poration	Registration number	Business profile	Share in the entity's capital (%)
1	ABLV Bank, AS	LV	50003149401	Financial services	100
2	ABLV Bank Luxembourg, S.A.	LU	B 162048	Financial services	100
3	ABLV Consulting Services, AS	LV	40003540368	Consulting services	100
4	ABLV Corporate Services, SIA	LV	40103283479	Consulting services	100
5	ABLV Corporate Services, LTD	CY	HE273600	Consulting services	100
6	Pillar Holding Company, KS	LV	40103260921	Holding company	100
7	Pillar, SIA	LV	40103554468	Real estate transactions	100
8	Pillar Management, SIA	LV	40103193211	Real estate transactions	100
9	Pillar 2, SIA	LV	40103193033	Real estate transactions	100
10	Pillar 3, SIA	LV	40103193067	Real estate transactions	100
11	Pillar 4, SIA	LV	40103210494	Real estate transactions	100
12	Pillar 6, SIA	LV	40103237323	Real estate transactions	100
13	Pillar 7, SIA	LV	40103237304	Real estate transactions	100
14	Pine Breeze, SIA	LV	40103240484	Real estate transactions	100
15	Pillar 9, SIA	LV	40103241210	Real estate transactions	100
16	Pillar 10, SIA	LV	50103247681	Real estate transactions	100
17	Pillar 11, SIA	LV	40103258310	Real estate transactions	100
18	Pillar 12, SIA	LV	40103290273	Real estate transactions	100
19	Lielezeres Apartment House, SIA	LV	50103313991	Real estate transactions	100
20	Pillar 18, SIA	LV	40103492079	Real estate transactions	100
21	Elizabetes Park House, SIA	LV	50003831571	Real estate transactions	91.6
22	Pillar Parking, SIA	LV	40103731804	Parking management	100
23	New Hanza City, SIA	LV	40103222826	Real estate transactions	100
24	ABLV Asset Management, IPAS	LV	40003814724	Financial services	100
25	ABLV Capital Markets, IBAS	LV	40003814705	Financial services	90
26	AmberStone Group, AS	LV	40103736854	Holding company	100
27	ABLV Private Equity Management, SIA	LV	40103286757	Investment project management	100
28	ABLV Private Equity Fund 2010, KS	LV	40103307758	Investment activities	100
29	Vaiņode Agro Holding, SIA	LV	40103503851	Holding company	70
30	Vaiņodes Agro, SIA	LV	40103484940	Agriculture	70
31	Vaiņodes Bekons, SIA	LV	42103019339	Agriculture	70
32	Gas Stream, SIA	LV	42103047436	Electricity generation	70
33	Bio Future, SIA	LV	42103047421	Electricity generation	70
34	Orto klīnika, SIA	LV	40103175305	Medical services	60
35	Orto māja, SIA	LV	40103446845	Real estate transactions	60

Note 14

Deposits

LVL'000

Customer type		Group 31/12/2013	Group 31/12/2012	Bank 31/12/2013	Bank 31/12/2012
Corporate companies					
	current accounts	1,626,160	1,470,224	1,623,181	1,472,495
	term deposits	26,535	142,727	26,535	143,349
Total corporate companies		1,652,695	1,612,951	1,649,716	1,615,844
Other financial intermediaries					
	current accounts	3,852	14,873	14,160	18,479
	term deposits	-	-	-	-
Total other financial intermediaries		3,852	14,873	14,160	18,479
Other customers					
	current accounts	2,332	764	1,039	764
	term deposits	-	702	-	702
Total other customers		2,332	1,466	1,039	1,466
Total deposits from corporate customers		1,658,879	1,629,290	1,664,915	1,635,789
Retail customers					
	current accounts	268,715	214,493	268,504	214,493
	term deposits	17,886	18,608	17,886	18,608
Total deposits from retail customers		286,601	233,101	286,390	233,101
Total deposits		**1,945,480**	**1,862,391**	**1,951,305**	**1,868,890**

The group's/ bank's top 20 customers in terms of the deposit amount account for 12.0% (17.3%) of the total deposits.

Of the total deposits placed with the group and the bank, 88.3% (88.0%) are from customers whose beneficiaries are CIS residents.

Note 15

Issued securities

Securities issued by the bank are as follows:

LVL'000

ISIN	Currency	Initial security emission amount	Par value	Date of issue	Date of maturity	Discount/ coupon rate, %	Group/ bank 31/12/2013	Group/ bank 31/12/2012
Subordinated bonds								
LV0000800712	EUR	125 000	100	01.10.2008.	01.10.2018.	10.0	-	7 516
LV0000800720	USD	200 000	100	01.10.2008.	01.10.2018.	9.5	-	9 508
LV0000800845	USD	200 000	100	15.09.2010.	15.09.2020.	6.5	9 221	8 931
LV0000800936	EUR	150 000	100	22.12.2011.	22.12.2021.	4.8	9 148	8 729
LV0000800977	EUR	50 000	100	25.06.2012.	25.06.2022.	4.5	3 005	1 555
LV0000800985	USD	200 000	100	27.06.2012.	27.06.2022.	4.5	10 305	10 620
LV0000801124	USD	200 000	100	18.03.2013.	18.03.2023.	4.5	8 454	-
LV0000801173	USD	200 000	100	27.06.2013.	27.06.2023.	4.3	8 527	-
LV0000801181	EUR	200 000	100	27.06.2013.	27.06.2023.	4.3	8 728	-
LV0000801223	USD	150 000	100	23.10.2013.	23.10.2023.	4.3	7 654	-
Subordinated bonds, total							**65 042**	**46 859**
Ordinary bonds								
LV0000800910	EUR	10 000	1 000	20.12.2011.	20.12.2013.	1.5+Euribor 6m	-	6 792
LV0000800928	USD	30 000	1 000	21.12.2011.	21.12.2013.	1.5+Libor 6m	-	15 813
LV0000800969	USD	50 000	1 000	30.07.2012.	30.07.2014.	1.2+Libor 6m	23 714	26 759
LV0000801033	USD	25 000	1 000	15.10.2012.	15.10.2013.	1.15	-	12 422
LV0000801041	EUR	15 000	1 000	05.11.2012.	05.11.2014.	1.55	9 610	8 713
LV0000801058	USD	50 000	1 000	06.11.2012.	06.11.2014.	1.45	22 072	7 461
LV0000801108	EUR	20 000	1 000	25.02.2013.	25.02.2015.	1.68	9 079	-
LV0000801116	USD	50 000	1 000	25.02.2013.	25.02.2015.	1.70	23 910	-
LV0000801199	USD	50 000	1 000	21.06.2013.	21.06.2015.	1.73	24 989	-
LV0000801207	EUR	20 000	1 000	21.06.2013.	21.06.2015.	1.73	12 982	-
LV0000801215	USD	50 000	1 000	16.10.2013.	16.10.2015.	1.90	25 337	-
Ordinary bonds, total							**151 693**	**77 960**
Issued securities, total							**216 735**	**124 819**

The group and the bank retain the right to exercise early redemption of subordinated bonds according to the information provided in base prospectus of the respective programmes.

Note 16

Subordinated liabilities

As at 31 December 2013, the group's and bank's subordinated liabilities of LVL 72.2 (59.8) million comprised subordinated bonds amounting to LVL 65.0 (46.9) million and subordinated deposits amounting to LVL 7.1 (12.9) million. Subordinated deposits consist from the total amount of USD 9.3 (20.7) million and EUR 3.3 (2.7) million.

The analysis of subordinated deposits as at 31 December 2013:

Lenders	Deposit amount LVL'000	Accumulated interest LVL'000	Interest rate, %	Currency
non-residents	4 761	51	1.75 - 3.15	USD
non-residents	2 316	5	3.00 - 3.90	EUR
Total subordinated deposits	**7 077**	**56**		

The analysis of subordinated deposits as at 31 December 2012:

	Deposit amount LVL'000	Accumulated interest LVL'000	Interest rate, %	Currency	Date of the agreement	Date of maturity
Harpic group Ltd	7 965	34	5.11	USD	14.08.2008.	19.08.2018.
Other lenders*						
non-residents	2 979	37	1.75 - 8.39	USD		
non-residents	1 894	3	3.15 - 3.90	EUR		
Other lenders in total	**4 873**	**40**				
Total subordinated deposits	**12 838**	**74**				

*The proportionate share of other lenders (for each individual lender) does not exceed 10% of the total amount of the subordinated capital. The remaining weighted average maturity of subordinated deposits from other lenders is 5.98 (4.58) years.
Subordinated deposits are included in the second tier of equity calculation. According to the provisions of the subordinated loan agreements, the lenders have no right to demand anticipatory repayment of the loans and capitalise the subordinated loans into the bank's share capital. The basic conditions of the subordinated bonds issued by the Bank are disclosed in Note 24.

Note 17

Paid-in share capital

In the reporting year, the bank issued 6,570 (10,600) voting shares in addition to the existing 120,600 (110,000) voting shares. The issue of the bank's share capital was intended to ensure steady development of the group/ bank in the future. All the newly issued shares had the par value of LVL 150 (150) each, while the share premium totalled LVL 1,605 (1,260). Most of the newly issued shares have been acquired by the existing shareholders of the bank - Cassandra Holding Company, SIA and OF Holding, SIA.

As at 31 December 2013 the paid-in share capital of the bank amounted to LVL 21.1 million (19.7 million). All the shares have the par value of LVL 150 (150) each. The bank's share capital consists of 127,170 (120,600) ordinary registered voting shares and 13,400 (11,000) registered non-voting shares (personnel shares).
As at 31 December 2013, the bank had 118 (119) voting shareholders.

The major shareholders of the bank and the groups of related shareholders are as follows:

	31/12/2013		31/12/2012	
	Share of the bank's share capital, LVL'000	Share of the bank's voting capital (%)	Share of the bank's share capital, LVL'000	Share of the bank's voting capital (%)
Group of shareholders related to Ernests Bernis				
Ernests Bernis	1 005	5.27	1 004	5.55
Nika Berne	173	0.90	169	0.94
Cassandra Holding Company, SIA	7 025	36.83	6 606	36.52
Group of shareholders related to Ernests Bernis, total	8 203	**43.00**	7 779	**43.01**
Group of shareholders related to Oļegs Fiļs				
SIA OF Holding	8 203	43.00	7 779	43.00
Group of shareholders related to Oļegs Fiļs, total	8 203	**43.00**	7 779	**43.00**
Other shareholders, total	2 670	**14.00**	2 532	**13.99**
Total voting shares	**19 076**	**100.00**	**18 090**	**100.00**
Non-voting shares (personnel shares)	2 010		1 650	
Total share capital	**21 086**		**19 740**	

The registered non-voting shares (personnel shares) are as follows:

	31/12/2013		31/12/2012	
	Number of employees	Personnel shares	Number of employees	Personnel shares
Chairman of the council and council members	3	-	3	-
Chairman of the board	1	-	1	-
Board members	6	7 250	6	5 850
Heads and deputy heads of divisions	17	6 150	15	5 150
Non-voting shares (personnel shares), total	x	**13 400**	x	**11 000**

Dividends declared and paid:

LVL'000

	Group/ bank 01/01/2013 - 31/12/2013	Group/ bank 01/01/2012 - 31/12/2012
Dividends declared	16 415	19 106
Dividends paid	16 410	19 100

LVL

	Group/ bank 01/01/2013 - 31/12/2013	Group/ bank 01/01/2012 - 31/12/2012
Dividends declared per share	123	158
Dividends paid per share	123	158

Note 18

Related party disclosures

Related parties of the group and the bank are defined as shareholders who have a qualifying holding in the bank, and chairman and members of the bank's council and board, staff of the Internal Audit Department, key management personnel of the group and the bank that are authorised to plan, manage and control bank's operations and are responsible for these functions, and spouses, parents and children of the individuals referred to previously, bank's subsidiaries and companies in which the bank has an interest, companies in which these individuals have a qualifying holding as well as other legal entities.

Group's transactions with related parties:

LVL'000

	31/12/2013				31/12/2012			
Assets	Share holders	Manage-ment	Related companies	Other related individuals	Share holders	Manage-ment	Related companies	Other related individuals
Loans	-	1,212	288	602	-	678	1,136	490
Liabilities								
Deposits	252	1,769	5,501	1,422	137	1,098	2,076	1,064
Ordinary bonds	-	-	-	30	-	-	-	1
Subordinated bonds	58	1,235	768	1,266	-	707	105	787
Memorandum items								
Undrawn credit facilities	-	116	211	66	-	118	60	58
Guarantees	-	132	-	-	-	133	-	-
Income/ expense	01/01/2013 - 31/12/2013				01/01/2012 - 31/12/2012			
Interest income	-	54	68	7	-	33	83	17
Interest expense	(5)	(71)	(22)	(37)	-	(35)	(10)	(20)
Commission and fee income	-	14	15	5	-	17	31	7
Net result of non-financial assets held for sale	-	(167)	(171)	(19)	-	-	-	-

Bank's transactions with related parties:

LVL'000

	31/12/2013					31/12/2012				
Assets	Share holders	Manage-ment	Related companies	Subsi-diaries	Other related individuals	Share holders	Manage-ment	Related companies	Subsi-diaries	Other related individuals
Loans	-	1,212	206	10,794	388	-	678	1,136	11,831	420
Liabilities										
Deposits	252	1,769	5,494	20,006	1,248	137	1,098	2,076	9,238	904
Ordinary bonds	-	-	-	14	30	-	-	-	-	1
Subordinated bonds	58	1,235	768	-	1,077	-	707	105	-	635
Memorandum items										
Undrawn credit facilities	-	116	211	253	59	-	118	60	114	56
Guarantees	-	132	-	5	-	-	133	-	5	-
Income/ expense	01/01/2013 - 31/12/2013					01/01/2012 - 31/12/2012				
Interest income	-	50	67	670	7	-	33	83	768	7
Interest expense	(5)	(70)	(22)	(6)	(24)	-	(35)	(10)	(26)	(5)
Commission and fee income	-	12	11	517	5	-	15	29	106	2
Commission and fee expense	-	-	-	(3,926)	-	-	-	-	(2,932)	-
Other operating income	-	-	-	1,414	-	-	-	-	690	-
Impairment allowances, net	-	-	-	-	-	-	-	-	174	-

During reporting period the remuneration to the management of the group was LVL1.8 (1.8) million, while to the bank - LVL 0.9 (1.1) million. Information on registered non-voting shares (personnel shares) is presented in Note 17. Information on changes in investments in subsidiaries and associates is disclosed in Note 13.
Latvian banking legislation requires that the total credit exposure to related parties may not exceed 15% of credit institution's equity. As at 31 December 2013, the bank was in compliance with the above statutory requirements.

Note 19

Segment information

The group and the bank believe that the group's operations are organised into four segments based on the core business activities as follows: banking services, advisory services, investment management services, and management of non-financial assets held for sale and investments in real estate. The group defines its operating segments based on its organisational structure. The bank views its operations as one single segment, without making any separate disclosures, while at the group level the bank and all its subsidiaries are attributed to the group's operating segments as follows:

- banking services: ABLV Bank, AS, ABLV Bank Luxembourg, S.A;
- advisory services: ABLV Consulting Services, AS, ABLV Corporate Services, SIA, ABLV Corporate Services, LTD;
- investment management services: ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, ABLV Private Equity Management, SIA, ABLV Private Equity Fund 2010, KS, Vaiņode Agro Holding, SIA, Vaiņodes Agro, SIA, Vaiņodes bekons, SIA, Gas Stream, SIA, Bio Future, SIA, Orto klīnika, SIA, Orto māja, SIA, AmberStone Group, AS.
- management of non-financial assets held for sale and investments in real estate: Pillar Holding Company, KS, Pillar, SIA, Pillar Management, SIA, Pillar 2, SIA, Pillar 3, SIA, Pillar 4, SIA, Pillar 6, SIA, Pillar 7, SIA, Pina Breeze, SIA, Pillar 9, SIA, Pillar 10, SIA, Pillar 11, SIA, Pillar 12, SIA, Lielezeres Apartment House, SIA, Pillar 18, SIA, Pillar Parking, SIA, Elizabetes Park House, SIA, New Hanza City, SIA.

Operating segment information is prepared on the basis of internal reports.

Analysis of the operating segments of the group as at 31 December 2013:

LVL'000

	Banking	Investment management	Advisory	Management of non-financial assets held for sale and investments in real estate
Assets				
Cash and deposits with central banks	250,730	8	-	-
Balances due from credit institutions	449,875	119	29	-
Securities and derivatives	990,372	-	-	-
Loans	559,420	2,947	-	4
Investments in subsidiaries and associates	-	4,663	-	-
Tangible and intangible fixed assets, investment properties	27,998	15,512	305	6,554
Other assets	2,727	2,482	269	52,244
Total assets per internal reporting	**2,281,122**	**25,731**	**603**	**58,802**
Impairment allowance*	(35,660)	-	-	(45)
Total assets per IFRS	**2,245,462**	**25,731**	**603**	**58,757**
Liabilities				
Balances due to credit institutions	7,488	2,553	-	-
Derivatives	1,438	-	-	-
Deposits and issued securities	2,168,818	529	-	1
Impairment allowances and other provisions	35,947	-	-	45
Other liabilities	11,070	2,688	685	2,035
Total liabilities per internal reporting	**2,224,761**	**5,770**	**685**	**2,081**
Total liabilities and shareholders' equity	**2,354,236**	**15,456**	**924**	**(4,358)**
Impairment allowance*	(35,660)	-	-	(45)
Total liabilities per IFRS	**2,318,576**	**15,456**	**924**	**(4,403)**
Profit/ loss				
Net interest income	29,480	484	-	5
Net commission and fee income	31,596	4,192	(7)	-
Net result of transactions with financial instruments and foreign exchange	15,469	(2)	(10)	-
Net other income/ expense	(85)	5,915	1,142	189
Net gain/(loss) on disposal of assets taken over	17	-	-	3,335
Income from dividends	74	-	-	-
Administrative expense and depreciation	(33,673)	(3,274)	(4,015)	(1,429)
Impairment allowances and provisions	(6,653)	-	-	-
Impairment of financial instruments	(856)	-	-	-
Impairment of other assets	766	1	-	(321)
Corporate income tax	(5,708)	(672)	(41)	(77)
Net profit/ (loss) for the year	**30,427**	**6,644**	**(2,931)**	**1,702**

* - for internal reporting purposes the impairment allowance is disclosed separately as a liability rather than impairment of the respective assets.

Analysis of the operating segments of the group as at 31 December 2012:

LVL'000

Assets	Banking	Investment management	Advisory	Management of non-financial assets held for sale and investments in real estate
Cash and deposits with central banks	216 081	4	-	-
Balances due from credit institutions	392 182	689	27	-
Securities and derivatives	903 256	-	-	-
Loans	539 202	7 952	-	56
Investments in subsidiaries and associates	-	2 668	-	-
Tangible and intangible fixed assets, investment properties	26 149	14 274	235	3 629
Other assets	11 662	2 315	189	57 690
Total assets per internal reporting	**2 088 532**	**27 902**	**451**	**61 375**
Impairment allowance*	(49 013)	-	-	(38)
Total assets per IFRS	**2 039 519**	**27 902**	**451**	**61 337**
Liabilities				
Balances due to credit institutions	2 198	999	-	-
Derivatives	4 579	-	-	-
Deposits and issued securities	1 997 612	2 510	-	-
Impairment allowances and other provisions	49 351	-	-	38
Other liabilities	9 648	2 756	430	4 425
Total liabilities per internal reporting	**2 063 388**	**6 265**	**430**	**4 463**
Total liabilities and shareholders' equity	**2 168 114**	**11 609**	**557**	**(2 020)**
Impairment allowance*	(49 013)	-	-	(38)
Total liabilities per IFRS	**2 119 101**	**11 609**	**557**	**(2 058)**

Profit/ loss				
Net interest income	22 368	1 098	-	(67)
Net commission and fee income	23 025	3 079	-	-
Net result of transactions with financial instruments and foreign exchange	14 605	(99)	(25)	130
Net other income/ expense	404	1 694	573	95
Net gain/(loss) on disposal of assets taken over	-	-	-	935
Income from dividends	7	-	-	-
Administrative expense and depreciation	(26 621)	(1 760)	(3 033)	(880)
Impairment allowances and provisions	(12 776)	-	-	-
Impairment of financial instruments	(322)	-	-	-
Impairment of other assets	(1 093)	-	-	(1 512)
Corporate income tax	(3 744)	(119)	(42)	(54)
Net profit/ (loss) for the year	**15 853**	**3 893**	**(2 527)**	**(1 353)**

* - for internal reporting purposes the impairment allowance is disclosed separately as a liability rather than impairment of the respective assets.

Note 20

Fair value of financial instruments

Fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The group and the bank disclose the fair values of the assets and liabilities in such a manner so as to be able to compare the fair values with the carrying amounts.

Fair value of financial instruments, such as financial assets at fair value through profit and loss, available for sale financial assets and hold to maturity financial assets are mostly valued based on quoted price in active market. For some of the above mentioned financial instruments such price is not observable, as a result these instruments are valued based on observable price in market, where no active trading is done – this is applicable for several bonds and open ended investments funds which are redeemable at net asset value. Finally other valuation techniques are used for some available-for-sale financial assets not quoted in the market and for which no quoted prices for similar assets in active markets are available. For such financial instruments the fair value is estimated based on valuation modelswhich are based on the assumptions and estimates regarding the potential future income generated by the investment by taking into consideration the industry and geographical area risks in which the respective investment operates.Fair value of derivatives is calculated based on net present value method, where all inputs in the valuation model are observable, while exchanged traded derivatives, such as futures, as valued based on quoted price.

The management of the bank and the group believe that the most credible market value of investment properties was identified based on the evaluations presented by both external real estate appraisers and bank's real estate experts. Such experts use discounted cash flow method ("DCF") for valuation of its investment property. Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The selling value of the investment properties may differ from the market value as defined, as the market of such kind of properties is not properly developed in Latvia. For other assets and liabilities for which fair value is disclosed and with a short remaining maturity (less than three months), except for loans and receivables, the group and the bank assume that the fair value approximates to their carrying amount. This assumption also applies to demand deposits and savings accounts.
The fair value of loans and advances to customers is estimated by discounting the expected cash flows at the discount rate calculated according to the money market rates at the end of the year and the loan interest margins. The fair value of deposits is estimated by discounting the expected cash flows at the average market interest rates at the end of the year.

The carrying amounts and fair values of the group's assets and liabilities are as follows:

LVL'000

	31/12/2013		31/12/2012	
Assets at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives	317	317	81	81
At fair value through profit or loss				
Financial assets at fair value through profit or loss	11,803	11,803	3,333	3,333
Available-for-sale				
Available-for-sale financial assets	519,130	519,130	547,757	547,757
Total assets at fair value	**531,250**	**531,250**	**551,171**	**551,171**
Assets at amortised cost				
Cash and deposits with central banks	250,738	250,738	216,085	216,078
Balances due from credit institutions	450,023	450,023	392,898	392,905
Loans	527,171	526,007	499,787	493,729
Held-to-maturity financial assets	458,957	462,267	351,832	363,321
Investment properties	23,444	23,918	20,856	22,561
Total assets at amortised cost	**1,710,333**	**1,712,953**	**1,481,458**	**1,488,594**
Liabilities at fair value				
Derivatives	1,438	1,438	4,579	4,579
Total liabilities at fair value	**1,438**	**1,438**	**4,579**	**4,579**
Liabilities at amortised cost				
Demand deposits from credit institutions	7,488	7,488	967	967
Liabilities at amortised cost	2,171,901	2,171,314	2,002,352	2,006,382
Total liabilities at amortised cost	**2,179,389**	**2,178,802**	**2,003,319**	**2,007,349**

The carrying amounts and fair values of the bank's assets and liabilities are as follows:

LVL'000

	31/12/2013		31/12/2012	
Assets at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives	317	317	81	81
At fair value through profit or loss				
Financial assets at fair value through profit or loss	11 803	11 803	3 333	3 333
Available-for-sale				
Available-for-sale financial assets	514 213	514 213	547 757	547 757
Total assets at fair value	**526 333**	**526 333**	**551 171**	**551 171**
Assets at amortised cost				
Cash and deposits with central banks	250 723	250 723	216 074	216 074
Balances due from credit institutions	435 062	435 062	388 665	388 665
Loans	535 022	533 858	503 611	497 553
Held-to-maturity financial assets	457 814	461 124	351 832	363 321
Investment properties	17 099	17 757	17 303	18 717
Total assets at amortised cost	**1 695 720**	**1 698 524**	**1 477 485**	**1 484 330**
Liabilities at fair value				
Derivatives	1 438	1 438	4 579	4 579
Total liabilities at fair value	**1 438**	**1 438**	**4 579**	**4 579**
Liabilities at amortised cost				
Demand deposits from credit institutions	10 184	10 184	2 406	2 406
Liabilities at amortised cost	2 175 173	2 174 586	2 015 026	2 019 056
Total liabilities at amortised cost	**2 185 357**	**2 184 770**	**2 017 432**	**2 021 462**

Hierarchy of input data for determining the fair value of assets and liabilities.

The group and the bank use the following hierarchy of three levels of input data for determining and disclosing the fair value of financial assets and liabilities:

Level 1: Quoted prices in active markets;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable;
Level 3: Other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Level 1 instruments contain liquid securities and exchange traded derivatives. Level 2 instuments contain securities that do not have an active market, standardised OTC derivatives as well as certain open ended investment funds. Level 3 instruments contain private equity funds with no market price quotes, investment properties, term deposits and loans. For valuation methods and assumptions please see description above.

The group and the bank has made retrospective reclassification of certain fixed income securities classified as financial instruments as available for sale in amount of LVL 1,2 million and certain non-fixed income securities classified as fair value thorugh profit or loss in amount of LVL1,3 million from Level 1 to Level 2.

There are changes in Level 3 assets that are recognised in financial statements at fair value, of which LVL 8,0 million is due to partial repayment and LVL 0,4 million is recognised through profit and loss as impairment expenses.

The group's assets and liabilities according to the hierarchy of input data for determining the fair value:

LVL'000

	31/12/2013				31/12/2012			
Assets at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives	15	302	-	317	19	62	-	81
Financial assets at fair value through profit or loss	2,743	9,040	20	11,803	2,004	1,329	-	3,333
Available-for-sale financial assets	504,248	13,814	1,068	519,130	544,281	1,229	2,247	547,757
Total assets at fair value	**507,006**	**23,156**	**1,088**	**531,250**	**546,304**	**2,620**	**2,247**	**551,171**
Assets at amortised cost								
Cash and deposits with central banks	250,738	-	-	250,738	216,085	-	-	216,085
Balances due from credit institutions	448,301	1,722	-	450,023	392,569	329	-	392,898
Loans	-	-	527,171	527,171	-	-	499,787	499,787
Held-to-maturity financial assets	450,377	8,580	-	458,957	350,102	1,730	-	351,832
Investment properties	-	-	23,444	23,444	-	-	20,856	20,856
Total assets at amortised cost	**1,149,416**	**10,302**	**550,615**	**1,710,333**	**958,756**	**2,059**	**520,643**	**1,481,458**
Liabilities at fair value								
Derivatives	-	1,438	-	1,438	-	4,579	-	4,579
Total liabilities at fair value	**-**	**1,438**	**-**	**1,438**	**-**	**4,579**	**-**	**4,579**
Liabilities at amortised cost								
Demand deposits from credit institutions	7,488	-	-	7,488	967	-	-	967
Liabilities at amortised cost	2,115,462	2,553	53,886	2,171,901	1,825,173	2,230	174,949	2,002,352
Total liabilities at amortised cost	**2,122,950**	**2,553**	**53,886**	**2,179,389**	**1,826,140**	**2,230**	**174,949**	**2,003,319**

The bank's assets and liabilities according to the hierarchy of input data for determining the fair value:

LVL'000

	31/12/2013				31/12/2012			
Assets at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives	15	302	-	317	19	62	-	81
Financial assets at fair value through profit or loss	2,743	9,040	20	11,803	2,004	1,329	-	3,333
Available-for-sale financial assets	499,331	13,814	1,068	514,213	544,281	1,229	2,247	547,757
Total assets at fair value	**502,089**	**23,156**	**1,088**	**526,333**	**546,304**	**2,620**	**2,247**	**551,171**
Assets at amortised cost								
Cash and deposits with central banks	250,723	-	-	250,723	216,074	-	-	216,074
Balances due from credit institutions	435,053	9	-	435,062	388,631	34	-	388,665
Loans	-	-	535,022	535,022	-	-	503,611	503,611
Held-to-maturity financial assets	449,234	8,580	-	457,814	350,102	1,730	-	351,832
Investment properties	-	-	17,099	17,099	-	-	17,303	17,303
Total assets at amortised cost	**1,135,010**	**8,589**	**552,121**	**1,695,720**	**954,807**	**1,764**	**520,914**	**1,477,485**
Liabilities at fair value								
Derivatives	-	1,438	-	1,438	-	4,579	-	4,579
Total liabilities at fair value	**-**	**1,438**	**-**	**1,438**	**-**	**4,579**	**-**	**4,579**
Liabilities at amortised cost								
Demand deposits from credit institutions	10,184	-	-	10,184	2,406	-	-	2,406
Liabilities at amortised cost	2,123,619	-	51,554	2,175,173	1,831,050	8,405	175,571	2,015,026
Total liabilities at amortised cost	**2,133,803**	**-**	**51,554**	**2,185,357**	**1,833,456**	**8,405**	**175,571**	**2,017,432**

Note 21

Litigation and claims

In the ordinary course of business, the bank has been involved in a number of legal proceedings to recover outstanding credit balances and maintain collateral, as well as other proceedings related to specific transactions. The management believe that any legal proceedings pending as at 31 December 2013 will not result in material losses for the bank and/ or the group.

Note 22

Events after reporting date

As of the last day of the reporting year until the date of signing these consolidated financial statements there have been no events requiring adjustment of or disclosure in the consolidated financial statements or notes thereto, except below mentioned.

From 1 January 2014, Latvia has joined the European Monetary Union and from 15 January 2014 the Latvian lats ceased to be a legal tender.