



ABLV

BANKING / INVESTMENTS \ ADVISORY

# ABLV Bank, AS

Public Quarterly Report  
January – September 2014

## Bank's Management Report

Dear shareholders of ABLV Bank, AS,

Q3 2014 was favourable for ABLV Bank, AS and the group. The business volume and all major performance indicators continued to grow. The bank's profit amounted to EUR 50.0 million.

Varying trends were observed in the world economy, including economic growth slowdown in some countries. The European Commission was forced to decrease the eurozone economic growth for this and following year, naming sluggish economic activity and slow improvement of employment situation as reasons for such decision. According to the Commission forecasts, this year the eurozone economy will grow by 0.8%, not 1.2%, as it was estimated earlier. Latvian economic indicators continue to be among the best in the European Union. In Q3 2014, Latvian real gross domestic product (GDP), according to data without seasonal adjustment, grew by 2.1%.

In Q3, we continued gradually substituting long-term deposits with investments in bonds by performing more issues of ABLV Bank, AS bonds. Including the redeemed bonds, we have performed 25 public bond issues so far. Currently, 19 bond issues are included in the NASDAQ Riga list of debt securities.

### Bank

ABLV Bank, AS, profit for 9 months of 2014 reached EUR 50.0 million.

ABLV Group maintained growth in all lines of its business.

- The bank's operating income for 9 months of 2014 before allowances for credit losses amounted to EUR 89.1 million.
- During 9 months of 2014, the amount of deposits with the bank has grown by 11.0%, reaching EUR 3.08 billion.
- As at 30 September 2014, the amount of the bank's assets totalled EUR 3.80 billion.
- The bank's loan portfolio amounts to EUR 827.3 million, and the amount of commercial loans has increased to reach EUR 462.2 million.
- The bank's capital and reserves amounted to EUR 219.9 million.
- As at 30 September 2014, the bank's capital adequacy ratio was 16.71%, whereas liquidity equalled 85.22%.
- ROE reached 34.14%, and ROA -1.86%.

The bank continued investing available funds in securities. The total amount of the securities portfolio was equal to EUR 1.99 billion, as at 30 September 2014. The bank's securities portfolio is mostly composed of fixed-income debt securities. Securities having credit rating AA- and higher constitute 71.4% of the total securities portfolio. In terms of the countries, investments are allocated as follows: USA - 24.4%, Germany - 13.3%, Russia - 10.3%, Latvia - 10.2%, Canada - 9.4%, Sweden - 9.3%, Netherlands - 3.2%, and Norway - 2.1%. Whereas 5.8% is constituted by securities issued by international institutions - the European Commission, EBRD, etc. In the reporting period, annual yield of the securities portfolio amounted to 1.6%.

At the end of August, with the participation of ABLV Bank, the deal of selling capital shares of Ventamonjaks terminal, dealing with transshipment of liquid ammonia at Ventspils Free Port, was successfully completed. This was one of the most significant deals in the transit and cargo transportation area recently - the deal amount equalled EUR 55 million, with the financing of ABLV Bank constituting EUR 33 million.

Whereas in September LNK Group used ABLV Bank financing of EUR 8.1 million to acquire office building at 15 J.Daliņa Street for more than EUR 10.5 million.

### Investments

Despite complex geopolitical and macroeconomic situation leading to strong price fluctuations periodically occurring in financial markets, open-end mutual funds managed by ABLV Asset Management, IPAS, demonstrated good results. Consequently, the investors' interest in investing in our funds is growing, and more than 180 our customers have acquired shares of our funds.

Since the beginning of 2014, the asset value of our mutual funds has grown approximately by EUR 13 million, and as at the end of September total value of their assets reached EUR 100 million. This is mainly due to even more our customers wishing to diversify their investment portfolios by acquiring shares of ABLV mutual funds, given low interest rates in the USA and Europe. Such investments enable substantial increase of the portfolio overall yield, compared with deposits.

Taking into account growing demand for our products, we plan to expand the range of offered funds in future by adding at least one new fund each year, so that customers have wider opportunities of investing in financial instruments.

Alongside overall growth of real estate market during nine months of 2014, great results were shown by real estate development and trading group Pillar: the group sold properties to the amount of EUR 26.9 million over nine months. Whereas during nine months of 2013 the amount of Pillar transactions equalled EUR 24.8 million.

Due to making investments in property renovation and improvement, as well as active selling of the properties, the number of those supervised by Pillar has decreased considerably: now they are about 750, while in 2012 there were approximately 1400 properties. This evidences that Pillar strategy of offering qualitative, fully completed, comfortable housing to customers proved to be the right one.

Over nine months this year, both the amount and number of transactions made by Pillar has increased. There are 475 transactions made in this year so far, which is by 28% more than during nine months in 2013.

### Outside work

At the beginning of July, ABLV Invitation Golf Tournament 2014 was held in Ozo Golf Club. 96 golfers participated in the tournament – ABLV customers from Latvia and foreign countries, the bank's partners and officers, as well as some members of Ozo Golf Club. The tournament was held according to the rules of the Royal and Ancient Golf Club of St. Andrews, separately for women and men. The winners of the tournament were awarded bronze glass cups created by glass artist and designer Anda Munkevica.

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



Chairman of the Council  
**Ojlegs Fijs**



Chairman of the Board  
**Ernests Bernis**

Riga, 26 November 2014

## General information

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

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

As at 30 September 2014 the group and the bank operate the central office and one lending centre in Riga, subsidiary bank in Luxembourg, as well as foreign representation offices/ territorial structural units in Azerbaijan (Baku), in Belarus (Minsk), in Kazakhstan (Almaty), in Cyprus (Limassol), in Russia (Moscow, St. Petersburg, Yekaterinburg and Vladivostok), in Ukraine (Kyiv with a branch in Odessa), in Uzbekistan (Tashkent) and Tajikistan (Dushanbe).

Organizational structure of ABLV Bank, AS is shown on page 5 at this public quarterly report.

This quarterly report is prepared in accordance with the Regulations on Preparation of Public Quarterly Reports of Credit Institutions approved by the Financial and Capital Market Commission for the purpose to providing information on the financial standing and performance indicators of the bank for the period started 1 January 2014 till 30 September 2014.

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

## Shareholders and groups of related shareholders of the bank

In the reporting period, the currency of denomination of the bank's shares was changed due to accession of Latvia to eurozone. The information on changing the currency of shares denomination is provided in Note 17 to Interim condensed consolidated and separate financial statements for the six-month period ended 30 June 2014, available at the bank's Internet home page <http://www.ablv.com/en/about/financial-reports>.

	30/09/2014			
	Amount of voting shares	Par value of shares	Paid-in the Bank's share capital	% of the total paid-in the Bank's share capital with voting rights
<b>Shareholders</b>	amount	EUR	EUR'000	(%)
Ernests Bernis and Nika Berne (direct and indirect interest)	12,669,930	1	12,670	43.11
Oļegs Fiļs (indirect interest)	12,669,930	1	12,670	43.12
Other shareholders total	4,045,140	1	4,045	13.77
<b>Total shares with voting rights</b>	<b>29,385,000</b>	<b>x</b>	<b>29,385</b>	<b>100.00</b>
Shares without voting rights (personnel shares)	3,015,770		3,016	
<b>Paid-in share capital total</b>	<b>32,400,770</b>		<b>32,401</b>	

	31/12/2013			
	Amount of voting shares	Par value of shares	Paid-in the Bank's share capital	% of the total paid-in the Bank's share capital with voting rights
<b>Shareholders</b>	amount	EUR	EUR'000	(%)
Ernests Bernis and Nika Berne (direct and indirect interest)	54,683	213	11,672	43.00
Oļegs Fiļs (indirect interest)	54,686	213	11,672	43.00
Other shareholders total	17,801	213	3,799	14.00
<b>Total shares with voting rights</b>	<b>127,170</b>	<b>x</b>	<b>27,143</b>	<b>100.00</b>
Shares without voting rights (personnel shares)	13,400		2,860	
<b>Paid-in share capital total</b>	<b>140,570</b>		<b>30,003</b>	

## Performance indicators

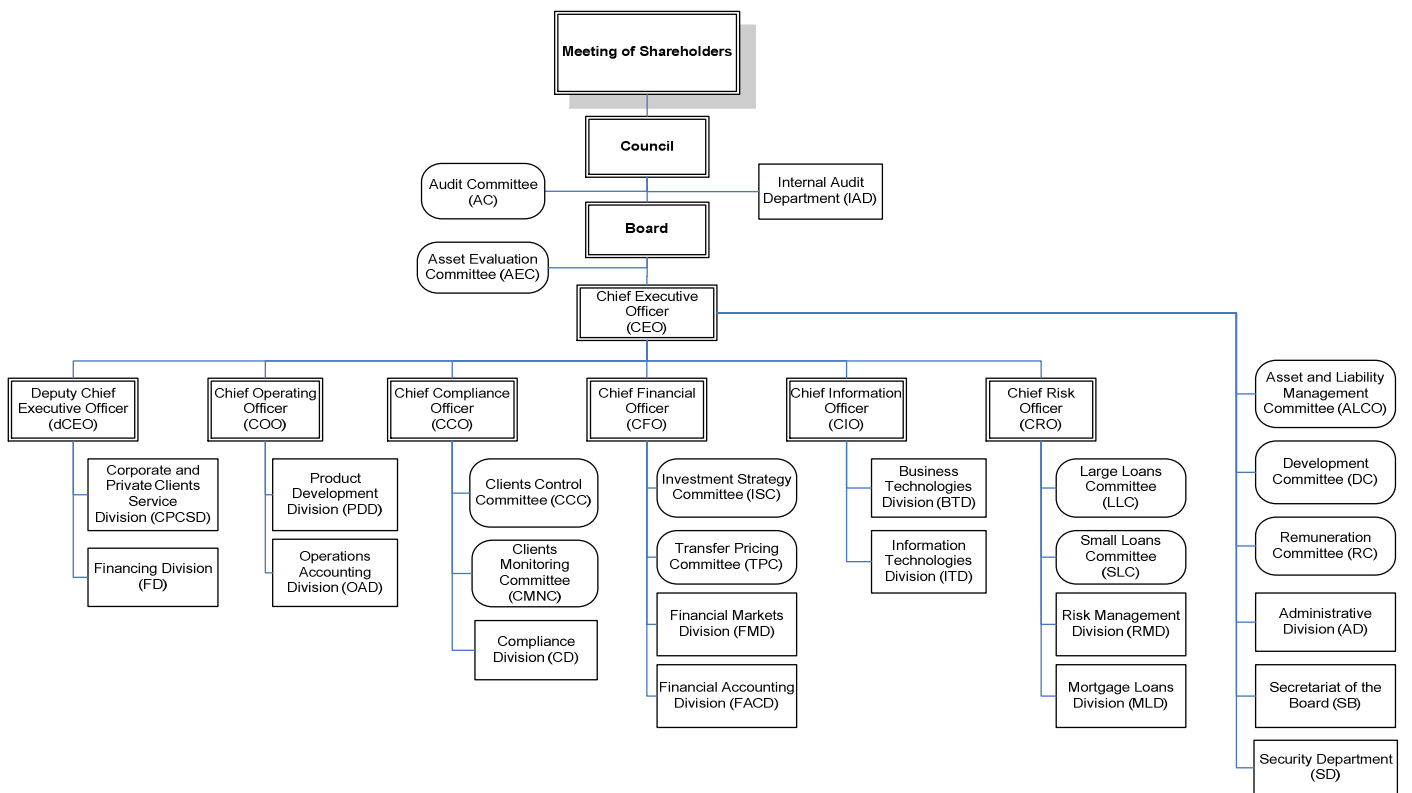
Title of entry	01/01/2014 - 30/09/2014	01/01/2013 - 30/09/2013
	(non-audited)	(non-audited)
Return on equity (ROE) (%)	34.14	29.67
Return on assets (ROA) (%)	1.86	1.50

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

## Risk management

The information about Risk management is available in 2013 Annual Report from Note 33 till Note 36 on ABLV Bank, AS web page <http://www.ablv.com/en/about/financial-reports>. Since 31 December 2013 there are no any essential changes in Risk management.

## Bank's structure\*



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

## The council and the board

### The council of the bank:

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

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

### The board of the bank:

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

## Strategy and aim of the bank's activities

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

### Bank' vision

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

### Bank's mission

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

### Bank's values

#### Collaborative

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

#### Intuitive

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

#### Valued

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

### Bank's aim

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

## Consolidation group

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

Members of the consolidation group as at 30 September 2014:

No	Name of the company	Registration number	Code of country of incorporation and address	Type of activities <sup>1</sup>	Interest in share capital (%)	Share of voting rights (%)	Motivation for inclusion in the group <sup>2</sup>
1	ABLV Bank, AS	50003149401	LV, Elizabetes iela 23, Rīga, LV-1010	BNK	100	100	MT
2	ABLV Bank Luxembourg, S.A.	B 162048	LU, Boulevard Royal, 26a,	BNK	100	100	MS
3	ABLV Corporate Services Holding Company, SIA	40103799987	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
4	Pillar Holding Company, KS	40103260921	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
5	Pillar Management, SIA	40103193211	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
6	Pillar 2, SIA	40103193033	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
7	Pillar 3, SIA	40103193067	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
8	Pillar 4, SIA	40103210494	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
9	Pillar 6, SIA	40103237323	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
10	Pillar 7, SIA	40103237304	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
11	Pine Breeze, SIA	40103240484	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
12	Pillar 9, SIA	40103241210	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
13	Pillar 10, SIA	50103247681	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
14	Pillar 11, SIA	40103258310	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
15	Pillar 12, SIA	40103290273	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
16	Lielezeres Apartment House, SIA	50103313991	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
17	Pillar 18, SIA	40103492079	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
18	Pillar 19, SIA	40103766952	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
19	Elizabetes Park House, SIA	50003831571	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	91.6	91.6	MMS
20	Schaller Kyncl Architekten Rīga, SIA	40103437217	LV, Pulkveža brieža iela 28A, Rīga, LV1045	PLS	100	100	MMS
21	Pillar Parking, SIA	40103731804	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
22	New Hanza City, SIA	40103222826	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
23	Hanzas 14c, likvidējamā SIA	40003918290	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
24	ABLV Asset Management, IPAS	40003814724	LV, Elizabetes iela 23, Rīga, LV-1010	IPS	91.7	100	MS
25	ABLV Capital Markets, IBAS	40003814705	LV, Elizabetes iela 23, Rīga, LV-1010	IBS	90	100	MS
26	AmberStone Group, AS	40103736854	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	40.9	40.9	MS

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

<sup>2</sup> - MS – subsidiary company, MMS – subsidiary company of subsidiary company, MT – parent company.



Continuation of table:

No	Name of the company	Registration number	Code of country of incorporation and address	Type of activities <sup>1</sup>	Interest in share capital (%)	Share of voting rights (%)	Motivation for inclusion in the group <sup>2</sup>
27	ABLV Private Equity Management, SIA	40103286757	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
28	ABLV Private Equity Fund 2010, KS	40103307758	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
29	Vaiņode Agro Holding, SIA	40103503851	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	70	70	MMS

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

<sup>2</sup> - MS – subsidiary company, MMS – subsidiary company of subsidiary company, MT – parent company.

Reorganization of several ABLV group companies through acquisition is performed:

- Lielezeres Apartment House, SIA, registration No. 50103313991, as the acquiring company, acquires Pillar 2, SIA, registration No. 40103193033, as the target company;
- Pillar 4, SIA, registration No. 40103210494, as the acquiring company, acquires Pillar 6, SIA, registration No. 40103237323, as the target company;
- Pine Breeze, SIA, registration No. 40103240484, as the acquiring company, acquires Pillar 7, SIA, registration No. 40103237304, as the target company.

Hanzas 14C, SIA, registration No. 40003918290, is under liquidation process.

The reorganization and liquidation process is planned to be completed by the end of 2014.

## Income statements of the bank

Title of entry	EUR'000	
	01/01/2014 - 30/09/2014 (non-audited)	01/01/2013 - 30/09/2013 (non-audited)
Interest income	49,160	45,136
Interest expense	(12,154)	(12,365)
Dividends received	3,861	2,069
Commission and fee income	42,591	37,269
Commission and fee expense	(11,456)	(4,018)
Net realised gain/ (loss) from financial assets and liabilities at amortised cost	(1,030)	-
Net realised gain/ (loss) from available-for-sale financial assets	(58)	68
Net realised gain/ (loss) from financial assets and liabilities held for trading	(140)	770
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-	-
Changes in fair value hedge accounting	-	-
Net result from foreign exchange trading and revaluation	15,607	15,630
Gain/ (loss) from sale of tangible and intangible fixed assets	85	57
Other income	2,754	2,257
Other expense	(680)	(7,225)
Administrative expense	(30,062)	(29,622)
Depreciation	(2,232)	(2,195)
Impairment allowance	(722)	(5,405)
Impairment of financial instruments and non-financial assets	(621)	(48)
<b>Profit/ (loss) before corporate income tax</b>	<b>54,903</b>	<b>42,378</b>
Corporate income tax	(4,874)	(6,036)
<b>Net profit/ (loss) for the period</b>	<b>50,029</b>	<b>36,342</b>

## Balance sheet of the bank

		EUR'000	
		30/09/2014	31/12/2013
<b>Assets</b>	Notes	(non-audited)	(audited)*
Cash and demand deposits with central banks		206,116	356,747
Demand deposits from credit institutions		366,042	340,775
Financial assets held for trading		17,968	17,245
Financial assets at fair value through profit or loss		-	-
Available-for-sale financial assets		1,173,680	731,659
Loans and receivables	1	1,057,961	1,039,530
Held to maturity investments		803,930	651,411
Change of fair value of hedge portfolio		-	-
Prepaid expense and accrued income		670	1,107
Tangible fixed assets		10,181	9,745
Investment properties		24,318	24,330
Intangible fixed assets		5,349	5,016
Investments in subsidiaries		123,487	132,829
Tax assets		1,070	1
Other assets		5,427	4,971
<b>Total assets</b>		<b>3,796,199</b>	<b>3,315,366</b>
<b>Liabilities</b>			
Liabilities due to central banks		16,790	-
Demand deposits from credit institutions		16,162	14,491
Financial liabilities held for trading		1,247	2,046
Financial liabilities at fair value through profit or loss		-	-
Financial liabilities at amortised cost	2	3,524,329	3,094,992
Financial liabilities arising from financial asset transfer		-	-
Change of fair value of hedge portfolio		-	-
Deferred income and accrued expense		7,611	7,376
Provisions		362	408
Tax liabilities		244	6,199
Other liabilities		9,589	2,817
<b>Total liabilities</b>		<b>3,576,334</b>	<b>3,128,329</b>
Total shareholders' equity		219,865	187,037
<b>Total liabilities and shareholders' equity</b>		<b>3,796,199</b>	<b>3,315,366</b>
<b>Memorandum items</b>			
Contingent liabilities		12,902	7,689
Financial commitments		67,187	61,008

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

## Capital base and minimum capital requirement summary

		EUR'000
		30/09/2014
Code	Position description	(non-audited)
<b>1.</b>	<b>Own funds</b>	<b>270,908</b>
1.1.	Tier 1 capital	164,306
1.1.1.	Common equity Tier 1 capital	164,306
1.1.2.	Additional Tier 1 capital	-
1.2.	Tier 2 capital	106,602
<b>2.</b>	<b>Total risk exposure amount</b>	<b>1,600,160</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free	1,354,035
2.2.	Total risk exposure amount for settlement/ delivery	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	68,199
2.4.	Total risk exposure amount for operational risk (OpR )	177,926
2.5.	Total risk exposure amount for credit valuation adjustment	-
2.6.	Total risk exposure amount related to large exposures in the trading book	-
2.7.	Other risk exposure amounts	-
<b>3.</b>	<b>Capital ratio and capital levels</b>	
3.1.	CET1 Capital ratio	10.27%
3.2.	Surplus(+)/Deficit(-) of CET1 capital	92,287
3.3.	T1 Capital ratio	10.27%
3.4.	Surplus(+)/Deficit(-) of T1 capital	68,281
3.5.	Total capital ratio	16.93%
3.6.	Surplus(+)/Deficit(-) of total capital	142,875
<b>4.</b>	<b>Total capital buffers</b>	<b>2.50</b>
4.1.	Capital conservation buffer (%)	2.50
4.2.	Institution specific countercyclical capital buffer (%)	-
4.3.	Systemic risk buffer (%)	-
4.4.	Systemically important institution buffer (%)	-
4.5.	Other Systemically Important Institution buffer (%)	-
<b>5.</b>	<b>Capital ratio including adjustments</b>	
5.1.	Own funds adjustments related to Pillar II	3,456
5.2.	Common equity Tier 1 capital ratio including Pillar II adjustments mentioned in line 5.1.	10.16%
5.3.	Tier 1 capital ratio including Pillar II adjustments mentioned in line 5.1.	10.16%
5.4.	Total capital ratio including Pillar II adjustments mentioned in line 5.1.	16.71%

## Liquidity ratio calculation

	EUR'000	
	30/09/2014	31/12/2013
	(non-audited)	(audited)*
<b>Liquid assets</b>		
Cash	7,993	8,105
Deposits with central banks	198,123	348,642
Deposits with credit institutions	567,574	606,035
Securities	1,850,271	1,232,166
<b>Total liquid assets</b>	<b>2,623,961</b>	<b>2,194,948</b>
<b>Current liabilities (with maturity no more than 30 days)</b>		
Deposits from credit institutions	16,162	14,490
Deposits	3,025,843	2,703,192
Issued debt securities	-	-
Cash in transit	29	4,211
Other current liabilities	24,220	37,869
Off-balance liabilities	12,783	11,474
<b>Total current liabilities</b>	<b>3,079,037</b>	<b>2,771,236</b>
<b>Liquidity ratio (%)</b>	<b>85.22</b>	<b>79.20</b>
Minimum liquidity ratio (%)	30.00	30.00

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

Note 1

Loans and receivables

Title of entry	EUR'000	
	30/09/2014 (non-audited)	31/12/2013 (audited)*
Loans	827,304	761,268
Loans to credit institutions	230,657	278,262
<b>Total</b>	<b>1,057,961</b>	<b>1,039,530</b>

Note 2

Financial liabilities at amortized cost

Title of entry	EUR'000	
	30/09/2014 (non-audited)	31/12/2013 (audited)*
Deposits	3,081,825	2,776,457
Issued ordinary bonds	322,254	215,839
Issued subordinated bonds	104,960	92,547
Subordinated deposits	13,483	10,149
Term deposits from credit institutions	1,807	-
<b>Total</b>	<b>3,524,329</b>	<b>3,094,992</b>

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

Note 3

The bank's investments in financial assets, except derivatives

The bank's investments in financial assets break downs by countries of issuers as at 30 September 2014, except derivatives:

EUR'000				
Issuer state	Securities of central governments	Securities of other issuers	Total	% of sareholders' equity
United States of America	474,927	12,025	486,952	179.7
Germany	10,007	255,507	265,514	98.0
Russia	27,812	176,855	204,667	75.5
Latvia	179,993	24,179	204,172	75.4
Canada	55,994	131,589	187,583	69.2
Sweden	139,775	46,006	185,781	68.6
Netherlands	-	64,591	64,591	23.8
Norway	33,299	8,106	41,405	15.3
Denmark	32,464	3,994	36,458	13.5
Lithuania	26,704	-	26,704	9.9
Securities of other countries*	68,653	106,613	175,266	64.7
Securities of international organizations	-	115,358	115,358	42.6
<b>Total securities, net</b>	<b>1,049,628</b>	<b>944,823</b>	<b>1,994,451</b>	

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

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

EUR'000				
Issuer state	Securities of central governments	Securities of other issuers	Total	% of sareholders' equity
United States of America	301,102	4,395	305,497	114.6
Russia	31,857	160,779	192,636	72.3
Germany	10,102	162,048	172,150	64.6
Canada	56,047	106,489	162,536	61.0
Sweden	93,111	30,215	123,326	46.3
Latvia	86,161	24,702	110,863	41.6
Netherlands	-	48,884	48,884	18.3
Norway	23,398	7,425	30,823	11.6
Securities of other countries*	70,824	89,238	160,062	60.1
Securities of international organizations	-	93,087	93,087	34.9
<b>Total securities, net</b>	<b>672,602</b>	<b>727,262</b>	<b>1,399,864</b>	

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

As at 30 September 2014 the securities portfolio weighted average modified duration was 2.7 (2.5).

In the reporting period, impairment by EUR 621,2 thousand was recognized for the securities of the available-for-sale portfolio.

At the end of reporting period has not been made provisions for financial assets at amortized cost.

Note 4

### Events after reporting date

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

Pursuant to the permission by the FCMC, the bank's audited profit for H1 2014, which equalled EUR 32.9 millions, will be included in the bank's equity starting from 21 November 2014.