



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

Interim condensed consolidated and separate financial
statements

for the six-month period ended 30 June 2016

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Bank's Management Report

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

The reporting period was marked by complex and nervous economic situation on some of the bank's target markets, meanwhile the requirements of international and local regulatory institutions concerning examination and documentation of transactions have increased, as well as the overall international banking policy has become more stringent. We managed to achieve and surpass the planned financial indicators, although the bank's business model is adjusted to ensure long-term stability and sustainability of the bank's operations in the given conditions.

The bank will continue improving the internal control system, complying with the regulatory requirements, which were not detailed enough in previous years. Since the position regarding acceptable risk level had changed, the bank refused cooperation with some clients that might cause inadequate risk and continued thorough assessment of its client base. Further on, the importance of settlement business will be lower, and even higher value will be placed on business project financing, including structured financing involving raising of risk capital, operating capital and trade financing, as well as arrangement of securities issues. The bank possesses high competence in this area, has necessary human resources, cooperation partner network, and accumulated significant experience. In the field of lending to business in Latvia, ABLV Bank currently is one of the three most important banks.

At the end of May, ABLV Bank and the Financial and Capital Market Commission (FCMC) made the administrative agreement to settle the differences and agree upon further measures to be performed by the bank in order to improve the bank's internal control system and strengthening its efficiency (more detailed information presented in Note 23).

On 7 April, ordinary meeting of shareholders made the decision on paying the profit for 2015 in the form of dividends. The payment per share amounted to EUR 1.95, and the total paid amount constituted EUR 68.8 million. At the same time, another issue of ABLV Bank shares was performed, so that the bank's shareholders were provided the opportunity to re-invest the profit derived from dividends in the bank's further growth. Under the issue, there were 2 700 000 registered shares issued, amounting to EUR 38.2 million in total. The sale price of one share was EUR 14.15. Following the issue, the bank's share capital is comprised of 34 470 000 ordinary voting shares and 3 530 000 employee shares without voting rights attached. The shares were issued in the form of non-public offering, and only current shareholders of the bank participated in the same. There were 86 applicants in total.

Financial results

The bank's major financial indicators of H1 2016 indicate stable operations in accordance with the previously adopted plan. ABLV Bank, AS is the largest bank in Latvia with local capital and is ranked second in terms of the amount of assets.

- The bank's profit in H1 2016 amounted to EUR 45.3 million. The increase in the profit was also due to VISA Europe Ltd. share buyback transaction performed.
- The bank's operating income¹ totalled EUR 83.7 million. Compared with H1 2015, operating income has increased by 16.9%.
- The amount of the clients' deposits equalled EUR 3.25 billion as at the end of the reporting period. Since the beginning of the year, the amount of deposits has declined by 14.3%, which is due to changes in the bank's model of rendering services to foreign clients.
- The amount of issued debt securities reached EUR 565.8 million.
- As at 30 June 2016, the amount of the bank's assets totalled EUR 4.24 billion.
- The bank's loan portfolio equalled EUR 985.4 million as at the end of June. Since the beginning of the year, the amount of the loan portfolio has increased by EUR 111.9 million, i.e., 12.8%.
- The bank's capital and reserves amounted to EUR 295.6 million.
- As at 30 June 2016, the bank's capital adequacy ratio was 16.22%, whereas liquidity equalled 79.27%.
- ROE reached 33.27%, and ROA – 1.97%, as at 30 June 2016.

Continuing the bond issue programme, this year the bank performed four new issues of coupon bonds: two of them under the Fifth Bond Offer Programme, and two other – under the Sixth Bond Offer Programme. The total size of the bond issues amounted to USD 150.0 million and EUR 40.0 million at face value respectively. Including these bond issues, there are 21 bond issues put in the Nasdaq Riga Baltic list of debt securities. The bank initiated gradual replacement of long-term

¹ Operating income is calculated as the total of net interest income, net commission and fee income, net gain from transactions with financial instruments and foreign exchange, dividend income, net other income and expense, minus expenses of impairment of financial assets.

Bank's Management Report

deposits with bonds at the end of 2011. Including new bonds and those already redeemed, the bank has performed 36 public bond issues so far.

In the middle of 2014, the European Central Bank (ECB) launched the targeted longer-term refinancing operations (TLTRO) aimed at stimulation of lending. In 2014 and 2015, under the TLTRO programme, ABLV Bank raised the resources amounting to EUR 180.0 million to develop lending. In March 2016, the ECB announced new TLTRO series – TLTRO II, under which the interest rate is even lower and the maturity equals 4 years, as well the possibility to perform early repayment of prior obligations was offered. Having assessed current need for long-term resources, the bank used this opportunity to perform early repayment of EUR 180.0 million borrowed before and raised EUR 50.0 million under TLTRO II in order to increase the term of using the resources and to decrease the interest expense.

The total amount of the bank's securities portfolio was equal to EUR 2.18 billion, as at 30 June 2016. The bank's securities portfolio is mostly composed of fixed-income debt securities, and 67.0% of the portfolio is constituted by securities having credit rating AA- and higher. In terms of major countries, the securities are allocated as follows: USA – 20.9%, Germany – 15.6%, Latvia – 12.9%, Russia – 11.1%, Canada – 9.7%, Sweden – 6.5%, Finland – 2.5%, Netherlands – 2.2%, Norway – 1.9%, and Austria – 1.9%. Whereas 4.5% is constituted by securities issued by international institutions. In the reporting period, annual yield² of the securities portfolio amounted to 3.35%.

In Q2 2016, VISA Europe Ltd. share buyback transaction was completed, under which the shares owned by the bank were sold to VISA Inc. ABLV Bank obtained VISA Principal Member status and acquired VISA Europe Ltd. shares in December 2008. In November 2015, VISA Inc. announced the intention to purchase all shares of VISA Europe Ltd., thus forming single global company. Under the performed transaction, the income of ABLV Bank from selling of the above mentioned shares amounted approximately to EUR 16.4 million, which included money transfer of EUR 13.1 million, deferred payment of EUR 1.1 million, and additionally 4 750 class C preferred shares of Visa Inc. were allocated to the bank; those shares are accounted in the available-for-sale portfolio, amounting to EUR 2.2 million at fair value.

Developing our settlement services, from June we offer the clients to perform payments in three new currencies: United Arab Emirates dirham (AED), New Zealand dollar (NZD), and South Africa rand (ZAR). Following this innovation, our clients can perform payments in 27 different currencies.

Taking into account the latest global trends in the field of payment cards, in the reporting period we introduced payment cards enabling contactless authorization. New ABLV cards, issued from May 2016, enable making payments both in the common way – by using the card's chip or magnetic strip – and by touching the card on a reader, under which there is no need to enter a PIN in case of small amounts. For the convenience of our payment card holders, travel insurance certificates, alongside the insurance description, coverage limits, and insurer's contact information, will be available in the Internetbank – both in the ordinary one and in the Internetbank applications for iPad and iPhone.

From June 2016, conclusion of Forward currency transactions is even more convenient and clear for our clients. Now, all the client's Forward transactions are combined in one portfolio, to which multicurrency security account is linked. The funds held in this account and the total revaluation result of all concluded Forward transactions will serve as single collateral of all Forward transactions in the portfolio. The information about concluded Forward transactions – confirmations, market value of the transactions, current and required collateral amount, and portfolio report – is available to the clients in Internetbank.

Given the bank's long-term experience and knowledge of debt securities issuing, in the reporting period we launched a new service – arrangement of bond issues for the clients. Bond issues enable companies to raise additional financing both with the collateral and without collateral, as well as bond issues usually allow raising the financing for the term exceeding that possible in case of loans. The costs of such raising of resources are relatively lower, and diversification of investor base is possible as well. Bond issues also form positive credit history and improve the company's reputation, as the company goes public.

Investments

As at the end of June 2016, total assets under ABLV Asset Management, IPAS management amounted to EUR 125.8 million, of which EUR 124.4 million were the clients' investments in mutual funds managed by the company, and EUR 1.4 million were the clients' funds invested in individual investment programmes.

The first half of 2016 was also successful for ABLV Capital Markets, IBAS, which executes clients' instructions for purchasing and selling all types of financial instruments. In the first half of the year, profit of ABLV Capital Markets, IBAS

² Yield of the securities portfolio is calculated as the ratio of income gained from the securities to the average securities balance in the reporting period. The result is annualized and expressed as a percentage. The income gained from the securities is constituted by coupon income, securities revaluation reserve, securities trading result, and changes in the allowances.

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amounted to EUR 1.5 million. As at 30 June 2016, total assets of the company's clients invested in financial instruments were equal to EUR 1.17 billion.

Developing the investment services, we offer the clients to obtain financing secured by pledge of investment portfolio in two new currencies. In addition to USD, EUR, and RUB currencies, now clients can obtain financing in the UK pounds (GBP) and Swiss francs (CHF). The obtained financing secured by pledge of investment portfolio can be used by the clients to acquire new financial instruments or for other activities, without the need to sell the securities held in the portfolio.

Real estate

In H1 2016, Pillar continued to sell the properties included in its real estate portfolio and prepare for beginning the construction works at the territory of finance and leisure centre New Hanza City (NHC), located at the modern centre of Riga in Skanstes Street area.

During the first six months of the year, Pillar group made transactions on sale of 108 properties, and the total amount of transactions was EUR 6.5 million. The largest portion of transactions is still in the segment of uniform apartments – this year, there were 63 transactions made, of which 48 were on selling the apartments in Riga and 15 – outside Riga. There were also 18 private houses, 15 land plots, and 2 commercial objects sold this year. Great results under sale of private houses and land plots were facilitated by the sale campaign run in Q2.

In new projects, 9 apartments were sold in total. Currently, Pillar portfolio contains last apartments available for sale in Pine Breeze and Liesmas Apartment House projects, as well as 27 premium apartments in Miera Park House apartment block. Miera Park House building was commissioned at the end of 2015, and this project was named the best new residential building in the competition 'Annual Latvian Construction Award 2015'.

By the end of June, the preparation for starting the first phase of NHC infrastructure construction has been completed. This phase includes construction of streets and necessary engineering systems – water supply, sewage, heat and electricity supply systems. The works are planned to be completed by spring 2017. The total costs of the first phase of infrastructure project are supposed to amount to EUR 9.28 million. Pillar Contractor, SIA, carries out the functions of the general contractor of this project.

In H1 2016, the project of the building of the Latvian Museum of Contemporary Art, planned to be built at NHC territory, was chosen. The Latvian Museum of Contemporary Art Foundation, in cooperation with London-based company Malcolm Reading Consultants, held the museum design competition, under which the jury has named the design of the future museum proposed by the UK architecture bureau Adjaye Associates – working with their Latvian partner AB3D – as the winner.

At the end of June, the architecture vision competition of reconstruction of warehouse building of former Riga Goods railway station was completed. The warehouse will be the only historical building preserved at NHC territory, and it will turn into a multifunctional cultural centre. The concept proposed by architecture bureau Sudraba arhitektūra was named the competition winner.

Advisory

Expanding its offer, ABLV Corporate Services, which is a part of ABLV group, started offering accounting services to companies in new jurisdictions. Alongside Latvia, Cyprus, and Singapore, now accounting services are also rendered to the companies from Hong Kong, the United Arab Emirates, the British Virgin Islands, the Seychelles, and the Marshall Islands.

The accounting services are rendered in accordance with the International Financial Reporting Standards (IFRS), ensuring transparent, high quality, and internationally comparable financial statements, thus also enabling the companies to raise financial resources from various sources.

Further on, ABLV Corporate Services will provide advice on obtaining citizenship and residence permits of the United Arab Emirates as well. So far, the advice on this matter has been provided with regard to Latvia, UK, and Malta.

Expanding to new regions and building closer relationships with the business partners, in the reporting period ABLV group company ABLV Advisory Services, SIA opened the representative office in the world financial power – the United States of America. The representative office in New York works on establishing mutually beneficial international business contacts for the companies of ABLV group and on studying the US regulatory environment.

Currently, ABLV group is represented in 10 foreign countries – it has representative offices in 12 cities of the world and the subsidiary bank in Luxembourg.

Bank's Management Report

Luxembourg

In the reporting period, subsidiary bank in Luxembourg, ABLV Bank Luxembourg, started issuing payment cards to its clients. Having obtained the status VISA Associate Membership in summer 2015, ABLV Bank Luxembourg currently issues VISA Gold and VISA Gold Business cards.

The cards of Luxembourg bank have the design and functionality similar to those of ABLV Bank payment cards, including the possibility of contactless authorization. The accounts are maintained by ABLV Bank Luxembourg, whereas card personalization, authorization, processing, risk monitoring, complaint handling, and round-the-clock cardholder telephone support are ensured by ABLV Bank pursuant to the outsourcing agreement.

The subsidiary bank in Luxembourg was established in order to develop the existing client base and strengthen their loyalty, providing larger range of investment and fiduciary services, as well as to attract new clients. ABLV Bank, AS is the first bank from the Baltic countries to establish subsidiary bank in Luxembourg. The bank started offering its services to broad range of clients in September 2013. As at 30 June 2016, ABLV Bank Luxembourg assets and assets under management reached EUR 236.3 million.

For society

In 2016, ABLV Bank, in cooperation with ABLV Charitable Foundation, continued supporting various socially important projects.

In January, the results of charity fund drive arranged by ABLV Charitable Foundation and ABLV Bank, AS were summarized. Under the fund drive, the donations were especially welcomed to the charity programmes 'Help grow up!' and 'New Riga', and it was also possible to donate to the programme 'Help Hear!'.

233 donors participated in the fund drive, and thus the amount of EUR 482 534 was added to the charity programmes in 2016, out of which the amount of EUR 177 170 was donated to the programme 'Help grow up!', EUR 290 253 – to the programme 'New Riga', EUR 5 111 – to the programme 'Help Hear!', and EUR 10 000 – to the programme 'Support to contemporary art exhibitions'.

In the reporting period, ABLV Bank donated EUR 279 thousand to ABLV Charitable Foundation programme 'New Riga'.

On 3 June, Blood Donation Day was held in the bank for the first time in the history of ABLV Group. 86 employees donated blood, and this means help will be provided to more than 250 people. In recent years, blood bank shortage is frequent in Latvia, and the State Blood Donor Centre regularly appeals to the public to help people needing blood transfusion. Therefore, we decided to answer this call, and positive response from the representatives of the State Blood Centre confirmed how useful it was.

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

These interim condensed consolidated and separate financial statements have not been audited.



Deputy Chairman of the Council
Jānis Krīgers



Chairman of the Board
Ernests Bernis

Riga, 30 August 2016

The council and the board

Chairman of the Council: Oļegs Fiļs	Date of re-election: 02/05/2016
Deputy Chairman of the Council: Jānis Krīģers	Date of re-election: 02/05/2016
Council Member: Igoris Rapoportš	Date of re-election: 02/05/2016

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 Pavlovičš – Chief Risk Officer (CRO)	01/05/2014
Māris Kanneniēks – Chief Financial Officer (CFO)	01/05/2014
Rolands Citajevš – Chief IT Officer (CIO)	01/05/2014
Romans Surnačovš – Chief Operating Officer (COO)	01/05/2014

There were no changes in the council and the board of the bank during the reporting period, except for the mentioned above.

Statement of management's responsibility

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

The interim condensed financial statements for six-month period and notes thereto set out on pages 9 to 39 are prepared in accordance with the source documents and present truly and fairly the financial position of the bank and the group as at 30 June 2016 and 31 December 2015, and the results of their operations, changes in the shareholders' equity and cash flows for the six-month periods ended 30 June 2016 and 30 June 2015.

The aforementioned interim condensed financial statements for the six-month period are prepared on a going concern basis in conformity with IAS 34 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 interim condensed financial statements for the six-month period.

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 as well as European Union Regulations applicable to credit institutions.



Deputy Chairman of the Council
Jānis Krīgers



Chairman of the Board
Ernests Bernis

Riga, 30 August 2016

Interim condensed statements of comprehensive income

	Notes	EUR'000			
		Group		Bank	
		01.01.2016- 30.06.2016	01.01.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Interest income	3	43,495	41,632	42,758	40,667
Interest expense	3	(12,161)	(11,105)	(12,190)	(11,062)
Net interest income		31,334	30,527	30,568	29,605
Commision and fee income	4	27,668	33,560	24,067	27,962
Commision and fee expense	4	(4,413)	(5,413)	(6,797)	(7,862)
Net commision and fee income		23,255	28,147	17,270	20,100
Net gain on transactions with financial instruments and foreign exchange	5	30,972	12,861	30,236	12,097
Net gain on non-financial assets held for sale		(3,338)	130	-	-
Other income		1,758	1,550	1,878	1,911
Other expense		(351)	(1,100)	(770)	(518)
Income from dividends		50	106	5,293	9,057
Impairment allowance for loans	6	193	(587)	76	(587)
Provisions for impairment of investments in subsidiaries	13	-	-	(5,983)	-
Provisions for impairment of financial instruments		(884)	(95)	(884)	(95)
Operating income		82,989	71,539	77,684	71,570
Personnel expense		(23,723)	(21,472)	(19,175)	(17,166)
Other administrative expense		(11,875)	(8,693)	(10,225)	(6,940)
Amortisation and depreciation		(2,031)	(2,055)	(1,609)	(1,663)
Profit before corporate income tax		45,360	39,319	46,675	45,801
Corporate income tax		(948)	(2,968)	(1,374)	(2,348)
Net profit for the year		44,412	36,351	45,301	43,453
Attributable to:					
Equity holders of the bank		44,289	36,039		
Non-controlling interests		123	312		
Other comprehensive income which has been or is to be reclassified to profit or loss					
Changes in fair value revaluation reserve of available-for-sale financial assets		16,079	5,862	15,861	5,688
Change to income statement as a result of sale of available-for-sale securities		(16,441)	(1,195)	(16,360)	(1,138)
Change to income statement due to recognised impairment of available-for-sale securities		96	629	96	629
Changes in deferred corporate income tax		(116)	(848)	(116)	(848)
Other comprehensive income, total		(382)	4,448	(519)	4,331
Total comprehensive income		44,030	40,799	44,782	47,784
Attributable to:					
Equity holders of the bank		43,907	40,487		
Non-controlling interests		123	312		


 Deputy Chairman of the Council
Jānis Krīgers


 Chairman of the Board
Ernests Bernis

Riga, 30 August 2016

Interim condensed statements of financial position

		EUR'000			
		Group		Bank	
		30.06.2016	31.12.2015	30.06.2016	31.12.2015
Assets	Notes				
Cash and deposits with central banks	7	230,259	449,136	226,631	448,187
Balances due from credit institutions	8	728,950	669,980	686,502	671,772
Derivatives		63	121	63	121
Financial assets at fair value through profit or loss	9	21,784	26,121	19,444	22,286
Available-for-sale financial assets	10	1,250,010	1,833,073	1,200,373	1,780,554
Loans	12	984,042	874,003	985,428	873,499
Held-to-maturity investments	11	1,016,318	1,015,047	957,329	965,253
Investments in subsidiaries	13	-	-	108,586	111,266
Investments in associates	13	9,102	9,068	8,770	8,770
Investment properties		28,717	22,976	25,063	25,069
Property and equipment		26,004	23,867	9,667	9,529
Intangible assets		6,010	6,365	5,719	6,036
Current corporate income tax receivables		3,290	3,148	2,804	3,042
Deferred corporate income tax		1,101	379	-	-
Repossessed real estate		44,814	52,312	-	-
Other assets		10,968	5,992	6,922	2,737
Total assets		4,361,432	4,991,588	4,243,301	4,928,121
Liabilities					
Derivatives		18	365	18	365
Balances held with Bank of Latvia		50,000	180,072	50,000	180,072
Demand deposits from credit institutions		37,705	49,154	50,498	63,294
Deposits	14	3,386,560	3,875,455	3,251,345	3,793,192
Current corporate income tax liabilities		33	322	-	-
Other liabilities		22,649	41,737	13,979	35,072
Deferred corporate income tax		657	1,016	652	1,001
Issued securities	15	557,790	550,877	565,817	558,411
Subordinated deposits	16	15,387	15,261	15,387	15,261
Total liabilities		4,070,799	4,714,259	3,947,696	4,646,668
Shareholders' equity					
Paid-in share capital	17	38,000	35,300	38,000	35,300
Share premium		132,423	96,918	132,423	96,918
Reserve capital and other reserves		2,217	2,238	2,134	2,134
Fair value revaluation reserve of available-for-sale financial assets		9,079	9,461	8,978	9,497
Retained earnings brought forward		63,701	71,259	68,769	68,565
Retained earnings for the period		44,289	61,277	45,301	69,039
Attributable to the equity holders of the bank		289,709	276,453	295,605	281,453
Non-controlling interests		924	876	-	-
Total shareholders' equity		290,633	277,329	295,605	281,453
Total liabilities and shareholders' equity		4,361,432	4,991,588	4,243,301	4,928,121
Memorandum items					
Contingent liabilities		9,387	9,949	9,300	9,516
Financial commitments		85,091	75,610	83,716	68,907


 Deputy Chairman of the Council
Jānis Krīgers


 Chairman of the Board
Ernests Bernis

Riga, 30 August 2016

Interim condensed statement of changes in shareholders' equity of the group

EUR'000

	Paid-in share capital	Share premium	Reserve capital and other reserves	Fair value revaluation reserve of available-for- sale financial assets	Retained earnings	Attributable to the equity holders of the bank	Non- controlling interests	Total shareholders' equity
01.01.2015	32,650	66,270	2,174	(1,504)	130,173	229,763	12,337	242,100
Net profit for the year	-	-	-	-	36,039	36,039	312	36,351
Other comprehensive income/(expense) for the year	-	-	-	4,448	-	4,448	-	4,448
Total comprehensive income	-	-	-	4,448	36,039	40,487	312	40,799
Increase in reserves	-	-	56	-	-	56	-	56
Dividends paid (see Note 17)	-	-	-	-	(58,461)	(58,461)	(292)	(58,753)
Issue of personal shares (see Note 17)	-	-	-	-	(36)	(36)	36	-
Issue of shares (see Note 17)	2,385	30,648	-	-	-	33,033	-	33,033
Increase in non-controlling interests (see Note 13)	-	-	-	-	-	-	(11,928)	(11,928)
30.06.2015	35,035	96,918	2,230	2,944	107,715	244,842	465	245,307
01.01.2016	35,300	96,918	2,238	9,461	132,536	276,453	876	277,329
Net profit for the year	-	-	-	-	44,289	44,289	123	44,412
Other comprehensive income/(expense) for the year	-	-	-	(382)	-	(382)	-	(382)
Total comprehensive income	-	-	-	(382)	44,289	43,907	123	44,030
Increase in reserves	-	-	(21)	-	-	(21)	-	(21)
Dividends paid (see Note 17)	-	-	-	-	(68,835)	(68,835)	(579)	(69,414)
Issue of shares (see Note 17)	2,700	35,505	-	-	-	38,205	474	38,679
Increase in non-controlling interests (see Note 13)	-	-	-	-	-	-	30	30
30.06.2016	38,000	132,423	2,217	9,079	107,990	289,709	924	290,633

The accompanying notes set out on pages 14 through 39 form an integral part of these interim condensed financial statements for the six-month period ended 30 June 2016.

Interim condensed statement of changes in shareholders' equity of the bank

	EUR'000					
	Paid-in share capital	Share premium	Reserve capital and other reserves	Fair value revaluation reserve	Retained shareholders' earnings	Total shareholders' equity
01.01.2015	32,650	66,270	2,134	(1,427)	127,274	226,901
Net profit for the year	-	-	-	-	43,453	43,453
Other comprehensive income/(expense) for the year	-	-	-	4,331	-	4,331
Total comprehensive income for the year	-	-	-	4,331	43,453	47,784
Dividends paid (see Note 17)	-	-	-	-	(58,444)	(58,444)
Issue of shares (see Note 17)	2,385	30,648	-	-	-	33,033
30.06.2015	35,035	96,918	2,134	2,904	112,283	249,274
01.01.2016	35,300	96,918	2,134	9,497	137,604	281,453
Net profit for the year	-	-	-	-	45,301	45,301
Other comprehensive income/(expense) for the year	-	-	-	(519)	-	(519)
Total comprehensive income for the year	-	-	-	(519)	45,301	44,782
Dividends paid (see Note 17)	-	-	-	-	(68,835)	(68,835)
Issue of shares (see Note 17)	2,700	35,505	-	-	-	38,205
30.06.2016	38,000	132,423	2,134	8,978	114,070	295,605

Interim condensed cash flow statements

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Cash flows from operating activities				
Profit before corporate income tax	45,360	39,319	46,675	45,801
Amortisation and depreciation of fixed assets and investment properties	2,031	2,055	1,609	1,663
Impairment allowance for loans	(193)	587	(76)	587
Impairment of financial instruments	884	38	884	95
Interest (income)	(43,495)	(41,632)	(42,758)	(40,667)
Interest expense	12,161	11,105	12,190	11,062
Other non-cash items	(16,762)	3,816	(10,694)	374
Net cash flows from operating activities before changes in assets and liabilities	(14)	15,288	7,830	18,915
(Increase)/ decrease in balances due from credit institutions	(23,085)	2,566	(23,083)	(2,469)
(Increase) in loans	(115,975)	(32,080)	(117,982)	(27,472)
Decrease/ (increase) in financial assets at fair value through profit or loss	4,579	2,427	3,256	(1,319)
Decrease/(increase) in other assets	2,750	4,962	(4,183)	(2,214)
(Decrease)/ increase in balances due to credit institutions	(130,000)	93,681	(130,000)	97,029
(Decrease)/ increase in deposits	(449,578)	71,176	(502,530)	28,523
(Decrease) in derivatives	(289)	(1,652)	(289)	(1,652)
(Decrease) in other liabilities	(19,246)	(11,703)	(21,321)	(1,182)
Net cash flows from operating activities before corporate income tax	(730,858)	144,665	(788,302)	108,159
Interest received in the reporting year	49,104	42,041	48,366	41,076
Interest (paid) in the reporting year	(12,254)	(10,817)	(12,283)	(10,774)
Corporate income tax (paid)	(2,370)	(2,309)	(1,553)	(2,047)
Net cash flows from operating activities	(696,378)	173,580	(753,772)	136,414
Cash flows from investing activities				
(Purchase) of held-to-maturity investments	(63,149)	(77,769)	(48,958)	(56,312)
Redemption of held-to-maturity investments	41,880	65,145	38,980	65,145
(Purchase) of available-for-sale financial assets	(206,840)	(943,005)	(160,888)	(917,527)
Sale of available-for-sale financial assets	777,185	662,020	730,304	623,977
(Purchase) of intangible and tangible fixed assets and investment properties	(10,157)	(2,110)	(1,511)	(1,256)
Sale of intangible and tangible fixed assets and investment properties	129	41	87	41
Decrease in investments in subsidiaries and associates	-	-	-	3,321
(Decrease) in cash and cash equivalents due to loss of control	-	(282)	-	-
(Increase) in investments in subsidiaries and associates	-	(2,903)	(3,303)	(10,025)
Net cash flows from investing activities	539,048	(298,863)	554,711	(292,636)
Cash flows from financing activities				
Increase in subordinated loans	300	601	300	601
Sale of issued securities	93,733	114,369	95,738	116,174
(Repurchase) of issued securities	(80,180)	(114,313)	(81,691)	(124,574)
Dividends (paid)	(69,419)	(58,752)	(68,840)	(58,443)
Issue of shares	38,679	33,033	38,205	33,033
Net cash flows from financing activities	(16,887)	(25,062)	(16,288)	(33,209)
(Decrease)/increase in cash and cash equivalents	(174,217)	(150,345)	(215,349)	(189,431)
Cash and cash equivalents at the beginning of the period	1,014,984	1,009,756	1,002,126	987,436
Result from revaluation of foreign currency positions	2,861	64,696	(1,577)	66,297
Cash and cash equivalents at the end of the period	843,628	924,107	785,200	864,302

	EUR'000			
	Group	Group	Bank	Bank
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Cash and cash equivalents				
Cash and deposits with central banks	230,259	341,595	226,631	340,421
Balances due from credit institutions	651,074	605,188	609,067	555,475
Balances due to credit institutions	(37,705)	(22,676)	(50,498)	(31,594)
Total cash and cash equivalents	843,628	924,107	785,200	864,302

Information about balances due from credit institutions other than cash equivalents is presented in Note 8.

Notes to the interim condensed financial statements for the six-month period ended 30 June 2016

Note 1

General information

ABLV Bank, AS (hereinafter - the bank) 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, LV-1010, Latvia.

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

These consolidated and separate interim condensed financial statements for the six-month period contain the financial information about ABLV Bank, AS and its subsidiaries (hereinafter - the group). The separate financial statements of the bank are included in these consolidated and separate interim condensed financial statements to comply with legal requirements for the six-month period. The bank is the parent entity of the group.

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

The bank operates the central office and one lending centre in Riga. The most important subsidiaries of the bank are: ABLV Bank, Luxembourg S.A., ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, Pillar Holding Company, KS. The list of all group's subsidiaries is presented in Note 13.

The group operates foreign representation offices/ territorial structural units in Azerbaijan (Baku), in Belarus (Minsk), in Kazakhstan (Almaty), in Cyprus (Limassol), in Russia (Moscow, St. Petersburg and Vladivostok), in Ukraine (representative office in Kyiv and a separate representative office in Odessa), in Uzbekistan (Tashkent), New York (USA) and in Hong Kong.

The following abbreviations are used in the notes to these interim condensed financial statements for the six-month period: 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 of the Republic of Latvia (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), European Central Bank (ECB).

The consolidated and separate interim condensed financial statements of the group and the separate financial statements of the bank for the six-month period ended 30 June 2016 were approved by the bank's board and council on 30 August 2016.

During the reporting period, the group and the bank continued consistent application of risk management methods and principles disclosed in ABLV Bank, AS consolidated financial statements for 2015. The information on risk management is available at bank's website <http://www.ablv.com/lv/about/financial-reports> in Notes 33 to 37 to ABLV Bank, AS consolidated financial statements for 2015.

Performance Indicators

Title of entry		01.01.2016 - 30.06.2016	01.01.2015 - 30.06.2015	01.01.2014 - 30.06.2014
Return on equity (ROE)*	%	33.27	38.10	35.41
Return on assets (ROA)*	%	1.97	1.91	1.87
Operating income **	EUR'000	77,684	71,570	58,240
Profit for the reporting period	EUR'000	45,301	43,453	32,936
		30.06.2016	31.12.2015	31.12.2014
Liquidity ratio***	%	79.27	82.68	74.74

* - 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.

** - Indicator is calculated as the total of net interest income, net commission and fee income, net gain from transactions with financial instruments and foreign exchange, dividend income, net other income and expense, minus expenses of impairment of financial assets.

*** - indicator are calculated according to principles of the Regulations on Liquidity Requirements, Compliance procedures and Liquidity Risk Management approved by the Financial and Capital Market Commission.

Note 2

Information on principal accounting policies

a) Basis of Preparation

These consolidated and separate interim condensed financial statements for the six-month period are based on the accounting records made pursuant to the legislative requirements and prepared in conformity with IAS 34 as adopted by the European Union, on a going concern basis.

These consolidated and separate interim condensed financial statements for the six-month period are prepared on a historical cost basis, except for certain 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. The financial statements give a structured view of the financial position of the group and the bank and their financial performance and cash flows.

During the six-month period, the group and the bank consistently applied accounting policies in line with those disclosed in the prior-period financial statements, except for the changes in IFRS that came effective in the reporting period.

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

The functional currency of the bank and its subsidiaries is EUR. The presentation currency of the group and the bank is EUR.

These consolidated and separate interim condensed financial statements for the six-month period are reported in thousands of the euro (EUR'000), unless otherwise stated. Information given herein in brackets represents comparative figures for the year ended 31 December 2015 and the six-month period ended 30 June 2015.

b) Significant Estimates and Assumptions

The preparation of interim condensed financial statements for the six-month period 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 of specific events and actions. The effect of any changes in estimates will be recorded in the interim condensed financial statements for the six-month period when determinable.

The significant areas of estimation and assumptions relate to the calculation of deferred corporate income tax, determining the impairment allowance for loans value, estimation of impairment of other assets and the fair value of assets and liabilities, assumptions regarding control and material impact on subsidiaries and associations, as well as assumptions regarding the power that bank has over open-ended investment funds.

c) Basis of Consolidation

These consolidated interim condensed financial statements include the bank and all subsidiaries controlled by the bank (the parent entity), i.e. the bank has the power to govern the financial and operating policies of an entity so as to obtain economic benefits. Subsidiaries are consolidated from the date on which control is transferred to the parent and are no longer consolidated from the date that control ceases.

The entities of the group are listed in Note 13.

Investments in subsidiaries are presented in the bank's separate interim condensed financial statements in accordance with the cost method.

Associates are companies over which the group has significant influence, however, there is no control over their financial and business policies. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and OCI in equity-accounted investees, until the date on which significant influence or joint control ceases.

Goodwill represents the excess of the cost of a business combination over the group's interest in the fair value of the net identifiable assets and contingent liabilities of the acquired subsidiary at the acquisition date. Goodwill on acquisitions of business operation is included in intangible assets. The carrying amount of associates' goodwill in equity is included in the carrying amount of investment in associate.

Goodwill is allocated to cash-generating units and is stated at cost less impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business acquisition include the carrying amount of goodwill relating to assets sold.

Negative goodwill arising on an acquisition is recognised immediately in the income statement.

The bank's and its subsidiaries' interim condensed financial statements are consolidated in the group's financial statements using the full consolidation method, by adding together like items of assets and liabilities at the period end, as well as income and expenses. For the purposes of consolidation, intragroup balances and intragroup transactions, including interest income and expense, and unrealised profit and loss resulting from intragroup transactions are eliminated, unless there exists any indication of impairment. Non-controlling (minority) interests represent the portion of profit or loss and equity not owned, directly or indirectly, by the bank. Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent entity shareholders' equity.

The bank's subsidiaries comply with the bank's policies and risk management methods.

The bank's investments in open-ended investment funds as structured entities are disclosed in the separate interim condensed financial statements (Note 9) as investments in open-ended investment funds.

Meanwhile, in the consolidated financial statements the investments in open-ended investment funds, which the bank has the power to govern and in which the bank owns the major part (at least 30 % or above) of net assets, are consolidated according to the full consolidation method. The shares of funds owned by third parties are recognised in the consolidated financial statements as other liabilities.

d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and balances due from central banks and other credit institutions with a contractual original maturity of three months or less. The cash balance is reduced by the amount of demand deposits from the above institutions. Cash and cash equivalents are short-term, highly liquid assets that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

e) Subsequent Events

Post-period-end events that provide additional information about the group's/ bank's position at the reporting date (adjusting events) are reflected in these interim condensed financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

Note 3

Interest income and expense

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Interest income on available-for-sale financial assets at amortised cost				
on loans and advances to customers	17,843	17,292	17,859	16,908
on held-to-maturity securities	15,579	15,748	14,953	15,315
on available-for-sale securities	8,708	7,414	8,624	7,280
on balances due from credit institutions and central banks	1,365	1,178	1,322	1,164
Total interest income on available-for-sale financial assets at amortised cost	43,495	41,632	42,758	40,667
Total interest income	43,495	41,632	42,758	40,667
Interest expense				
on ordinary bonds issued	3,832	3,566	3,867	3,606
on subordinated liabilities	2,894	3,044	2,894	3,044
financial stability fee costs	2,778	270	2,778	270
Single Resolution Fund expense	1,009	-	1,009	-
on the deposit guarantee fund	886	3,798	886	3,753
on balances due to credit institutions and central banks	677	352	671	314
on deposits from non-bank customers	85	75	85	75
Total interest expense	12,161	11,105	12,190	11,062

Note 4

Commission and fee income and expense

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Commission and fee income				
commission on payment transfer handling on behalf of customers	11,870	15,211	11,788	15,134
commission on account service	6,368	5,694	6,187	5,579
commission on handling of settlement cards	4,244	4,448	4,242	4,449
commission on brokerage operations	2,646	4,907	-	-
commission on assets management	1,312	1,295	280	408
commission on documentary operations	646	562	646	562
other commission and fee income	582	1,443	924	1,830
Total commission and fee income	27,668	33,560	24,067	27,962
Commission and fee expense				
correspondent bank service charges	1,488	1,940	1,465	1,912
commission on payment cards	1,220	1,230	1,220	1,230
commission on customer attraction	769	1,428	3,809	4,691
commission on brokerage operations	601	784	-	-
other commission and fee expense	335	31	303	29
Total commission and fee expense	4,413	5,413	6,797	7,862

Note 5

Net gain on transactions with financial instruments and foreign exchange

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Financial instruments at fair value through profit or loss				
Gain/ (loss) from revaluation of financial instruments at fair value through profit or loss	1,037	964	432	381
Derivatives	(13)	9	(13)	9
Securities	1,050	955	445	372
Gain/ (loss) from trading with financial instruments at fair value through profit or loss	(154)	505	(153)	427
Derivatives	(82)	(3)	(82)	(3)
Securities	(72)	508	(71)	430
Net gain/ (loss) from financial instruments at fair value through profit or loss	883	1,469	279	808
Available-for-sale financial instruments				
Gain from sale of available-for-sale securities	19,738	1,195	19,657	1,138
Net realised gain from available-for-sale financial instruments	19,738	1,195	19,657	1,138
Foreign exchange				
Profit from foreign currency exchange	13,729	15,147	13,688	15,125
(Loss)/ gain from revaluation of foreign currency positions	(3,378)	(4,950)	(3,388)	(4,974)
Net result from foreign exchange trading and revaluation	10,351	10,197	10,300	10,151
Net gain on transactions with financial instruments and foreign exchange	30,972	12,861	30,236	12,097

Note 6

Impairment allowance for loans

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Category				
Loans - individual allowances	(150)	(344)	(21)	(343)
Loans - portfolio allowances	381	1,471	369	1,470
Increase/ (decrease) in allowances for the reporting period	231	1,127	348	1,127
(Recovery) of write-offs/ loss from asset write-off	(424)	(540)	(424)	(540)
Impairment allowances established during the reporting period, net	(193)	587	(76)	587

ABLV Bank, AS Notes to the interim condensed consolidated and separate financial statements for the six-month period ended 30 June 2016

Changes in loan impairment allowances of the group for the six-month period ended 30 June 2016:

	EUR'000				
	Mortgage	Business	Consumer	Other	Total
Allowances at the beginning of the period	14,451	7,759	69	1,676	23,955
Increase	1,952	1,685	13	114	3,764
(Decrease)	(2,739)	(665)		(129)	(3,533)
Total allowances for the period	(787)	1,020	13	(15)	231
(Decrease) in allowances for the period due to currency fluctuations	9	(33)	3	-	(21)
(Elimination) of allowances for the period due to write-offs	(2,524)	(1,529)	(10)	(269)	(4,332)
Allowances at the end of the period	11,149	7,217	75	1,392	19,833
Individual allowances	13	5,306	-	-	5,319
Portfolio allowances	11,136	1,911	75	1,392	14,514
Total gross loans	335,523	625,855	1,378	41,119	1,003,875

Changes in loan impairment allowances of the group for the six-month period ended 30 June 2015:

	EUR'000				
	Mortgage	Business	Consumer	Other	Total
Allowances at the beginning of the period	23,936	5,442	34	1,963	31,375
Increase	4,849	798	12	336	5,995
(Decrease)	(3,860)	(815)	(5)	(188)	(4,868)
Total allowances for the period	989	(17)	7	148	1,127
(Decrease) in allowances for the period due to currency fluctuations	(49)	39	-	-	(10)
(Elimination) of allowances for the period due to write-offs	(5,289)	(364)	(3)	(205)	(5,861)
Allowances at the end of the period	19,587	5,100	38	1,906	26,631
Individual allowances	437	4,189	-	-	4,626
Portfolio allowances	19,150	911	38	1,906	22,005
Total gross loans	361,127	487,697	1,089	14,501	864,414

ABLV Bank, AS Notes to the interim condensed consolidated and separate financial statements for the six-month period ended 30 June 2016

Changes in loan impairment allowances of the bank for the six-month period ended 30 June 2016:

	EUR'000				
	Mortgage	Business	Consumer	Other	Total
Allowances at the beginning of the period	14,451	7,380	69	1,675	23,575
Increase	1,952	1,677	10	114	3,753
(Decrease)	(2,741)	(535)		(129)	(3,405)
Total allowances for the period	(789)	1,142	10	(15)	348
(Decrease) in allowances for the period due to currency fluctuations	9	(34)	2	-	(23)
(Elimination) of allowances for the period due to write-offs	(2,522)	(1,445)	(10)	(268)	(4,245)
Allowances at the end of the period	11,149	7,043	71	1,392	19,655
Individual allowances	13	5,140	-	-	5,153
Portfolio allowances	11,136	1,903	71	1,392	14,502
Total gross loans	335,523	627,140	1,301	41,119	1,005,083

Changes in loan impairment allowances of the bank for the six-month period ended 30 June 2015:

	EUR'000				
	Mortgage	Business	Consumer	Other	Total
Allowances at the beginning of the period	23,936	5,446	32	1,963	31,377
Increase	4,849	798	12	336	5,995
(Decrease)	(3,860)	(815)	(5)	(188)	(4,868)
Total allowances for the period	989	(17)	7	148	1,127
(Decrease) in allowances for the period due to currency fluctuations	(49)	33	-	-	(16)
(Elimination) of allowances for the period due to write-offs	(5,289)	(364)	(3)	(205)	(5,861)
Allowances at the end of the period	19,587	5,098	36	1,906	26,627
Individual allowances	437	4,189	-	-	4,626
Portfolio allowances	19,150	909	36	1,906	22,001
Total gross loans	361,127	483,228	1,080	14,501	859,936

Note 7

Cash and deposits with central banks

	EUR'000			
	Group	Group	Bank	Bank
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Demand deposits with the Bank of Latvia	217,637	438,528	217,637	438,528
Cash on hand	8,998	9,662	8,994	9,659
Demand deposits with Banque de Luxembourg	3,624	946	-	-
Total cash and deposits with central banks	230,259	449,136	226,631	448,187

Note 8

Balances due from credit institutions

As at 30 June 2016, the bank had established correspondent relationships with 31 (32) credit institutions registered in the EU and OECD area, 4 (4) credit institutions registered in Latvia, and 36 (38) credit institutions registered in other countries.

As at 30 June 2016, the group's and bank's major balances due from credit institutions registered in the EU and OECD area were as follows: EUR 87.3 (114.7) million due from Landesbank Baden-Wuerttemberg, EUR 67.6 (68.9) million due from Sumitomo Mitsui Banking Corporation Brussels Branch, EUR 61.1 (64.4) million due from Deutsche Bank Trust Company Americas.

	EUR'000			
	Group 30.06.2016	Group 31.12.2015	Bank 30.06.2016	Bank 31.12.2015
Demand deposits with credit institutions				
Correspondent account balances	373,781	363,058	360,167	359,850
Overnight deposits	139,625	-	117,097	5,000
Total demand deposits with credit institutions	513,406	363,058	477,264	364,850
Other balances due from credit institutions				
Term deposits	195,154	296,893	188,848	296,893
Other balances	20,390	10,029	20,390	10,029
Total other balances due from credit institutions	215,544	306,922	209,238	306,922
Total balances due from credit institutions	728,950	669,980	686,502	671,772

As at 30 June 2016, part of the group's and bank's balances due from credit institutions totalling EUR 2.3 (49.7) million and EUR 1.8 (49.2) million respectively were pledged to secure transactions with financial instruments other than cash equivalents.

Cash equivalents do not include the group's and bank's term deposits of EUR 53.9 (5.3) million.

Note 9

Financial assets at fair value through profit or loss

Issuer	EUR'000			
	Group 30.06.2016	Group 31.12.2015	Bank 30.06.2016	Bank 31.12.2015
Fixed-income debt securities				
Corporate companies	9,699	9,322	-	-
Credit institutions	1,315	1,479	-	-
Central governments and central banks	1,571	511	-	-
Financial auxiliaries and other financial intermediaries	28	162	-	-
Municipalities	100	13	-	-
Total fixed-income debt securities	12,713	11,487	-	-
Equity shares				
Corporate companies	2,265	1,506	2,265	1,506
Credit institutions	1,456	1,100	1,456	1,100
Total investments in equity shares	3,721	2,606	3,721	2,606
Investments in funds	5,350	12,028	15,723	19,680
Total financial instruments at fair value	21,784	26,121	19,444	22,286

Ten largest exposures as at 30 June 2016 amounted to 35.1% (46.6%) of the total group's financial assets at fair value through profit or loss, whereas ten largest exposures of the total bank's financial assets at fair value through profit or loss, amounted to 88.1% (87.9%).

Note 10

Available-for-sale financial assets

Issuer	EUR'000			
	Group		Bank	
	30.06.2016.	31.12.2015.	30.06.2016.	31.12.2015.
Fixed-income debt securities				
Central governments	878,688	1,447,424	860,765	1,425,277
Credit institutions	220,428	238,795	202,276	223,449
International organisations	70,948	64,864	70,948	64,864
Corporate companies	42,638	33,008	36,252	31,094
Municipalities	31,083	19,510	25,393	16,590
Financial auxiliaries and other financial intermediaries	3,508	6,651	2,022	6,651
Total fixed-income debt securities	1,247,293	1,810,252	1,197,656	1,767,925
Equity shares				
Financial auxiliaries and other financial intermediaries	2,486	12,398	2,486	12,398
Corporate companies	231	231	231	231
Total investments in equity shares	2,717	12,629	2,717	12,629
Investments in funds	-	10,192	-	-
Total available-for-sale financial instruments	1,250,010	1,833,073	1,200,373	1,780,554

As at 30 June 2016, part of available-for-sale financial instruments amounting to EUR 9.1 (40.2) million assures longer-term refinancing operations (TLTRO).

Ten largest exposures as at 30 June 2016 amounted to 70.1% (78.1%) of the total group's available-for-sale financial assets, whereas ten largest exposures of the total bank's available-for-sale financial assets amounted to 72.2% (79.3%).

Most of the debt securities' portfolio – 88.7% (90.9%) of assets - has been invested by the bank in investment-grade securities. At the end of the reporting period, the average weighted modified duration[‡] of the bank's securities portfolio was 2.5 (2.5).

Note 11

Held-to-maturity financial instruments

Issuer	EUR'000			
	Group		Bank	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Fixed-income debt securities				
Central governments and central banks	592,107	602,613	571,692	587,571
Corporate companies	188,650	164,235	165,334	147,119
Credit institutions	138,688	150,774	128,782	137,603
Municipalities	68,002	69,339	65,728	67,014
International organisations	29,701	30,136	28,099	28,512
Financial auxiliaries and other financial intermediaries	1,476	516	-	-
Total held-to-maturity financial instruments, gross	1,018,624	1,017,613	959,635	967,819
Impairment allowance	(2,306)	(2,566)	(2,306)	(2,566)
Total held-to-maturity financial instruments, net	1,016,318	1,015,047	957,329	965,253

As at 30 June 2016, part of the held-to-maturity financial instruments totalling EUR 8.9 (9.4) million were pledged for securing transactions with financial instruments and held-to-maturity financial instruments totalling EUR 69.2 (143.4) million for securing targeted longer-term refinancing operations (TLTRO).

Ten largest exposures as at 30 June 2016 amounted to 56.8% (58.0%) of the total group's held-to-maturity financial instruments, whereas ten largest exposures of the total bank's held-to-maturity financial instruments amounted to 59.3% (60.1%).

* - Average weighted modified duration of the securities portfolio is calculated as the total of modified duration of each security multiplied by this security position and divided by total amount of the whole securities portfolio. Modified duration is only calculated for securities sensitive to interest rate risk. Modified duration represents changes in the securities market value in case of market interest rates decreasing by one percentage point.

Note 12

Loans

The breakdown of loans issued by the group and the bank by customer profile:

Customer profile	EUR'000			
	Group 30.06.2016	Group 31.12.2015	Bank 30.06.2016	Bank 31.12.2015
Corporate companies	446,892	406,752	447,207	405,868
Private individuals	360,576	372,906	360,499	372,906
Financial auxiliaries and other financial intermediaries	196,407	118,300	197,377	118,300
Total gross loans	1,003,875	897,958	1,005,083	897,074
Impairment allowance	(19,833)	(23,955)	(19,655)	(23,575)
Total net loans	984,042	874,003	985,428	873,499

As at 30 June 2016, part of the group's and bank's balances due from other financial intermediaries totalling EUR 35.1 (6.8) million respectively were pledged to secure transactions with financial instruments. More detailed information about impairment allowances for loans is disclosed in Note 6.

Ten largest exposures as at 30 June 2016 amounted to 23.1% (23.1%) of the total group's/ bank's net loan portfolio.

The breakdown of loans issued by the group and the bank by 5 largest countries of borrowers:

Country	EUR'000			
	Group 30.06.2016	Group 31.12.2015	Bank 30.06.2016	Bank 31.12.2015
Latvia	720,916	639,138	722,380	638,634
Russian Federation	105,743	111,867	105,741	111,867
United States of America	31,884	11,611	31,884	11,611
Cyprus	19,678	19,770	19,677	19,770
Great Britain	27,109	19,285	27,108	19,285
Total other countries	78,712	72,332	78,638	72,332
Total net loans	984,042	874,003	985,428	873,499

Credit quality analysis for the group:

	EUR'000					
	Mortgage	Business	Consumer	Other	Total gross loans	Fair value of collateral
	30.06.2016					
Neither past due nor impaired loans	272,545	576,172	1,143	39,681	889,541	1,365,727
Past due but not impaired loans, incl.:	35,260	12,465	141	-	47,866	55,550
less than 30 days	28,253	4,915	99	-	33,267	35,957
31 to 59 days	4,857	2,294	32	-	7,183	8,495
60 to 89 days	1,331	1,421	-	-	2,752	4,203
more than 90 days	819	3,835	10	-	4,664	6,895
Impaired loans	27,718	37,218	94	1,438	66,468	62,891
Total gross loans	335,523	625,855	1,378	41,119	1,003,875	1,484,168
Impairment allowance	(11,149)	(7,217)	(75)	(1,392)	(19,833)	
Total net loans	324,374	618,638	1,303	39,727	984,042	
	31.12.2015					
Neither past due nor impaired loans	280,325	510,619	912	19,523	811,379	1,221,800
Past due but not impaired loans, incl.:	30,948	4,445	126	-	35,519	33,667
less than 30 days	26,448	697	76	-	27,221	24,454
31 to 59 days	3,107	1,325	26	-	4,458	4,731
60 to 89 days	414	1,159	12	-	1,585	1,866
more than 90 days	979	1,264	12	-	2,255	2,616
Impaired loans	34,455	14,772	114	1,719	51,060	33,422
Total gross loans	345,728	529,836	1,152	21,242	897,958	1,288,889
Impairment allowance	(14,451)	(7,759)	(69)	(1,676)	(23,955)	
Total net loans	331,277	522,077	1,083	19,566	874,003	

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Credit quality analysis for the bank:

						EUR'000	
	Mortgage	Business	Consumer	Other	Total gross loans	Fair value of collateral	
						30.06.2016	
Neither past due nor impaired loans	272,545	577,637	1,074	39,681	890,937	1,374,381	
Past due but not impaired loans, incl.:	35,260	12,465	141	-	47,866	55,550	
less than 30 days	28,253	4,915	99	-	33,267	35,957	
31 to 59 days	4,857	2,294	32	-	7,183	8,495	
60 to 89 days	1,331	1,421	-	-	2,752	4,203	
more than 90 days	819	3,835	10	-	4,664	6,895	
Impaired loans	27,718	37,037	87	1,438	66,280	55,051	
Total gross loans	335,523	627,139	1,302	41,119	1,005,083	1,484,982	
Impairment allowance	(11,149)	(7,043)	(71)	(1,392)	(19,655)		
Total net loans	324,374	620,096	1,231	39,727	985,428		
						31.12.2015	
Neither past due nor impaired loans	280,325	510,620	912	19,523	811,380	1,213,960	
Past due but not impaired loans, incl.:	30,948	4,445	126	-	35,519	33,667	
less than 30 days	26,448	697	76	-	27,221	24,454	
31 to 59 days	3,107	1,325	26	-	4,458	4,731	
60 to 89 days	414	1,159	12	-	1,585	1,866	
more than 90 days	979	1,264	12	-	2,255	2,616	
Impaired loans	34,455	13,888	114	1,718	50,175	33,422	
Total gross loans	345,728	528,953	1,152	21,241	897,074	1,281,049	
Impairment allowance	(14,451)	(7,380)	(69)	(1,675)	(23,575)		
Total net loans	331,277	521,573	1,083	19,566	873,499		

Note 13

Investments in subsidiaries and associates

The group's investments in associates:

Company	Country of incorporation	30.06.2016		31.12.2015		EUR'000	
		Share capital	Equity	Share capital	Equity	Group's share of total share capital, %	Carrying amount under equity method
AmberStone Group, AS	LV	35,000	39,645	35,000	39,615	24.64	9,068
Total investments in associates		35,000	39,645	35,000	39,615	x	9,068

The bank's investments in associates:

Company	Country of incorporation	30.06.2016		31.12.2015		EUR'000	
		Share capital	Equity	Share capital	Equity	Bank's share of total share capital, %	Carrying amount
AmberStone Group, AS	LV	35,000	39,645	35,000	39,615	24.64	8,770
Total investments in associates		35,000	39,645	35,000	39,615	x	8,770

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Movements in the investments in subsidiaries and associates:

	EUR'000			
	Group		Bank	
	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Investments at the beginning of the period	9,068	2	8,770	-
Establishment/(disposal) of associates	-	(2)	-	-
Change in investments in associates under equity method	34	139	-	-
Increase in investments in associates as a result of loss of control	-	9,056	-	8,770
Investments at the end of the period	9,102	9,195	8,770	8,770

As at 30 June 2016, the group comprised the following entities:

No	Company	Country of incorporation	Registration number	Business profile	Share in the entity's capital (%)	Share in the entity's capital with voting rights (%)
1	ABLV Bank, AS	LV	50003149401	Financial services	100	100
2	ABLV Bank Luxembourg, S.A.	LU	B 162048	Financial services	100	100
3	ABLV Consulting Services, AS	LV	40003540368	Consulting services	100	100
4	ABLV Advisory Services, SIA	LV	40103964811	Consulting services	100	100
5	ABLV Corporate Services Holding Company, SIA	LV	40103799987	Holding company	100	100
6	ABLV Corporate Services, SIA	LV	40103283479	Consulting services	100	100
7	ABLV Corporate Services, LTD	CY	HE273600	Consulting services	100	100
8	Pillar Holding Company, KS	LV	40103260921	Holding company	100	100
9	Pillar, SIA	LV	40103554468	Holding company	100	100
10	Pillar 2, 12 & 14, SIA	LV	50103313991	Real estate transactions	100	100
11	Pillar 3, SIA	LV	40103193067	Real estate transactions	100	100
12	Pillar 4 & 6, SIA	LV	40103210494	Real estate transactions	100	100
13	Pillar 7 & 8, SIA	LV	40103240484	Real estate transactions	100	100
14	Pillar 9, SIA	LV	40103241210	Real estate transactions	100	100
15	Pillar 11, SIA	LV	40103258310	Real estate transactions	100	100
16	Pillar 18, SIA	LV	40103492079	Real estate transactions	100	100
17	Pillar 19, SIA	LV	40103766952	Real estate transactions	100	100
18	Pillar 20, SIA	LV	40103903056	Real estate transactions	100	100
19	Pillar 21, SIA	LV	40103929286	Real estate transactions	100	100
20	Pillar 22, SIA	LV	50103966301	Real estate transactions	100	100
21	Pillar Investment Group, SIA	LV	50003831571	Holding companies activities	88	88
22	Pillar Investment 1, SIA	LV	50103247681	Own Real Estate Management	88	88
23	Pillar Investment 2, SIA	LV	40103963977	Own Real Estate Management	88	88
24	Pillar Investment 3, SIA	LV	50103994841	Own Real Estate Management	88	88
25	Pillar Management, SIA	LV	40103193211	Real estate transactions	100	100
26	Pillar Architekten, SIA	LV	40103437217	Designing and authorship supervision	100	100
27	Pillar RE Services, SIA	LV	40103731804	Parking place services	100	100
28	Pillar Contractor, SIA	LV	40103929498	Management and coordination of construction processes	100	100
29	New Hanza City, SIA	LV	40103222826	Infrastructure maintenance	100	100
30	NHC Utilities, SIA	LV	40103693339	Infrastructure management	100	100
31	ABLV Asset Management, IPAS	LV	40003814724	Financial services	90	100
32	ABLV Capital Markets, IBAS	LV	40003814705	Financial services	90	100
33	ABLV Private Equity Management, SIA	LV	40103286757	Investment project management	100	100
34	PEM 1, SIA		40103551353	Electricity generation	100	100
35	ABLV Private Equity Fund 2010, KS	LV	40103307758	Investment activities	100	100

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Open-end mutual funds included in the group as at 30 June 2016:

No	Open-end mutual fund	Country of registration	ISIN	Fund type	Share in the entity's capital (%)
1	ABLV Emerging Markets Corporate USD Bond Fund	LV	LV0000400935	Corporate bond fund	77.3
2	ABLV Multi-Asset Total Return USD Fund	LV	LV0000400919	Total return fund	74.8
3	ABLV High Yield CIS RUB Bond Fund	LV	LV0000400778	Corporate bond fund	69.1
4	ABLV European Industry EUR Equity Fund	LV	LV0000400844	Equity fund	55.2

Open-end mutual funds included in the group as at 31 December 2015:

No	Open-end mutual fund	Country of registration	ISIN	Fund type	Share in the entity's capital (%)
1	ABLV Emerging Markets Corporate USD Bond Fund	LV	LV0000400935	Corporate bond fund	86.6
2	ABLV Multi-Asset Total Return USD Fund	LV	LV0000400919	Total return fund	76.0
3	ABLV High Yield CIS RUB Bond Fund	LV	LV0000400778	Corporate bond fund	69.3
4	ABLV European Industry EUR Equity Fund	LV	LV0000400844	Equity fund	57.5

The bank's investments in subsidiaries:

Company	Country of incorporation	30.06.2016				31.12.2015			
		Share capital	Equity	Bank's share of total share capital, %	Carrying amount	Share capital	Equity	Bank's share of total share capital, %	Carrying amount
Pillar Holding Company, KS	LV	85,000	81,025	100	85,000	85,000	81,639	100	85,000
ABLV Bank Luxembourg, S.A.	LU	25,000	14,774	100	25,000	25,000	14,430	100	25,000
New Hanza City, SIA	LV	15,600	14,326	100	15,600	12,300	11,275	100	12,300
Pillar Management, SIA	LV	1,000	982	100	1,073	1,000	975	100	1,073
ABLV Capital Markets, IBAS	LV	1,000	2,508	90	900	1,000	6,423	90	900
ABLV Consulting services, AS	LV	711	577	100	711	711	802	100	711
ABLV Asset Management, IPAS	LV	650	725	90	585	650	1,032	90	585
ABLV Private Equity Mangement, SIA	LV	100	(146)	100	100	100 -	256	100	100
ABLV Corporate Services Holding Company, SIA	LV	100	514	100	100	100	141	100	100
ABLV Private Equity Fund 2010, KS	LV	50	2,498	100	50	50	2,492	100	50
Pillar, SIA	LV	3	1	100	6	3	2	100	6
ABLV Advisory Services, SIA	LV	3	10	100	3	-	-	-	-
Total bank's investments in subsidiaries, gross		129,217	117,794	x	129,128	125,914	118,955	x	125,825
Allowance for impairment					(20,542)				(14,559)
Total bank's investments in subsidiaries, net					108,586				111,266

Customer assets under trust management by ABLV Asset Management, IPAS and assets of the open-end investment funds managed by ABLV Asset Management, IPAS at the end of the reporting period amount to EUR 125.8 (131.2) million. Customer financial instruments of ABLV Capital Markets, IBAS at the end of the reporting period amount to EUR 1.17 (1.15) billion. The bank and ABLV Capital Markets, IBAS provide investments services to customers jointly: ABLV Capital Markets, IBAS accepts customer orders for transactions with financial instruments and the bank executes these orders and acts as the custodian of customer financial instruments. Credit risk and other risks related to these assets are borne by the customer, who provided these assets the group and/or the bank for trust management.

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Movements in the allowance for impairment of subsidiaries:

	EUR'000			
	Group		Bank	
	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Allowance for impairment at the beginning of the period	-	-	14,559	11,719
Increase in allowance for impairment	-	-	5,983	-
Allowance for impairment at the end of the period	-	-	20,542	11,719

Movements in the bank's investment in subsidiaries:

	EUR'000			
	Group		Bank	
	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Investments at the beginning of period, gross	-	-	125,825	126,818
Established/ (dispossessed) subsidiaries	-	-	3	-
(Decrease) in investments due to the loss of control	-	-	-	(5,725)
Increase in investments in subsidiaries	-	-	3,300	6,980
Decrease in investments in subsidiaries	-	-	-	(3,321)
Investments at the end of the period, gross	-	-	129,128	124,752
Allowance for impairment	-	-	(20,542)	(11,719)
Investments at the end of the period, net	-	-	108,586	113,033

Note 14

Deposits

Customer type	EUR'000			
	Group		Bank	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Corporate companies				
current accounts	2,471,421	2,850,172	2,376,955	2,797,758
term deposits	34,484	37,516	33,987	37,465
Total corporate companies	2,505,905	2,887,688	2,410,942	2,835,223
Other financial intermediaries				
current accounts	190,282	330,460	201,907	338,620
term deposits	3,959	778	3,959	778
Total other financial intermediaries	194,241	331,238	205,866	339,398
Other customers				
current accounts	755	1,796	755	1,796
term deposits	-	-	-	-
Total other customers	755	1,796	755	1,796
Total deposits from corporate customers	2,700,901	3,220,722	2,617,563	3,176,417
Private individuals				
current accounts	667,872	639,554	615,995	601,596
term deposits	17,787	15,179	17,787	15,179
Total deposits from private individuals	685,659	654,733	633,782	616,775
Total deposits	3,386,560	3,875,455	3,251,345	3,793,192

The group's/ bank's top 20 customers in terms of the deposit amount account 13.1% (14.4%) of the total deposits. Of the total deposits placed with the group and the bank, 87.8% (85.7%) are from customers whose beneficiaries are CIS residents.

Note 15

Issued securities

ISIN	Currency	Number of initially issued securities	Par value	Date of emission	Date of maturity	Discount/coupon rate, %	EUR'000			
							Group 30.06.2016	Group 31.12.2015	Bank 30.06.2016	Bank 31.12.2015
Subordinated bonds										
LV0000800936	EUR	150,000	100	22.12.2011	22.12.2021	4.8	14,662	14,316	14,662	14,316
LV0000800977	EUR	50,000	100	25.06.2012	25.06.2022	4.5	4,774	4,669	4,774	4,669
LV0000800985	USD	200,000	100	27.06.2012	27.06.2022	4.5	18,024	18,380	18,024	18,380
LV0000801124	USD	200,000	100	18.03.2013	18.03.2023	4.5	16,520	16,474	16,520	16,474
LV0000801173	USD	200,000	100	27.06.2013	27.06.2023	4.3	16,562	16,537	16,562	16,537
LV0000801181	EUR	200,000	100	27.06.2013	27.06.2023	4.3	18,329	17,948	18,329	17,948
LV0000801223	USD	150,000	100	23.10.2013	23.10.2018	4.3	13,386	13,650	13,386	13,650
LV0000801520	EUR	200,000	100	27.10.2014	27.10.2024	4.1	17,243	16,844	17,243	16,844
LV0000801835	EUR	200,000	100	26.10.2015	26.10.2025	3.8	9,207	2,299	9,207	2,299
Subordinated bonds, total							128,707	121,117	128,707	121,117
Ordinary bonds										
LV0000801298	USD	75,000	1,000	17.02.2014	17.02.2016	1.98	-	34,795	-	34,795
LV0000801306	EUR	20,000	1,000	17.02.2014	17.02.2016	1.98	-	12,811	-	14,322
LV0000801421	USD	75,000	1,000	08.07.2014	08.07.2016	2.00	57,856	60,734	57,856	60,734
LV0000801439	EUR	20,000	1,000	08.07.2014	08.07.2016	2.05	19,418	19,705	19,418	19,705
LV0000801504	USD	75,000	1,000	28.10.2014	28.10.2016	2.10	60,545	66,437	60,545	66,437
LV0000801512	EUR	20,000	1,000	28.10.2014	28.10.2016	1.90	16,113	17,143	17,116	18,147
LV0000801645	USD	75,000	1,000	23.02.2015	23.02.2017	2.20	64,171	68,031	64,171	68,031
LV0000801652	EUR	20,000	1,000	23.02.2015	23.02.2017	1.80	17,424	17,763	18,934	19,273
LV0000801751	USD	75,000	1,000	07.07.2015	07.07.2017	1.55	48,165	50,636	48,165	50,636
LV0000801769	EUR	20,000	1,000	07.07.2015	07.07.2017	0.80	17,527	17,768	19,033	19,274
LV0000801850	USD	75,000	1,000	26.10.2015	26.10.2017	1.65	50,508	57,579	50,508	57,579
LV0000801868	EUR	20,000	1,000	26.10.2015	26.10.2017	0.80	5,447	6,358	7,450	8,361
LV0000801991	USD	75,000	1,000	22.02.2016	22.02.2018	1.85	61,995	-	61,995	-
LV0000802007	EUR	20,000	1,000	22.02.2016	22.02.2018	0.70	9,914	-	11,919	-
Ordinary bonds, total							429,083	429,760	437,110	437,294
Issued securities, total							557,790	550,877	565,817	558,411

The group/ bank retains the right to exercise early redemption of subordinated bonds according to the information provided on the base prospectuses of the respective programmes.

Note 16

Subordinated liabilities

As at 30 June 2016, the group's and bank's subordinated liabilities of EUR 144.1 (136.4) million comprised subordinated bonds amounting to EUR 128.7 (121.1) million and subordinated deposits amounting to EUR 15.4 (15.3) million. Subordinated deposits by currencies amount to USD 9.9 (9.9) million and EUR 6.5 (6.2) million.

The information on the subordinated bonds issued by the bank are disclosed in Note 15.

The analysis of subordinated deposits as at 30 June 2016:

Lenders	Loan amount, EUR'000	Accumulated interest, EUR'000	Total subordinated loans, EUR'000	Interest rate, %	Currency
non-residents	8,868	12	8,880	1.75 - 3.15	USD
non-residents	6,495	12	6,507	3.00 - 3.90	EUR
Total subordinated deposits	15,363	24	15,387		

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The analysis of subordinated loans as at 31 December 2015:

Lenders	Loan amount, EUR'000	Accumulated interest, EUR'000	Total subordinated loans, EUR'000	Interest rate, %	Currency
non-residents	9,043	12	9,055	1.75 - 3.15	USD
non-residents	6,195	11	6,206	3.00 - 3.90	EUR
Total subordinated deposits	15,238	23	15,261		

The proportionate share of lenders (for each individual lender) does not exceed 10% of the total amount of the subordinated liabilities.

The remaining weighted average maturity of subordinated deposits from lenders is 3.1 (3.4) years.

Subordinated loans are included in the second tier of equity calculation and are stated at amortised cost. 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. Discount/ coupon rates and payment frequency are indicated in the final issue regulations, and no solvent issuers may annul coupon payments. If an issuer is dissolved, the payments are made in accordance with statutory requirements. More detailed information about the conditions of issues is available on the bank's website www.ablv.com and relevant final bond issue regulations.

Note 17

Paid-in share capital

As at 30 June 2016, the paid-in share capital of the bank amounted to EUR 38.0 (35.3) million. The par value of each share is EUR 1.0 (1.0).

The bank's share capital consists of 34 470 000 (31 770 000) ordinary registered voting shares and 3 530 000 (3 530 000) registered non-voting shares (personnel shares).

As at 30 June 2016, the bank had 138 (135) voting shareholders.

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

	30.06.2016		31.12.2015	
	Share of the bank's share capital, EUR'000	Share of the bank's voting capital, (%)	Share of the bank's share capital, EUR'000	Share of the bank's voting capital, (%)
Group of shareholders related to Ernests Bernis				
Ernests Bernis	1,701	4.93	1,568	4.93
Nika Berne	293	0.85	270	0.85
Cassandra Holding Company, SIA	12,924	37.49	11,864	37.34
Group of shareholders related to Ernests Bernis, total	14,918	43.27	13,702	43.12
Group of shareholders related to Olegs Fijs				
OF Holding, SIA	14,918	43.28	13,702	43.13
Group of shareholders related to Olegs Fijs, total	14,918	43.28	13,702	43.13
Other shareholders, total	4,634	13.45	4,366	13.75
Total voting shares	34,470	100.00	31,770	100.00
Non-voting shares (personnel shares)	3,530		3,530	
Total share capital	38,000		35,300	

In the reporting period, the bank issued 2 700 000 ordinary registered voting shares (based on the decisions of the ordinary shareholders' meeting of 07 April 2016). The par value of all the issued shares was EUR 1.0, while the emission price of each ordinary registered voting share was EUR 14.15, comprised of the par value of EUR 1.0 and the share premium of EUR 13.15. The issue was intended to ensure steady development of the group/ bank in the future.

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After this issue, share capital of the bank consisted of 34 470 000 name shares with voting rights and 3 530 000 personnel shares. All ordinary registered voting shares rank equal with respect to dividends, liquidation quota and voting rights in the Shareholders meeting. All personnel shares grant equal rights to dividends. Personnel shares do not grant any right to vote or receive liquidation quotas. Most of the issued voting shares have been acquired by the existing shareholders of the bank - Cassandra Holding Company, SIA and OF Holding, SIA.

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

	30.06.2016			31.12.2015		
	Number of employees	Number of personnel shares	Share of the bank's share capital, EUR'000	Number of employees	Number of personnel shares	Share of the bank's share capital, EUR'000
Chairman of the council and council members	3	-	-	3	-	-
Chairman of the board	1	-	-	1	-	-
Board members	6	1,705,000	1,705	6	1,633,800	1,634
Heads and deputy heads of divisions	26	1,775,000	1,775	21	1,566,200	1,566
Heads of departments	1	50,000	50	-	-	-
Non-distributed	-	-	-	-	330,000	330
Registered non-voting shares (personnel shares), total	x	3,530,000	3,530	x	3,530,000	3,530

Dividends declared and paid:

	EUR'000			
	Group		Bank	
	01.01.2016-30.06.2016	01.01.2015-30.06.2015	01.01.2016-30.06.2016	01.01.2015-30.06.2015
Dividends declared	69,414	58,753	68,835	58,444
Dividends paid	(69,419)	(58,752)	(68,840)	(58,443)

	EUR	
	Bank	
	01.01.2016-30.06.2016	01.01.2015-30.06.2015
Bank's share par value	1.00	1.00
Dividends declared per bank's value	1.95	1.79
Dividends paid per bank's value	1.95	1.79

Note 18

Funds under trust management

As at 30 June 2016, funds under trust management by the group amounted to EUR 222.0 (226.3) million, while funds under trust management by the bank amounted to EUR 28.4 (39.7) million. The bank's funds under trust management comprise loans issued from the funds specifically assigned by customers to the bank. Meanwhile, the group's funds under trust management also include funds of the customers of ABLV Asset Management, IPAS managed by the said company based on the customers' authorisation and the funds under trust management of ABLV Bank Luxembourg, S.A. More detailed information on the funds of the customers of ABLV Asset Management, IPAS is disclosed in Note 13. The related credit risk and other risks remain fully with the customer, which provided these funds to the group and/or the bank.

Note 19

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 group's/ 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 group/ 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:

	30.06.2016					31.12.2015				
	Shareholders	Management	Related companies	Associated companies	Other related individuals	Shareholders	Management	Related companies	Associated companies	Other related individuals
Assets										
Loans	2,988	1,817	9,258	8,299	8	29	2,318	9,263	9,838	109
Liabilities										
Deposits	12,450	5,158	7,467	2,198	4,044	3,111	2,255	9,988	7,737	1,884
Ordinary bonds	151	15	1,270	14,063	28	150	45	1,139	14,063	28
Subordinated bonds	-	6,780	1,120	3,691	969	-	5,081	1,096	1,748	820
Memorandum items										
Undrawn credit facilities and payment card limits	-	171	190	418	27	-	150	198	938	29
Guarantees	-	125	-	-	-	-	125	-	-	-
Income/ expense										
Interest income	60	25	93	161	2	12	33	2	148	1
Interest expense	(1)	(106)	(35)	(119)	(14)	(1)	(77)	(34)	(35)	(14)
Commission and fee income	17	12	25	29	2	4	12	22	284	2

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Bank's transactions with related parties:

	30.06.2016					31.12.2015				
	Shareholders	Management	Related companies	Subsidiaries	Other related individuals	Shareholders	Management	Related companies	Subsidiaries	Other related individuals
Assets										
Due from credit institutions	-	-	-	-	-	-	-	-	5,000	-
Loans	2,988	1,817	9,258	9,762	8	29	2,318	9,263	9,838	109
Liabilities										
Due to credit institutions	-	-	-	12,792	-	-	-	-	14,663	-
Deposits	12,450	5,095	7,467	16,995	4,039	3,111	2,245	9,988	26,317	1,884
Ordinary bonds	151	15	1,270	22,090	28	150	45	1,139	21,596	28
Subordinated bonds	-	6,780	1,120	3,691	969	-	5,081	1,096	1,748	820
Memorandum items										
Undrawn credit facilities and payment card limits	-	171	190	484	27	-	150	198	1,004	29
Guarantees	-	125	-	8	-	-	125	-	8	-
Income/ expense										
01.01.2016 - 30.06.2016										
01.01.2015 - 30.06.2015										
	Shareholders	Management	Related companies	Subsidiaries	Other related individuals	Shareholders	Management	Related companies	Subsidiaries	Other related individuals
Interest income	60	25	93	170	2	12	33	154	160	1
Interest expense	(1)	(106)	(35)	(154)	(14)	(1)	(77)	(69)	(33)	(14)
Income from dividends	-	-	-	5,243	-	-	-	-	8,971	-
Commission and fee income	-	8	4	405	1	-	8	14	704	2
Commission and fee expense	-	-	-	(3,040)	-	-	-	-	(3,274)	-
Other operating income	-	-	-	1,585	-	-	-	-	1,765	-
Recognised impairment, net	-	-	-	(5,983)	-	-	-	-	-	-

Remuneration paid to the management of the group and the bank for the reporting period was EUR 1.8 (1.1) million.

Information on registered non-voting shares (personnel shares) is presented in Note 17. Meanwhile, information on changes in investments in subsidiaries and associates is disclosed in Note 13.

Note 20

Segment information

The group and the bank believe that the group's operations can be organised into four segments based on the core business activities as follows: banking services, advisory services, investment management services, and management of repossessed properties 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 Holding Company, SIA, ABLV Corporate Services, SIA, ABLV Corporate Services, LTD, ABLV Advisory Services, SIA;
- investment management services: ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, ABLV Private Equity Management, SIA, PEM 1, SIA, ABLV Private Equity Fund 2010, KS, open-end mutual funds included in the group (see Note 13).
- management of repossessed properties and investments in real estate: Pillar Holding Company, KS, Pillar, SIA, Pillar 3, SIA, Pillar 4 & 6, SIA, Pillar 7 & 8, SIA, Pillar 9, SIA, Pillar 11, SIA, Pillar 2, 12 & 14 SIA, Pillar 18, SIA, Pillar 19, SIA, Pillar 20, SIA, Pillar 21, SIA, Pillar 22, SIA, Pillar Investment Group, SIA, Pillar Investment 1, SIA, Pillar Investment 2, SIA, Pillar Investment 3, SIA, New Hanza City, SIA, NHC Utilities, SIA, Pillar Management, SIA, Pillar RE Services, SIA, Pillar Contractor, SIA, Pillar Architekten, SIA.

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

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Analysis of the operating segments of the group:

	EUR'000					
	01.01.2016-30.06.2016					
	Banking	Investment management	Consultation services	Management of repossessed properties and investments in real estate	Excluded or corrected on consolidation	Group, total
Net interest income	31,316	(10)	-	40	(12)	31,334
incl. external transactions	31,334	-	-	-	-	
incl. Internal transactions	(18)	(10)	-	40		
Net commission income	18,085	3,655	(9)	(7)	1,531	23,255
incl. external transactions	20,850	2,411	(5)	(1)		
incl. Internal transactions	(2,765)	1,244	(4)	(6)		
Net result of transactions with securities and foreign exchange	35,673	234	405	51	(5,341)	31,022
incl. external transactions	30,421	239	(5)	1		
incl. Internal transactions	5,252	(5)	410	50		
Net other income/expenses	1,129	(88)	2,802	(2,508)	(3,266)	(1,931)
Personnel expense and other administrative expenses	(31,285)	(1,693)	(2,959)	(2,215)	2,554	(35,598)
Depreciation	(1,722)	(31)	(72)	(206)	-	(2,031)
Impairment allowance and other provisions	(6,793)	130	-	-	5,972	(691)
Corporate income tax	(875)	(279)	29	177	-	(948)
Total segment profit/ (loss)	45,528	1,918	196	(4,668)	1,438	44,412
						30.06.2016.
Total segment assets	4,411,809	25,627	2,695	161,580	(240,279)	4,361,432
Total segment liabilities	4,101,429	18,520	1,534	16,710	(67,394)	4,070,799

	EUR'000					
	01.01.2015 -30.06.2015					
	Banking	Investment management	Consultation services	Management of repossessed properties and investments in real estate	Excluded or corrected on consolidation	Group, total
Net interest income	30,364	384	3	36	(260)	30,527
incl. external transactions	30,030	497	-	-		
incl. Internal transactions	334	(113)	3	36		
Net commission income	20,599	5,739	(10)	(4)	1,823	28,147
incl. external transactions	23,433	4,719	(5)	-		
incl. Internal transactions	(2,834)	1,020	(5)	(4)		
Net result of transactions with securities and foreign exchange	21,256	683	276	(1)	(9,247)	12,967
incl. external transactions	12,176	695	(1)	(1)		
incl. Internal transactions	9,080	134	277			
Net other income/expenses	1,093	(80)	2,987	1,031	(4,451)	580
Personnel expense and other administrative expenses	(25,954)	(1,800)	(2,840)	(1,862)	2,291	(30,165)
Depreciation	(1,781)	(26)	(51)	(197)	-	(2,055)
Impairment allowance and other provisions	(682)	-	-	-	-	(682)
Corporate income tax	(2,348)	(601)	(30)	11	-	(2,968)
Total segment profit/ (loss)	42,547	4,299	335	(986)	(9,844)	36,351
						31.12.2015.
Total segment assets	5,047,508	22,253	2,961	152,743	(233,877)	4,991,588
Total segment liabilities	4,754,624	10,240	1,562	5,742	(57,909)	4,714,259

Note 21

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The group and the bank disclose the fair values of 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 available-for-sale financial assets, financial assets at fair value through profit or loss and held-to-maturity investments, is mostly defined based on quoted prices in an active market. Where no price is observable for some of these financial instruments, fair value is determined based on observable prices in a market, where no active trading is done – this is applicable to several debt securities and open-ended investment funds.

Finally, other valuation techniques are used for some financial assets which are not quoted in the market and for which no quoted prices for similar financial assets in active markets are available. Fair value of such financial instruments is estimated based on valuation models which are based on the assumptions and estimates regarding the potential future financials of the investment property, and the industry and geographical area risks in which the respective investment property operates. Fair value of derivatives is calculated based on the 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 prices.

The management of the bank and the group believe that the most credible market value of real estate was identified based on the evaluations presented by both external real estate appraisers and bank's real estate experts. Investment properties are valued on the basis of discounted cash flows. According to this approach, fair value is calculated based on assumptions regarding expected future cash flows from income and expense resulting from the holding of real estate during its life cycle, including the value of the property at the date of sale. These cash flows are discounted at a discount rate, which is equal to the market return from similar assets, to arrive at the present value. The selling value of the investment properties may differ from the market value as defined, if the market of such kind of properties is not properly developed in Latvia.

As regards other assets and liabilities for which fair value is disclosed and which have a short 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 a discount rate calculated according to the money market rates at the end of the period and loan interest margins.

The fair value of term deposits is estimated by discounting the expected cash flows at the average market interest rates prevailing at the end of the period.

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

	EUR'000			
	30.06.2016		31.12.2015	
Assets at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives	63	63	121	121
At fair value through profit or loss				
Financial assets at fair value through profit or loss	21,784	21,784	26,121	26,121
Available-for-sale				
Available-for-sale financial assets	1,250,010	1,250,010	1,833,073	1,833,073
Total assets at fair value	1,271,857	1,271,857	1,859,315	1,859,315
Assets at amortised cost				
Cash and deposits with central banks	230,259	230,259	449,136	449,136
Balances due from credit institutions	728,950	728,950	669,980	669,980
Loans	984,042	983,224	874,003	873,744
Held-to-maturity investments	1,016,318	1,067,828	1,015,047	1,029,737
Investment properties	28,717	28,717	22,976	22,976
Other financial assets	3,238	3,238	1,465	1,465
Total assets at amortised cost	2,991,524	3,042,216	3,032,607	3,047,038
Liabilities at fair value				
Derivatives	18	18	365	365
Group's consolidated fund shares owned by 3rd parties	4,025	4,025	4,088	4,088
Total liabilities at fair value	4,043	4,043	4,453	4,453
Liabilities at amortised cost				
Financial liabilities at amortised cost	4,052,480	4,048,372	4,696,695	4,692,565
Total liabilities at amortised cost	4,052,480	4,048,372	4,696,695	4,692,565

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

	EUR'000			
	30.06.2016		31.12.2015	
Assets at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives	63	63	121	121
At fair value through profit or loss				
Financial assets at fair value through profit or loss	19,444	19,444	22,286	22,286
Available-for-sale				
Available-for-sale financial assets	1,200,373	1,200,373	1,780,554	1,780,554
Total assets at fair value	1,219,880	1,219,880	1,802,961	1,802,961
Assets at amortised cost				
Cash and deposits with central banks	226,631	226,631	448,187	448,187
Balances due from credit institutions	686,502	686,502	671,772	671,772
Loans	985,428	984,610	873,499	873,240
Held-to-maturity investments	957,329	1,008,091	965,253	980,771
Investment properties	25,063	25,063	25,069	25,069
Other financial assets	2,675	2,675	606	606
Total assets at amortised cost	2,883,628	2,933,572	2,984,386	2,999,645
Liabilities at fair value				
Derivatives	18	18	365	365
Total liabilities at fair value	18	18	365	365
Liabilities at amortised cost				
Financial liabilities at amortised cost	3,935,928	3,931,762	4,634,963	4,630,767
Total liabilities at amortised cost	3,935,928	3,931,762	4,634,963	4,630,767

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 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 may contain liquid securities and exchange traded derivatives. Level 2 instruments may contain securities that do not have an active market, standardised OTC derivatives and foreign exchange transactions as well as certain open-ended investment funds. Level 3 instruments contain certificates of venture capital funds, investment properties, term deposits and loans. For valuation methods and assumptions, please see the description above.

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

	30.06.2016				31.12.2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Derivatives	-	63	-	63	4	117	-	121
Financial assets at fair value through profit or loss	4,612	17,172	-	21,784	19,504	6,617	-	26,121
Available-for-sale financial assets	1,172,087	75,139	2,784	1,250,010	1,760,689	59,687	12,697	1,833,073
Total assets at fair value	1,176,699	92,374	2,784	1,271,857	1,780,197	66,421	12,697	1,859,315
Assets at amortised cost								
Loans	-	-	984,042	984,042	-	-	874,003	874,003
Held-to-maturity investments	998,988	16,987	343	1,016,318	996,477	18,240	330	1,015,047
Investment properties	-	-	28,717	28,717	-	-	22,976	22,976
Total assets at amortised cost	998,988	16,987	1,013,102	2,029,077	996,477	18,240	897,309	1,912,026
Liabilities at fair value								
Derivatives	13	5	-	18	-	365	-	365
Group's consolidated fund shares owned by 3rd parties	-	4,025	-	4,025	-	4,088	-	4,088
Total liabilities at fair value	13	4,030	-	4,043	-	4,453	-	4,453
Liabilities at amortised cost								
Financial liabilities at amortised cost	-	616,918	71,617	688,535	-	741,687	68,734	810,421
Total liabilities at amortised cost	-	616,918	71,617	688,535	-	741,687	68,734	810,421

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

	30.06.2016				31.12.2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Derivatives	-	63	-	63	4	117	-	121
Financial assets at fair value through profit or loss	4,612	14,832	-	19,444	3,545	18,741	-	22,286
Available-for-sale financial assets	1,127,474	70,115	2,784	1,200,373	1,718,362	49,495	12,697	1,780,554
Total assets at fair value	1,132,086	85,010	2,784	1,219,880	1,721,911	68,353	12,697	1,802,961
Assets at amortised cost								
Loans	-	-	985,428	985,428	-	-	873,499	873,499
Held-to-maturity investments	939,999	16,987	343	957,329	946,683	18,240	330	965,253
Investment properties	-	-	25,063	25,063	-	-	25,069	25,069
Total assets at amortised cost	939,999	16,987	1,010,834	1,967,820	946,683	18,240	898,898	1,863,821
Liabilities at fair value								
Derivatives	13	5	-	18	-	365	-	365
Total liabilities at fair value	13	5	-	18	-	365	-	365
Liabilities at amortised cost								
Financial liabilities at amortised cost	-	624,945	71,120	696,065	-	749,221	68,683	817,904
Total liabilities at amortised cost	-	624,945	71,120	696,065	-	749,221	68,683	817,904

The analysis of fair value measurement's hierarchy of assets does not include cash on hands, deposits with central banks, balances due from credit institutions and other financial assets, due to the fact that these assets have not differences between the carrying amount and fair value in terms of short residual maturity. The analysis of fair value measurement's hierarchy of liabilities, which are not recognized at fair value, does not include demand deposits amounted to 3.36 (3.89) billion EUR in the group and demand deposits amounted to 3.24 (3.82) billion EUR in the bank, as these liabilities do not have differences between carrying amount and fair value.

Analysis of changes in the group's/ bank's financial instruments of Level 3:

					EUR'000
Assets at fair value	30.06.2016	Redemption	Recognition	Change of revaluation reserve	31.12.2015
Available-for-sale financial assets	2,784	(12,274)	2,214	147	12,697
Total assets at fair value	2,784	(12,274)	2,214	147	12,697

					EUR'000	
Assets at fair value	30.06.2015	Redemption	Impairment	Acquisition	Effect of foreign exchange	31.12.2014
Available-for-sale financial assets	847	(17)	(415)	96	61	1,122
Total assets at fair value	847	(17)	(415)	96	61	1,122

Note 22

Capital management and capital adequacy

The primary objective of the group's and bank's capital management is to ensure that the group and the bank comply with externally imposed capital requirements and maintain healthy capital ratios in order to support their business and maximise the shareholders' value.

In reporting period, the goals of the group's and bank's capital management are consistent with those of the previous years. According to Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (hereinafter referred to as "the Regulation") the group and the bank use the Standardised Approach for credit risk and market risk capital requirements, the Basic Indicator Approach for operational risk capital requirement, and the Standardised Approach to calculate the capital requirement for credit valuation adjustment (CVA) risk of OTC derivatives.

Capital adequacy refers to the sufficiency of the group's and bank's capital resources to cover credit risk, operational risk, and market risks.

Pursuant to the provisions of the Credit Institution Law, the requirements on countercyclical capital buffer became effective on 1 January 2016. The group and the bank calculate the countercyclical capital buffer requirement and ensure that common equity Tier 1 capital (CET1) is sufficient for covering specific countercyclical capital buffer.

In the reporting period, EC Delegated Regulation (EU) 2016/101, determining the principles for calculating the additional valuation adjustment (AVA), became effective. The group and the bank apply simplified approach to determine the additional valuation adjustment. According to this approach, the additional valuation adjustment is calculated as 0.1% of the sum of the absolute value of fair-valued assets and liabilities.

The reserve capital is the value of the group's and bank's property, which, following the defined procedure, is accrued to cover unexpected losses or for other financing needs, based on the decision of the shareholders' meeting. There are no legal restrictions on utilisation of the reserves.

Apart from the calculation of the minimum capital adequacy ratio, the bank documents and assesses internal capital adequacy. The internal capital adequacy assessment (ICAAP) procedure performed by the bank comprises both quantitative capital adequacy assessment and qualitative aspects, including long-term business planning and formulation of the development strategy, identification of material risks, determination of acceptable risk exposure, development and improvement of risk management systems, as well as identification and control of risks inherent in the bank's business (risk profile) on an ongoing basis.

The methods employed for the ICAAP purposes and the calculation procedure are detailed in the Statement on Information Disclosure published on the bank's website www.ablv.com.

It is specified in the Regulation that Common equity Tier 1 capital ratio (CET1) should be 4.5%, Tier 1 capital ratio should be 6.0% and the Total capital ratio should be at least 8.0%. In addition, a capital conservation buffer of 2.5% has been set. The group and the bank are in compliance with the requirements of the Regulation.

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Own funds and capital requirements:

	EUR'000			
	Group*	Group*	Bank	Bank
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Tier 1				
paid-in share capital	35,300	35,300	35,300	35,300
share premium	96,918	96,918	96,918	96,918
reserve capital and other reserves	2,134	2,134	2,134	2,134
retained earnings	63,105	72,188	68,769	68,565
intangible assets	(5,978)	(6,333)	(5,719)	(6,036)
revaluation reserve of available-for-sale financial assets	5,447	3,784	5,387	3,799
non-controlling interests	419	558	-	-
additional valuation adjustment	(770)	-	(740)	-
Total Tier 1	196,575	204,549	202,049	200,680
Common equity tier 1 capital (CET1)	196,575	204,549	202,049	200,680
Additional Tier 1 capital	-	-	-	-
Tier 2				
subordinated capital	123,173	120,323	123,173	120,323
Total Tier 2 capital	123,173	120,323	123,173	120,323
Total own funds	319,748	324,872	325,222	321,003
Capital requirement				
Capital requirement for credit risk	136,762	125,680	136,389	125,612
Total capital requirement for market risks	6,385	7,240	6,381	7,240
incl. capital requirement for foreign currency risk	741	496	737	496
incl. capital requirement for position risk	5,644	6,744	5,644	6,744
Capital requirement for counterparty credit risk	8	11	8	11
CVA	2	3	2	3
Capital requirement for operational risk	22,774	20,907	17,601	15,867
Total capital requirement	165,931	153,841	160,381	148,733
Common equity tier 1 capital ratio (CET1) (%)	9.48	10.64	10.08	10.79
Total capital ratio (%)	15.42	16.89	16.22	17.27

* the group composition conforms to the Regulation requirements; the differences from the IFRS requirements are indicated in the Statement of Information Disclosure available at the bank's website www.ablv.com.

Note 23

Litigation and claims

At the end of 2015, the FCMC initiated an administrative matter, and on 26 May this year the FCMC and ABLV Bank entered into the administrative agreement, reaching the amicable settlement to terminate the initiated matter.

According to the administrative agreement, a fine was applied to the bank and warning was given to the responsible member of the bank's board. Determining the amount of fine to be applied, the FCMC took into account that ABLV Bank complies with all regulatory requirements and continues improvement of its internal control system, and therefore the fine amount was set to be a minor one, i.e., EUR 3.17 million, which corresponds to 2.5% of the bank's total income for the year. Pursuant to the Credit Institution Law, the FCMC was able to apply the fine of up to 10% of the bank's total net income for the previous financial year.

The parties to the administrative agreement have agreed upon further measures that the bank committed to take in full within the set terms in order to improve the internal control system and to strengthen its efficiency. In turn, the FCMC will monitor the bank's performance of assumed obligations within the terms and to the extent set forth in the agreement.

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 30 June 2016 will not result in material losses for the bank and/ or the group.

Note 24

Events after the reporting date

As of the signing date of these statements, there have been no events since the last day of the reporting period requiring adjustment of or disclosure in these interim condensed consolidated financial statements, except those stated below. On 13 July 2016, the bank obtained the ECB's permit to qualify the par value and respective share premium of shares issued in the reporting period as CET 1. The bank's equity was increased by EUR 38.2 million and respectively common equity Tier 1 capital (CET1) increased by 1.9 %.