



A B L V

# ABLV Bank, AS in liquidation

## Interim Condensed Non-audited Consolidated and Separate Financial Statements

for the nine-month period ended 30 September 2019

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# Liquidation Committee Report

Ladies and Gentlemen, dear Shareholders, Creditors and Employees of ABLV Bank, AS in liquidation,

Since 12 June 2018 the commencement of liquidation of the ABLV Bank, AS, it is managed by its decision-making body – the Liquidation Committee, which currently consists of four liquidators. In the third quarter of 2019, the Liquidation Committee of ABLV Bank, AS in liquidation (hereinafter – the Company) continued the liquidation and work in close cooperation with all the involved parties, including various state institutions, ensuring professional management, transparency and openness of the liquidation process under the supervision of the Financial and Capital Market Commission (hereinafter – the FCMC).

In accordance with the Commercial Law, the Liquidation Committee has all the rights and obligations of the board of directors and the council of the joint stock company, which are not in contradiction with the purpose of liquidation. The liquidators collect debt, sell the property of the Company and satisfy creditor claims. At the same time, the liquidators are allowed to conclude only such transactions that are necessary for the liquidation of the Company.

The objective of liquidation process remains unchanged – to satisfy the recognised claims of all Company's creditors to full extent, unless there are legal obstacles precluding the disbursements.

In the reporting period creditor review process was commenced in accordance with the Methodology for AML/CFT/IS Compliance Monitoring Process approved by the FCMC on 6 March 2019. The reviews are carried out by a team of Ernst&Young consultants comprised of experts from five countries. In order to fulfil its tasks, Ernst&Young introduced appropriate IT tools, developed necessary procedures and formed a team of specialists, which was trained in application of the Methodology, while the Company implemented all the necessary support procedures. Currently, several hundreds of creditors are being reviewed.

On the grounds of the first results of the review, payout to creditors began in October in the order set forth by the Credit Institution Law starting with the groups of creditors consisting of 866 creditors with a total amount of recognised claims EUR 347 million. These groups are comprised of depositors that are natural persons, as well as small and medium-sized enterprises, state institutions.

Meanwhile, until the end of September 2019 the guaranteed compensations were paid to more than 13,700 clients. So far, EUR 440 million have been disbursed to clients in the form of guaranteed compensations, which is 91% of the total amount transferred by the Company to the Deposit Guarantee Fund.

By 30 September 2019, the Liquidation Committee has recovered assets in the amount of EUR 686 million, including EUR 391 million from the issued loans, and EUR 269 million from the securities, thus reducing the size of securities portfolio to EUR 35 million.

The amount of Company's assets is sufficient to cover all creditor claims in full, which was the most significant prerequisite for the regulators (the European Central Bank and the FCMC) to approve the voluntary liquidation. At the end of the reporting period, 81% of all creditor claims are ensured by the recovered assets held with Latvijas Banka (incl. assets in fiduciary accounts). In order to recover the remaining assets necessary for satisfaction of creditor claims, the professional management of the EUR 452 million loan portfolio and the EUR 144 million investments in the subsidiaries is critical. In order to improve the governance, investment management, operational efficiency and the value of recovered assets, the Liquidation Committee has started to assess merger and reorganisation possibilities of its subsidiaries.

As a result of a successful management of assets and professional work under the leadership of the Liquidation Committee, during 15 months since the commencement of voluntary liquidation the capital of Company's shareholders has decreased only by 6%: from EUR 310 million to EUR 291 million mainly by making accruals which reflect the decrease in the value of Company's assets in accordance with the IFRS requirements.

The key financial indicators as of 30 September 2019 are the following:

- total amount of assets: EUR 2.4 billion;
- creditor claims lodged: EUR 2.0 billion;
- total assets recovered: EUR 686 million
- available cash: EUR 1.66 billion
- capital and reserves: EUR 290.8 million.

In order to protect the interests of clients and shareholders, as well as due to significant financial losses over extensive period of time, the Company made a decision to support commencement of liquidation of its subsidiary ABLV Bank Luxembourg, S.A. Subsequently, on 2 July 2019 the Luxembourg Commercial Court decided to lift the protection mechanism previously imposed on ABLV Bank Luxembourg, S.A. and to commence its liquidation. In accordance with the court decision, creditors can lodge their claims against ABLV Bank Luxembourg, S.A., by 10 January 2020.

Furthermore, liquidation of the Company's subsidiary ABLV Capital Markets, AS started on 3 July 2019. ABLV Capital Markets, AS has not been servicing its clients since April 2019.

As part of liquidation, further changes in Company's organisational structure were made also in the third quarter of 2019 to reflect termination of employment with persons whose functions are no longer necessary in the liquidation process. At the end of September, the number of the Company's employees was 284 (in the beginning of 2018 – 676).

In order to increase the availability of information about operational results of the Company and the liquidation process, as of this reporting period, in addition to the monthly reports the Liquidation Committee will also publish a condensed interim financial report on a quarterly basis.

Given that the liquidation process of the Company is a great challenge for all the involved parties, since Latvia has never before experienced a liquidation of such a scale, we would like to thank Company's creditors, shareholders and employees for their patience, understanding and support in this complicated liquidation process!

**Arvīds Kostomārovs**

Liquidator of ABLV Bank, AS in liquidation

**Andris Kovaļčuks**

Liquidator of ABLV Bank, AS in liquidation

Rīga, 22 November 2019

# Information about the Management

## Structure of the Liquidation Committee

### Liquidators:

	<b>term of office:</b>
Arvīds Kostomārovs	since 13.06.2018.
Andris Kovaļčuks	since 13.06.2018.
Lauma Bērziņa	since 06.02.2019.
Ringolds Balodis	since 06.02.2019.

### **Term of office from 13.06.2018 to 06.02.2019:**

Elvijs Vēbers

### **Term of office from 13.06.2018 to 31.05.2019:**

Eva Berlaus

On 5 February 2019, shareholders of the Company at their extraordinary meeting decided to remove from office liquidator Elvijs Vēbers as of 6 February 2019 and to appoint Lauma Bērziņa and Ringolds Balodis as liquidators of the Company.

On 28 May 2019, shareholders of the Company at their extraordinary meeting decided to remove from office liquidator Eva Berlaus after 31 May 2019 - last day in position.

## Statement of the Management's (Liquidators) Responsibility

The liquidators of ABLV Bank, AS in liquidation are responsible for preparation of the interim condensed financial statements for the nine-month period of the Company as well as for preparation of the consolidated interim condensed financial statements of the Company and its subsidiaries (hereinafter – the Group).

The liquidators are responsible for ensuring of an appropriate accounting system, maintenance, preservation and protection of the Company's and the Group's assets and property, the development of policies for the Company's and the Group's operations, personnel, asset recovery as well as detection and prevention of violations committed within the Company and the Group. The liquidators are also responsible for supervision of compliance with the Credit Institutions Law of the Republic of Latvia and other legislation of the Republic of Latvia applicable to the credit institution in liquidation, as well as binding European Union legislation.

The interim condensed financial statements for the nine-month period and notes thereto set out on pages 12 to 29 are prepared in accordance with the source documents: they present truly and fairly the financial position of the Group and the Company as of 30 September 2019 and 31 December 2018, and the results of operations of the Group and the Company, changes in the shareholder's equity and cash flows for the nine-month periods ended 30 September 2019 and 30 September 2018.

These interim condensed financial statements for the nine-month period are prepared in conformity with IAS 34 International Financial Reporting Standards as adopted by the European Union, with the assumptions that the Company and accordingly the Group will not continue their operations in the future. The gone concern principle is applied due to the Company's liquidation approved by the FCMC on 12 June 2018. Meanwhile many Company's subsidiaries which are a part of the Group continue their operations and are included in these consolidated financial statements based on going concern principle. Explanatory information on recognition principles for all subsidiaries is provided in Note 7. Decisions taken by the liquidators in the preparation of these financial statements and estimates made to determine the financial position as of 30 September 2019 have been made to be prudent and reasonable.

**Arvīds Kostomārovs**  
Liquidator of ABLV Bank, AS in liquidation

**Andris Kovaļčuks**  
Liquidator of ABLV Bank, AS in liquidation

Riga, 22 November 2019

# Interim Condensed Statements of Comprehensive Income

	EUR'000			
	Group		Company	
Note	01.01.2019.– 30.09.2019.	01.01.2018.– 30.09.2018.	01.01.2019.– 30.09.2019.	01.01.2018.– 30.09.2018.
Interest income	18,051	38,735	17,510	36,478
Interest expense	(754)	(11,533)	-	(10,084)
<b>Net interest income</b>	<b>17,297</b>	<b>27,202</b>	<b>17,510</b>	<b>26,394</b>
Commission and fee income	2,428	8,708	1,124	4,813
Commission and fee expense	(298)	(1,192)	(64)	(1,921)
<b>Net commission and fee income</b>	<b>2,130</b>	<b>7,516</b>	<b>1,060</b>	<b>2,892</b>
Net gain from transactions with financial instruments	3,913	(3,326)	2,984	(2,315)
Net result from transaction with repossessed real estate	(1,367)	(896)	-	-
Other income	7,465	10,982	1,453	2,344
Other expense	(7,896)	(13,503)	(126)	(721)
Dividend income	45	72	200	72
Impairment allowance for loans	2,302	(7,318)	2,315	(7,288)
Impairment allowance for investments in subsidiaries	7	-	(6,482)	(7,513)
Other impairment	66	(292)	65	(293)
Impairment allowance for financial instruments	13	133	-	-
Personnel expense	3	(17,633)	(12,584)	(19,685)
Other administrative expense	3	(12,403)	(10,659)	(11,722)
Amortisation and depreciation	(1,618)	(2,756)	(1,036)	(2,196)
<b>(Loss)/profit before corporate income tax</b>	<b>(7,686)</b>	<b>(22,594)</b>	<b>(5,300)</b>	<b>(20,031)</b>
Corporate income tax	(11)	(57)	(7)	(47)
<b>Net (loss)/profit for the reporting period</b>	<b>(7,697)</b>	<b>(22,651)</b>	<b>(5,307)</b>	<b>(20,078)</b>
Attributable to:				
Shareholders of the Company	(7,848)	(22,847)		
Non-controlling interests	151	196		
<b>Other comprehensive income which has been or is to be reclassified to profit or loss</b>				
Changes in revaluation reserve of financial assets at fair value through other comprehensive income	4	-	-	-
Reclassification result of financial assets at fair value through other comprehensive income	(23)	-	-	-
Change to income statement as a result of sale of financial assets at fair value through other comprehensive income	19	-	-	-
<b>Other comprehensive income which has been or is to be reclassified to profit or loss, total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income in the reporting period not recognized through profit / loss</b>				
Changes in revaluation reserve of capital securities measured at fair value through other comprehensive income	298	38	259	38
<b>Total other comprehensive income in the reporting period not recognized through profit / loss</b>	<b>298</b>	<b>38</b>	<b>259</b>	<b>38</b>
<b>Total amount of other comprehensive income</b>	<b>298</b>	<b>38</b>	<b>259</b>	<b>38</b>
<b>Total amount of comprehensive income</b>	<b>(7,399)</b>	<b>(22,613)</b>	<b>(5,048)</b>	<b>(20,040)</b>
Attributable to:				
Shareholders of the Company	(7,550)	(22,809)		
Non-controlling interests	151	196		

**Arvids Kostomārovs**  
Liquidator of ABLV Bank, AS in liquidation

**Andris Kovaļčuks**  
Liquidator of ABLV Bank, AS in liquidation

Riga, 22 November 2019

## Interim Condensed Statements of Financial Position

		EUR'000			
		Group	Group	Company	Company
<b>Assets</b>	Note	30.09.2019.	31.12.2018.	30.09.2019.	31.12.2018.
Cash on hand		13,348	9,335	13,346	9,332
Balances due from credit institutions	4	1,771,554	1,391,389	1,676,163	1,378,915
Investments in financial instruments	5	101,785	94,996	34,938	107,446
Loans	6	448,326	657,960	452,211	662,037
Investments in subsidiaries and associates	7	8,978	9,180	143,683	160,469
Investment property		106,465	101,289	-	-
Property and equipment		5,905	6,516	1,595	2,398
Intangible assets		2,776	3,386	2,732	3,362
Corporate income tax asset		2,640	3,186	2,606	2,606
Repossessed real estate		21,008	28,436	-	-
Other assets	9	8,626	13,789	28,599	20,911
Non-current investments held for sale	8	1,616	174,378	1,590	9,362
<b>Total assets</b>		<b>2,493,027</b>	<b>2,493,840</b>	<b>2,357,463</b>	<b>2,356,838</b>
<b>Liabilities</b>					
Creditors' claims	10	2,137,992	1,985,708	2,058,366	2,041,512
Balances due to credit institutions		6,275	6,844	-	396
Issued securities	11	9,912	9,850	-	-
Corporate income tax liabilities		-	1	-	-
Other liabilities		31,748	23,539	8,279	19,134
Liabilities directly related to non-current investments held for sale	8	-	153,423	-	-
<b>Total liabilities</b>		<b>2,185,927</b>	<b>2,179,365</b>	<b>2,066,645</b>	<b>2,061,042</b>
<b>Shareholders' equity</b>					
Paid-in share capital	13	42,080	42,080	42,080	42,080
Share premium		179,295	179,295	179,295	179,295
Reserve capital		2,134	2,134	2,134	2,134
Revaluation reserve		3,371	3,073	3,332	3,073
Retained earnings		83,545	112,894	69,284	96,727
(Loss)/profit for the reporting period		(7,848)	(29,346)	(5,307)	(27,513)
<b>Attributable to the shareholders of the Company</b>		<b>302,577</b>	<b>310,130</b>	<b>290,818</b>	<b>295,796</b>
<b>Non-controlling interest</b>		<b>4,523</b>	<b>4,345</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>		<b>307,100</b>	<b>314,475</b>	<b>290,818</b>	<b>295,796</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,493,027</b>	<b>2,493,840</b>	<b>2,357,463</b>	<b>2,356,838</b>

**Arvīds Kostomārovs**

Liquidator of ABLV Bank, AS in liquidation

**Andris Kovaļčuks**

Liquidator of ABLV Bank, AS in liquidation

Riga, 22 November 2019



## Interim Condensed Statement of Changes in Shareholders' Equity of the Group

	EUR'000							
	Paid-in share capital	Share premium	Reserve capital	Other reserves	Retained earnings	Attributable to the shareholders of the Company	Non- controlling interest	Total shareholders' equity
<b>01.01.2018.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,222</b>	<b>2,631</b>	<b>112,862</b>	<b>339,090</b>	<b>4,094</b>	<b>343,184</b>
Net (loss) / profit for the reporting period	-	-	-	-	(22,847)	(22,847)	196	(22,651)
Other comprehensive income/(expense) for reporting period	-	-	-	69	-	69	-	69
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>(22,847)</b>	<b>(22,778)</b>	<b>196</b>	<b>(22,582)</b>
Reclassification in reserves	-	-	(88)	88	-	-	-	-
Trade result of equity securities measured at fair value through other comprehensive income	-	-	-	(31)	31	-	-	-
<b>30.09.2018.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>2,757</b>	<b>90,046</b>	<b>316,312</b>	<b>4,290</b>	<b>320,602</b>
<b>01.01.2019.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>3,073</b>	<b>83,547</b>	<b>310,129</b>	<b>4,345</b>	<b>314,474</b>
Net profit/(loss) for the reporting period	-	-	-	-	(7,848)	(7,848)	151	(7,697)
Other comprehensive income/(expense) for the reporting period	-	-	-	323	-	323	-	323
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323</b>	<b>(7,848)</b>	<b>(7,525)</b>	<b>151</b>	<b>(7,374)</b>
Changes of non-controlling interest	-	-	-	-	(27)	(27)	27	-
Trade result of equity securities measured at fair value through other comprehensive income	-	-	-	(25)	25	-	-	-
<b>30.09.2019.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>3,371</b>	<b>75,697</b>	<b>302,577</b>	<b>4,523</b>	<b>307,100</b>

**Arvīds Kostomārovs**  
Liquidator of ABLV Bank, AS in liquidation

**Andris Kovaļčuks**  
Liquidator of ABLV Bank, AS in liquidation

Rīga, 22 November 2019

## Interim Condensed Statement of Changes in Shareholders' Equity of the Company

	EUR'000					
	Paid-in share capital	Share premium	Reserve capital	Revaluation reserve and other reserves	Retained earnings	Total shareholders' equity
<b>01.01.2018.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>2,720</b>	<b>96,721</b>	<b>322,950</b>
Net (loss) / profit for the reporting period	-	-	-	-	(20,077)	(20,077)
Other comprehensive income/(expense) for reporting period	-	-	-	69	-	69
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>(20,077)</b>	<b>(20,008)</b>
Trade result of equity securities measured at fair value through other comprehensive income	-	-	-	(31)	31	-
<b>30.09.2018.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>2,758</b>	<b>76,675</b>	<b>302,942</b>
<b>01.01.2019.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>3,073</b>	<b>69,214</b>	<b>295,796</b>
Net (loss) / profit for the reporting period	-	-	-	-	(5,307)	(5,307)
Other comprehensive income/(expense) for the reporting period	-	-	-	329	-	329
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>329</b>	<b>(5,307)</b>	<b>(4,978)</b>
Trade result for equity securities measured at fair value through other comprehensive income	-	-	-	(70)	70	-
<b>30.09.2019.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>3,332</b>	<b>63,977</b>	<b>290,818</b>

**Arvīds Kostomārovs**  
Liquidator of ABLV Bank, AS in liquidation

**Andris Kovaļčuks**  
Liquidator of ABLV Bank, AS in liquidation

Riga, 22 November 2019

## Interim Condensed Statements of Cash Flows

	EUR'000			
	Group	Group	Company	Company
	01.01.2019.– 30.09.2019.	01.01.2018.– 30.09.2018.	01.01.2019.– 30.09.2019.	01.01.2018.– 30.09.2018.
<b>Cash flows from operating activities</b>				
(Loss)/profit before corporate income tax	(7,686)	(22,594)	(5,300)	(20,031)
Dividend income	(45)	(72)	(200)	(72)
Amortisation and depreciation	1,618	2,756	1,036	2,196
Impairment of assets	(2,381)	7,477	4,102	15,094
(Income) / expense on investment based on equity method	74	335	-	-
Los/(profit) on financial assets at fair value	4,235	9,838	167	2,454
Interest (income)	(18,051)	(38,735)	(17,510)	(36,478)
Interest expense	754	11,533	-	10,084
<b>Net cash flows from operating activities before changes in assets and liabilities</b>	<b>(21,482)</b>	<b>(29,462)</b>	<b>(17,705)</b>	<b>(26,753)</b>
Decrease/(increase) in due from credit institutions	915	20,666	915	10,214
Decrease/(increase) in loans	235,595	201,589	220,952	202,332
Decrease/(increase) in financial assets at fair value through profit or loss	133,128	1,460,777	70,304	1,452,521
Decrease/(increase) in other assets	10,022	(7,254)	(4,091)	(9,937)
Increase/(decrease) in balances due to credit institutions	(568)	(45,134)	(396)	(48,000)
Increase/(decrease) in creditors claims	11,997	(970,108)	432	(939,967)
Increase/(decrease) in other liabilities	5,736	(2,870)	(4,836)	(5,447)
<b>Net cash flows from operating activities before corporate income tax</b>	<b>375,343</b>	<b>628,204</b>	<b>265,575</b>	<b>634,963</b>
Interest received in the reporting period	18,495	48,330	17,945	45,390
Interest (paid) in the reporting period	(773)	(10,590)	-	(9,142)
Corporate income tax received/(paid)	632	(1,141)	-	(889)
<b>Net cash flows from operating activities</b>	<b>393,697</b>	<b>664,803</b>	<b>283,520</b>	<b>670,322</b>
<b>Cash flows from investing activities</b>				
(Purchase) of financial assets at fair value through other comprehensive income	(9,497)	-	-	-
Sale of financial assets at fair value through other comprehensive income	2,502	-	2,502	-
(Purchase) of intangible and tangible assets and investment properties	(8,953)	(13,509)	-	(1,221)
Sale of intangible and tangible assets	202	2,095	592	1,593
Dividends received	45	72	200	72
Decrease in investments in subsidiaries and associated companies	-	-	8,094	100
(Increase) in investments in subsidiaries and associated companies	-	-	-	(11,740)
<b>Net cash flows from investing activities</b>	<b>(15,701)</b>	<b>(11,342)</b>	<b>11,388</b>	<b>(11,196)</b>
<b>Cash flows from financing activities</b>				
(Repurchase) of issued securities	-	(93,701)	-	(107,969)
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>(93,701)</b>	<b>-</b>	<b>(107,969)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>377,996</b>	<b>559,760</b>	<b>294,908</b>	<b>551,157</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,399,809</b>	<b>623,342</b>	<b>1,387,332</b>	<b>625,863</b>
Result from revaluation of foreign currency positions	7,097	(15,913)	7,269	(17,015)
<b>Cash and cash equivalents at the end of the period</b>	<b>1,784,902</b>	<b>1,167,189</b>	<b>1,689,509</b>	<b>1,160,005</b>

**Arvīds Kostomārovs**  
Liquidator of ABLV Bank, AS in liquidation

**Andris Kovaļčuks**  
Liquidator of ABLV Bank, AS in liquidation

Riga, 22 November 2019

## Notes to the Interim Condensed Financial Statements

### Note 1

#### General information

ABLV Bank, AS in liquidation Reg. No. 50003149401 was registered in Aizkraukle, Republic of Latvia, on 17 September 1993, as a joint stock company. In the reporting period the official legal address of the Company is changed from Elizabetes Street 23, Riga, LV-1010, Latvia to Building 1 at 7 Skanstes St., Riga, LV-1013 which is the actual address of the Company as well.

FinCEN announcement of 13 February 2018 resulted in the Company's operation being hampered. FCMC Board made Decision "On the Unavailability of Deposits" on 23 February 2018. For protection of clients and creditors, on 26 February 2018 shareholders of the Company made the decision to go into the voluntary liquidation and on 12 June 2018, the FCMC approved the Company's voluntary liquidation. On 11 July 2018, the ECB adopted a decision to cancel the license of ABLV Bank, AS in liquidation. This decision came into force on 12 July 2018.

On 6 March 2019, the Council of FCMC approved the Methodology for AML/CFT/IS Compliance Monitoring Process.

Information on the Company's business activity is included in the Liquidation Committee Report, as well as on the Company's website <https://www.ablv.com/lv/legal-latest-news/ablv-bank-self-liquidation>.

These interim condensed consolidated and separate financial statements contain the financial information for nine month period ended 30 September 2019 about ABLV Bank, AS in liquidation and its subsidiaries. The Company is the parent entity of the Group.

The list of all group's subsidiaries is presented in Note 7.

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

These interim condensed consolidated and separate financial statements for nine-month period ended 30 September 2019 of the Group have not been audited.

## Note 2

### Information on principal accounting policies

#### a) Basis of Preparation

These interim condensed consolidated and separate financial statements for the nine-month period are based on the accounting records made pursuant to the legislative requirements and prepared based on the statutory accounting registers and in accordance with the IAS 34 approved in the European Union. Given that after the commencement of the liquidation of the Company on 12 June 2018 neither the Company, nor the Group is subject to going concern principle, which affects the principles of presentation of the financial data in these interim financial reports for interim period of the Group and the Company for the nine-month period ended 30 September 2019.

The financial statements for nine-month period ended 30 September 2019 are prepared in accordance with IFRS as adopted by the European Union, as long as upon applying them the information provided in the financial report can be assessed with maximum precision in accordance with the going concern principle, where the financial assets and financial liabilities of the Company are presented in accordance with the IFRS 9 requirement, while other assets and liabilities – in accordance with the historical cost, deducting the recognised impairment losses in order to present the estimated recoverable value of the assets that is planned to be recovered under normal market conditions assuming that the process of sale of the assets is open, transparent and participated by several parties. The value of assets is not recognized as fire sale value.

The financial statements provide a structured overview of the financial position and financial results of the Group and the Company.

Reserve capital is a value of Group's/Company's property to cover according to a procedure previously unexpected accumulated losses and to fund other needs as they arise. There are no legal restrictions on utilisation of the reserves. Decision on the use of reserve capital can be made by a shareholders' meeting.

The comparative financial data included in these interim condensed consolidated and separate financial statements i.e. information in the brackets in the notes as of 31 December 2018 are prepared in accordance with the provisions of report consolidated and separate financial statements as of 31 December 2018, but financial indicators and information in the brackets in the notes for the nine-month period ended 30 September.

The accounting and functional currency of the Company and its subsidiaries is EUR. The reporting currency of the Group's and the Company's financial statements is EUR.

These condensed consolidated interim financial statements and separate financial statements of the Company for the nine-month period are prepared in thousands of euros (EUR'000) unless otherwise stated.

#### b) Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS approved in the EU requires liquidators to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events may impact assumptions that were used as the basis for estimates. Such estimates and assumptions are based on most reliable information available to liquidators in respect of specific events and actions. The effect of any changes in estimates will be recorded in the financial statements when determinable.

The main objective of the liquidators is to ensure in the liquidation process that the claims and interests of all the creditors of ABLV Bank, AS in liquidation are satisfied. In order to ensure the above, liquidators take strategic and operational decisions to sell or hold assets in order to recover them in the best possible way by restructuring or refinancing, depending on the expected recoverable amount of each type of recovery. The amounts actually recovered may not differ materially from the value initially estimated at market conditions at the time of recovery.

The significant areas of estimation and assumptions relate to determining the value of non-current investments held for sale (see paragraph e)), determining the value of assets repossessed for sale, commission income / expense included in the calculation of the effective interest rate, determining fair value of investment property (see paragraph d)), determining the impairment allowance for financial assets, determining the value of collateral (pledge), estimation of impairment of other assets, including investments in subsidiaries, calculation of the fair value of assets and liabilities (see paragraph d)), assumptions regarding control and material impact on subsidiaries and associations (see paragraph c)), as well as assumptions regarding the power that the Group has over open-end investment funds (see paragraph c)). Taking into account the commenced liquidation of the Company, the assets which the liquidators are planning to sell within upcoming 12 months shall be presented in accordance with IFRS 5 requirements.

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

c) Consolidation

These consolidated financial statements include the financial reports of the Company separately and its subsidiaries listed in Note 7 controlled by the Company (the parent company of the Group), i.e. the Company 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 Company's and its subsidiaries' 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 expense.

The Company's subsidiaries must comply with the Company's policies and risk management methods. Investments in subsidiaries that are not subject to sale are presented in the Company's separate financial statements in accordance with the cost method, while the investment in subsidiaries that one is planning to sell is in accordance with IFRS 5 measured as non-current investments held for sale that complies to net sale revenue (see paragraph e)).

Non-controlling interest represents the portion of profit or loss and equity not owned, directly or indirectly, by the Company. Non-controlling interest is measured according to its proportionate interest in net assets.

Associates are the companies over which the Group has significant influence, however, there is no control over their financial and business policies. Investments in associates are presented in the Company's separate financial statements in accordance with the cost method, while the Group's interests in associates are accounted for using the equity method. They are initially recognised at cost, including 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 ceases to exist.

Company's investments in open-end investment funds as structured companies established as collective property and not recognized as a company, are presented in the separate financial statements in Note 5 as financial assets at fair value through profit or loss.

However, in the consolidated financial statements of the Group the investments in open-ended investment funds, managed by the Company's subsidiary ABLV Asset Management, IPAS, thus ensuring the Company's ability to exercise significant control over it and in which the Company owns a major part (at least 30% or above) of net assets, are consolidated according to the full consolidation method.

d) Fair Value

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 best evidence of fair value of financial assets and liabilities is quoted prices in an active market. If the market for a financial asset or liability is inactive, fair value is established by using a valuation technique, including discounted cash flow analysis, recent transactions that are substantially the same, as well as management estimates and assumptions.

Fair value of financial instruments is mostly defined based on quoted prices in an active market. The Group and the Company use other valuation techniques 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 assets is estimated based on valuation models which are based on the assumptions and estimates regarding the potential future financials of the investment subject, and the industry and geographical area risks in which investment subject operates.

Fair value of collateral is mainly determined based on publicly available information on prices of possible realization of real estate to third parties in the market.

The most credible market value of investment property was identified based on the evaluations presented by external real estate appraisers and/or Company's real estate experts. Investment properties are valued applying market approach and/ or on the basis of discounted cash flows with a terminal value component at the end of the cash flow forecast period, as well as cost substitution method. 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 determine the present value.

The gross value of investment property is derived by applying market yields to the estimated value of lease. Where the actual lease payment is significantly different from the estimated payment adjustments are made to reflect the actual lease payment. Comparable transaction approaches are based on the estimated market value for which property could be exchanged on the valuation date between a buyer and a seller in conditions of the transaction after proper marketing wherein the parties had each acted knowledgeably. 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.

## Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019

Fair value of non-current investments held for sale is measured based on the estimated market price of the particular asset.

The fair value of loans, which interest rates are changing in the period of six-month or less, is close to carrying amount, but the fair value of other loans is estimated by discounting the expected cash flows at a discount rate calculated according to the money market rates at the end of the year and loan interest margins.

Fair value of the creditors' claims is the value approved by the Liquidation Committee that shall not be discounted. Regarding other assets and liabilities the Group/the Company assumes the fair value is close to carrying amount.

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

The Group and the Company 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.

The comparison of carrying amounts and fair values of the Group's and Company's financial assets and liabilities is presented in Note 16.

### e) Non-current Investments held for sale

The assets are reclassified as non-current investments held for sale only if it is not intended to use them in long-term and there is a decision made about starting the sale process of these assets (see Note 8). Non-current investments are recognized at value below carrying amount or net sale revenue, except the financial assets which in accordance to IFRS 5 should be recognised at value that corresponds to IFRS 9 requirements. Net sale revenue is the estimated sale value/fair value of the asset minus the estimated cost to make the sale. For methods of determining fair values of the non-current investments held for sale see paragraph d).

### f) Creditors' Claims

The principal aim of the liquidators of the Company is to ensure that under the liquidation interests and claims of all creditors of ABLV Bank, AS in liquidation are satisfied to 100%. In accordance with Section 192 and 193 of the Credit Institutions Law (taking into account Clause 78 of Transitional Provisions), the liabilities to credit institutions, deposits, liabilities regarding issued bonds, subordinated liabilities and a part of other liabilities are recognised as creditors' claims, which are categorised in groups in accordance with the Credit Institutions Law as provided on the website of the Company: <https://www.ablv.com/lv/legal-latest-news/ablv-bank-self-liquidation/questions-and-answers-on-voluntary-liquidation-process>.

### g) 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 highly liquid short term assets that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019

Note 3

Administrative expense

Category	EUR'000			
	Group	Group	Company	Company
	01.01.2019.– 30.09.2019.	01.01.2018.– 30.09.2018.*	01.01.2019.– 30.09.2019.	01.01.2018.– 30.09.2018.*
Remuneration to personnel invariable part	12,052	18,073	8,394	13,335
Severance pay**	339	71	110	42
Remuneration to personnel variable part	338	2,043	170	1,415
State compulsory social insurance contributions to personnel	2,818	4,542	2,089	3,597
Remuneration to liquidators (incl. SCSIC)	1,357	385	1,092	385
Remuneration to liquidators' assistants	729	-	729	-
Remuneration to management (incl.SCSIC)***	-	910	-	911
<b>Total personnel expense</b>	<b>17,633</b>	<b>26,024</b>	<b>12,584</b>	<b>19,685</b>
Sworn auditor statutory audit	166	203	-	-
Sworn auditor other auditing tasks	5	-	5	-
Sworn auditor consultations	-	-	-	-
Expense for the maintenance of the property and work premises	3,494	5,881	2,840	4,646
<i>incl. rent and maintenance of work premises</i>	1,773	2,668	1,716	2,070
<i>incl. IT system maintenance</i>	898	1,686	653	1,421
<i>incl. maintenance of the property</i>	620	1,211	311	917
<i>incl. communications resources</i>	152	249	133	208
<i>incl. other expense for the maintenance of the property and work premises</i>	51	67	27	30
Supervisory and regulatory expense	1,989	981	1,676	868
Expense related to safekeeping of cash and financial instruments	5,131	1,013	5,107	974
Other liquidation expense	1,618	6,306	1,031	5,234
<i>incl. consulting and professional services</i>	1,218	4,580	766	3,856
<i>incl. expense for the placement of publications in media</i>	4	122	4	122
<i>incl. information resources</i>	125	433	53	311
<i>incl. expense for monetary opetraion</i>	72	36	54	27
<i>incl. other personnel expense</i>	173	294	59	183
<i>incl. other expense</i>	26	841	95	735
<b>Other administrative expense, total</b>	<b>12,403</b>	<b>14,384</b>	<b>10,659</b>	<b>11,722</b>
<b>Total administrative expense</b>	<b>30,036</b>	<b>40,408</b>	<b>23,243</b>	<b>31,407</b>

\* for comparison purposes, the data over the period from 01.01.2018. to 12.06.2018. are classified according to the structure applied in the reporting period.

\*\* on a non-going concern basis, the severance payments have been recognized in profit/loss for 2017 (see the information in explanation cc) of the Group's consolidated and the Company's separate financial statements of ABLV Bank, AS in liquidation for 2018), whereas additional adjustments under severance payments have been recognized in profit/loss for the reporting period.

\*\*\* the remuneration to members of the Company's Board and Council for the period from 01.01.2018. to 12.06.2018. has been recognized as remuneration to management.

Note 4

Balances due from credit institutions

	EUR'000			
	Group	Group	Company	Company
	30.09.2019.	31.12.2018.	30.09.2019.	31.12.2018.
Balances held with the Bank of Latvia	1,009,551	1,012,630	1,009,551	1,012,630
Balances held with other credit institutions registered in Latvia*	665,238	364,858	657,519	352,646
Balances held with other credit institutions registered in the EU	91,073	7,351	3,401	7,351
Balances held with credit institutions registered in other countries	5,692	6,550	5,692	6,288
<b>Total balances held with credit institutions</b>	<b>1,771,554</b>	<b>1,391,389</b>	<b>1,676,163</b>	<b>1,378,915</b>

\* - EUR 652.3 (345.9) millions are in custody with other banks with funds placement in Bank of Latvia.

As of 30 September 2019 a part of Group's cash held with credit institutions in the amount of EUR 9.3 (6.6) million and a part of Company's cash held with credit institutions in the amount of EUR 8.9 (6.6) million were pledged in order to secure operational activities and transactions of financial instruments.



Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019

Note 5

Financial instruments

	EUR'000			
	Group		Company	
	30.09.2019.	31.12.2018.	30.09.2019.	31.12.2018.
<b>Financial assets at fair value through profit or loss</b>				
Fixed-income debt securities	88,094	86,874	13,988	87,161
Investments in funds	6,756	-	14,037	12,177
Derivatives	979	-	979	-
Equity shares	22	15	-	1
<b>Total financial instruments at fair value through profit or loss</b>	<b>95,851</b>	<b>86,889</b>	<b>29,004</b>	<b>99,339</b>
<b>Financial instruments at fair value through other comprehensive income</b>				
Equity shares	5,934	8,107	5,934	8,107
<b>Total financial instruments at fair value through profit or loss</b>	<b>5,934</b>	<b>8,107</b>	<b>5,934</b>	<b>8,107</b>
<b>Total investments in financial instruments</b>	<b>101,785</b>	<b>94,996</b>	<b>34,938</b>	<b>107,446</b>

Note 6

Loans

The breakdown of loans by customer profile:

Type of borrower	EUR'000			
	Group		Company	
	30.09.2019.	31.12.2018.	30.09.2019.	31.12.2018.
Private individuals	261,620	286,261	261,568	286,263
Private companies	175,858	321,068	179,788	325,146
Other financial companies	37,012	79,437	37,012	79,437
<b>Total loans, gross</b>	<b>474,490</b>	<b>686,766</b>	<b>478,368</b>	<b>690,846</b>
Impairment allowances	(26,164)	(28,806)	(26,157)	(28,809)
<b>Total loans, net</b>	<b>448,326</b>	<b>657,960</b>	<b>452,211</b>	<b>662,037</b>

Decrease in loans in the reporting period is due to substantial amount of early repayments.

Ten largest exposures of the Group as at 30 September 2019 amounted to 26.8% (26.4%) of the total Group's net loan portfolio, however, those of the Company amounted to 26.5% (26.3%) of the total Company's net loan portfolio. Individual impairment allowances EUR 8.1 (0) million has been established for these loans.

The breakdown of loans issued by five largest countries of borrowers:

Country	EUR'000			
	Group		Company	
	30.09.2019.	31.12.2018.	30.09.2019.	31.12.2018.
Latvia	401,013	578,385	405,011	582,462
Russia	33,728	50,128	33,714	50,128
Ukraine	12,786	14,356	12,783	14,356
Great Britain	336	14,365	312	14,365
Belarus	305	270	302	270
Total other countries	158	456	89	456
<b>Total net loans</b>	<b>448,326</b>	<b>657,960</b>	<b>452,211</b>	<b>662,037</b>

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

Collateral analysis for the Group's loans:

	EUR'000				
	Total gross loans	Securities	Real estate	Other collateral	Fair value of collateral, total*
<b>Category</b>	30.09.2019.				
<b>Mortgage</b>	<b>253,094</b>	-	<b>228,206</b>	<b>465</b>	<b>228,671</b>
LTV up to 100%	140,076	-	139,611	465	140,076
LTV over 100%	113,018	-	88,595	-	88,595
<b>Business</b>	<b>219,953</b>	<b>2,762</b>	<b>173,866</b>	<b>36,498</b>	<b>213,126</b>
LTV up to 100%	205,277	2,762	166,017	36,498	205,277
LTV over 100%	14,676	-	7,849	-	7,849
<b>Other</b>	<b>1,209</b>	-	-	<b>1</b>	<b>1</b>
LTV up to 100%	-	-	-	-	-
LTV over 100%	1,209	-	-	1	1
<b>Consumer</b>	<b>234</b>	-	-	-	-
LTV up to 100%	-	-	-	-	-
LTV over 100%	234	-	-	-	-
<b>Total gross loans</b>	<b>474,490</b>	<b>2,762</b>	<b>402,072</b>	<b>36,964</b>	<b>441,798</b>
Impairment allowances	(26,164)				
<b>Total net loans</b>	<b>448,326</b>				
<b>Category</b>	31.12.2018.				
<b>Mortgage</b>	<b>275,195</b>	-	<b>233,399</b>	<b>515</b>	<b>233,914</b>
LTV up to 100%	127,474	-	126,959	515	127,474
LTV over 100%	147,721	-	106,440	-	106,440
<b>Business</b>	<b>410,047</b>	<b>4,329</b>	<b>331,411</b>	<b>44,836</b>	<b>380,576</b>
LTV up to 100%	358,402	4,329	311,301	42,772	358,402
LTV over 100%	51,645	-	20,110	2,064	22,174
<b>Other</b>	<b>1,266</b>	-	-	<b>1</b>	<b>1</b>
LTV up to 100%	-	-	-	-	-
LTV over 100%	1,266	-	-	1	1
<b>Consumer</b>	<b>258</b>	-	-	-	-
LTV up to 100%	-	-	-	-	-
LTV over 100%	258	-	-	-	-
<b>Total gross loans</b>	<b>686,766</b>	<b>4,329</b>	<b>564,810</b>	<b>45,352</b>	<b>614,491</b>
Impairment allowances	(28,806)				
<b>Total net loans</b>	<b>657,960</b>				

\* - for purpose of these financial statements, for loans whose gross carrying amount is less than fair value of collateral, fair value of collateral is disclosed as the gross value of the loan.

LTV<sup>1</sup> above 100% does not create significant risk as impairment allowances recognised.

For the loans having no substantial increase in credit risk since their initial recognition, impairment allowances are recognised for the expected losses within 12 months, while for the loans having significant increase of credit risk since their initial recognition the allowances are recognised for the expected losses within the life time of the loan. The need for allowances is assessed by taking into account the unsecured portion of a loan and the statistics collected on loan movements to lower quality groups.

<sup>1</sup> LTV- loan carrying amounts to the fair value of collateral, where LTV < 100%, if the carrying amount of the loan is lower than fair value of collateral, but LTV > 100%, if the carrying amount of the loan is higher than the fair value of collateral or loans are unsecured.

Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019

Collateral analysis for the Company's loans:

	EUR'000				
	Total gross loans	Securities	Real estate	Other collateral	Fair value of collateral, total*
Category	30.09.2019.				
<b>Mortgage</b>	<b>253,094</b>	-	<b>228,206</b>	<b>465</b>	<b>228,671</b>
LTV up to 100%	140,076	-	139,611	465	140,076
LTV over 100%	113,018	-	88,595	-	88,595
<b>Business</b>	<b>223,883</b>	<b>2,762</b>	<b>177,878</b>	<b>36,498</b>	<b>217,138</b>
LTV up to 100%	209,289	2,762	170,029	36,498	209,289
LTV over 100%	14,594	-	7,849	-	7,849
<b>Other</b>	<b>1,209</b>	-	-	<b>1</b>	<b>1</b>
LTV up to 100%	-	-	-	-	-
LTV over 100%	1,209	-	-	1	1
<b>Consumer</b>	<b>182</b>	-	-	-	-
LTV up to 100%	-	-	-	-	-
LTV over 100%	182	-	-	-	-
<b>Total gross loans</b>	<b>478,368</b>	<b>2,762</b>	<b>406,084</b>	<b>36,964</b>	<b>445,810</b>
Impairment allowances	(26,157)				
<b>Total net loans</b>	<b>452,211</b>				
Category	31.12.2018.				
<b>Mortgage</b>	<b>275,195</b>	-	<b>233,399</b>	<b>515</b>	<b>233,914</b>
LTV up to 100%	127,474	-	126,959	515	127,474
LTV over 100%	147,721	-	106,440	-	106,440
<b>Business</b>	<b>414,127</b>	<b>4,329</b>	<b>335,494</b>	<b>44,836</b>	<b>384,659</b>
LTV up to 100%	362,485	4,329	315,384	42,772	362,485
LTV over 100%	51,642	-	20,110	2,064	22,174
<b>Other</b>	<b>1,266</b>	-	-	<b>1</b>	<b>1</b>
LTV up to 100%	-	-	-	-	-
LTV over 100%	1,266	-	-	1	1
<b>Consumer</b>	<b>258</b>	-	-	-	-
LTV up to 100%	-	-	-	-	-
LTV over 100%	258	-	-	-	-
<b>Total gross loans</b>	<b>690,846</b>	<b>4,329</b>	<b>568,893</b>	<b>45,352</b>	<b>618,574</b>
Impairment allowances	(28,809)				
<b>Total net loans</b>	<b>662,037</b>				

\*- for the purpose of these financial statements, for loans whose gross carrying amount is less than fair value of collateral, fair value of collateral is disclosed as the gross value of the loan.

The principles for determining the fair value of collateral are described in Note 2 paragraph d).

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

Note 7

**Investments in subsidiaries and associates**

At the end of the reporting period, the Group had investments in associates amounted to EUR 9.0 (9.2) million. The Company's investments in subsidiaries and associates amounted to EUR 143.7 (160.4) million, including investments in associates of EUR 8.6 (8.6) million and investments in subsidiaries of EUR 135.1 (151.8) million.

Group / Company have investment in associated company AmberStone Group, AS:

	EUR'000			
	Group 30.09.2019.	Group 31.12.2018.	Company 30.09.2019.	Company 31.12.2018.
Share capital	37,000	35,000	37,000	35,000
Equity (non-audited)	39,543	38,293	39,543	38,293
Group's / Company's share of total share capital, (%)*	22.96	24.28	22.96	24.28
<b>Carrying amount under cost method</b>	<b>x</b>	<b>x</b>	<b>8,635</b>	<b>8,635</b>
<b>Carrying amount under equity method</b>	<b>8,978</b>	<b>9,180</b>	<b>x</b>	<b>x</b>

\* - referred to the Company's shareholders

Consolidated assets/liabilities and operating results of associated company AmberStone Group, AS:

Position	EUR'000	
	30.09.2019. (unaudited)	31.12.2018. (audited)
Non-current assets	48,443	42,984
Current assets	10,364	11,170
<b>Total assets</b>	<b>58,807</b>	<b>54,154</b>
Non-current liabilities	10,608	5,546
Current liabilities	5,780	7,668
<b>Total liabilities</b>	<b>16,388</b>	<b>13,214</b>
Capital and reserves	39,543	38,335
incl. profit/(loss) for the reporting period	288	1,036
Non-controlling interest	2,876	2,605
<b>Total liabilities, capital and reserves</b>	<b>58,807</b>	<b>54,154</b>
<b>Net turnover</b>	<b>13,434</b>	<b>19,792</b>

Open-end investment funds included in the Group:

Open-end investment fund	Country of registration	ISIN	Fund type	30.09.2019. 31.12.2018.	
				Group's share (%)	Group's share (%)
ABLV Multi-Asset Total Return USD Fund	LV	LV0000400919	Total return fund	59.0	61.9
ABLV Emerging Markets Corporate USD Bond Fund	LV	LV0000400935	Corporate bond fund	39.4	41.3
ABLV European Industry EUR Equity Fund	LV	LV0000400844	Equity fund	38.1	38.3

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

Group entities (Company's direct and indirect ownership):

Company	Country of incorporation	Registration number	Business profile	30.09.2019.		31.12.2018.	
				Share in the entity's capital (%)	Share in the entity's capital with voting rights (%)	Share in the entity's capital (%)	Share in the entity's capital with voting rights (%)
ABLV Bank, AS in liquidation*	LV	50003149401	Financial services	100.00	100.00	100.00	100.00
ABLV Bank Luxembourg, S.A. in judicial liquidation (prev. ABLV Bank Luxembourg, S.A.)*	LU	B 162048	Financial services	100.00	100.00	100.00	100.00
ABLV Consulting Services, AS*	LV	40003540368	Consulting services	100.00	100.00	100.00	100.00
ABLV Capital Markets, AS in liquidation (prev. ABLV Capital Markets, IBAS)*	LV	40003814705	Financial services	90.00	100.00	90.00	100.00
ABLV Asset Management, IPAS	LV	40003814724	Financial services	90.00	100.00	90.00	100.00
REDDebitum, SIA	LV	40103964811	Other activities auxiliary to financial services	100.00	100.00	100.00	100.00
PEM, SIA	LV	40103286757	Investment project management	51.00	51.00	51.00	51.00
PEM 1, SIA	LV	40103551353	Wholesale of other machinery and equipment	51.00	51.00	51.00	51.00
New Hanza Capital, AS	LV	50003831571	Holding company	88.00	88.00	88.00	88.00
NHC 1, SIA	LV	50103247681	Investments in real estate	88.00	88.00	88.00	88.00
NHC 2, SIA	LV	40103963977	Investments in real estate	88.00	88.00	88.00	88.00
NHC 3, SIA	LV	50103994841	Investments in real estate	88.00	88.00	88.00	88.00
NHC 4, SIA	LV	40203032424	Investments in real estate	88.00	88.00	88.00	88.00
NHC 5, SIA	LV	50203032411	Investments in real estate	88.00	88.00	99.84	99.84
Hanzas perons, SIA (prev. NHC 6, SIA)	LV	40203032439	Investments in real estate	88.00	88.00	88.00	88.00
Hanzas Dārzs, SIA	LV	40203078059	Territory management	99.99	99.99	99.99	99.99
Pillar, SIA	LV	40103554468	Holding company	100.00	100.00	100.00	100.00
Pillar Holding Company, KS**	LV	40103260921	Holding company	100.00	100.00	100.00	100.00
Pillar 3, SIA**	LV	40103193067	Real estate transactions	100.00	100.00	100.00	100.00
Pillar 4 & 6, SIA**	LV	40103210494	Real estate transactions	100.00	100.00	100.00	100.00
Pillar 11, SIA**	LV	40103258310	Real estate transactions	100.00	100.00	100.00	100.00
Pillar 2, 12 & 14, SIA**	LV	50103313991	Real estate transactions	100.00	100.00	100.00	100.00
Pillar Technologies, SIA** (prev. Pillar 18, SIA)	LV	40103492079	Real estate transactions	100.00	100.00	100.00	100.00
Pillar 19, SIA**	LV	40103766952	Real estate transactions	100.00	100.00	100.00	100.00
Pillar 20, SIA**	LV	40103903056	Real estate transactions	100.00	100.00	100.00	100.00
Pillar 21, SIA**	LV	40103929286	Real estate transactions	100.00	100.00	100.00	100.00
Pillar 22, SIA**	LV	50103966301	Real estate transactions	100.00	100.00	100.00	100.00
Pillar 23, SIA	LV	40203107574	Renting and operating of own or leased real estate	100.00	100.00	100.00	100.00
Pillar Management, SIA	LV	40103193211	Real estate management and administration	100.00	100.00	100.00	100.00
Pillar RE Services, SIA	LV	40103731804	Parking management	100.00	100.00	100.00	100.00
Pillar Contractor, SIA	LV	40103929498	Management and coordination of construction processes	100.00	100.00	100.00	100.00
Pillar Architekten, SIA	LV	40103437217	Designing and designer's supervision	100.00	100.00	100.00	100.00
Pillar Development, SIA	LV	40103222826	Infrastructure maintenance	99.97	99.97	99.97	99.97
New Hanza Centre, SIA	LV	40203037667	Investments in real estate	99.97	99.97	99.97	99.97
Senergo, SIA (prev. Pillar Energy, SIA)	LV	40103693339	Infrastructure management	-	-	99.97	99.97

\* - gone concern principle is applied; \*\* - principal activity is related to the realization of company's assets; all other subsidiaries are included in these consolidated financial statements are included based on going concern principle.

The Company's investments in subsidiaries:

Name	Country of incorporation	Share capital	Equity	Company's share of total share capital, (%)	30.09.2019.			31.12.2018.	
					Carrying amount	Share capital	Equity	Company's share of total share capital, (%)	Carrying amount
Pillar Holding Company, KS	LV	38,209	38,327	100.0	38,209	65,000	38,605	100.0	65,000
Pillar Development, SIA	LV	39,550	26,681	99.8	39,450	39,550	30,469	99.8	39,450
New Hanza Centre, SIA	LV	25,300	15,191	99.7	25,228	35,200	27,290	99.7	35,100
ABLV Bank Luxembourg, S.A. In judicial liquidation (prev. ABLV Bank Luxembourg, S.A.)*	LU	25,000	9,394	100.0	25,000	-	-	-	-
New Hanza Capital, AS	LV	25,000	29,843	88.0	22,000	25,000	29,603	88.0	22,000
Pillar 23, SIA	LV	21,075	20,972	99.1	20,875	21,075	20,906	99.1	20,875
ABLV Consulting services, AS	LV	1,800	295	100.0	1,800	1,800	312	100.0	1,800
Pillar Management, SIA	LV	1,000	1,120	100.0	1,073	1,000	1,117	100.0	1,073
ABLV Capital Markets, AS in liquidation (prev. ABLV Capital Markets, IBAS)	LV	1,000	3,234	90.0	900	1,000	3,342	90.0	900
Hanzas Dārzs, SIA	LV	990	963	69.7	690	990	971	69.7	690
ABLV Asset Management, IPAS*	LV	650	1,339	90.0	585	-	-	-	-
PEM, SIA	LV	100	322	51.0	51	100	572	51.0	51
Pillar, SIA	LV	10	2	100.0	13	10	4	100.0	13
REDDebitum SIA	LV	3	(3)	100.0	3	3	(3)	100.0	3
NHC 5, SIA	LV	-	-	-	-	8,200	8,425	98.7	8,094
<b>Total investments in subsidiaries, gross</b>		<b>179,687</b>	<b>147,680</b>	<b>x</b>	<b>175,877</b>	<b>198,928</b>	<b>161,613</b>	<b>x</b>	<b>195,049</b>
Impairment allowances					(40,829)				(43,215)
<b>Total investments in subsidiaries, net</b>					<b>135,048</b>				<b>151,834</b>

\* - at the end of previous reporting period classified as non-current investments held for sale

Based on the request by ABLV Capital Markets, IBAS, on 28 May 2019 the FCMC withdrew its licence on rendering investment services. On 18 June 2019, the Register of Enterprises of the Republic of Latvia made entry to the Commercial Register on change of company's name of ABLV Capital Markets, IBAS to ABLV Capital Markets, AS and on 3 July 2019, the Register of Enterprises of the Republic of Latvia made entry to the Commercial Register about commencement of liquidation process of ABLV Capital Markets, IBAS, the subsidiary of ABLV Bank, AS in liquidation.

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

During the reporting period in April 2019 ABLV Capital Markets, AS in liquidation ceased to provide its services to the customers. Thus, according to the provisions of the Credit Institutions Law on returning property of third parties, ABLV Bank, AS in liquidation is independently executing orders on outgoing transfers of securities that are in its custody. Customers' financial instruments held by Company at the end of reporting period amounted to EUR 522.6 (573.1) million, including bonds issued by Company amounting to EUR 349.9 (377.3) million and ABLV Asset Management, IPAS open investment funds amounting to EUR 29.1 (48.7) million.

Customers' assets of the open investment funds managed by ABLV Asset Management, IPAS at the end of the reporting period amounted to EUR 149.9 (130.9) million.

During the reporting period, in order to protect the interests of clients and shareholders and due to substantial financial losses over a longer period of time, there was a decision made by ABLV Bank Luxembourg, S.A. to support commencement of liquidation. On 2 July 2019, the Luxembourg Commercial Court made decision to start liquidation process of ABLV Bank Luxembourg, S.A. Having taken into account the above mentioned, investment in ABLV Bank Luxembourg, S.A. in judicial liquidation is no longer recognize as non-current investment held for sale.

During the reporting period Company has reduced its investment in Pillar Holding Company, KS by the part of accumulated losses of the amount of EUR 26.8 (0) million. The Company's share in the share capital of Pillar Holding Company KS remained unchanged.

Movements in the impairment allowances for Company's investments in subsidiaries:

	EUR'000	
	01.01.2019.– 30.09.2019.	01.01.2018.– 30.09.2018.
<b>Impairment allowance at the beginning of the reporting period</b>	<b>43,215</b>	<b>47,785</b>
Increase in impairment allowances	6,482	7,620
incl. Hanzas Dārzs, SIA	148	-
incl. ABLV Bank Luxembourg, S.A. In judicial liquidation (prev. ABLV Bank Luxembourg, S.A)	1,707	-
incl. New Hanza Centre, SIA	2,174	-
incl. Pillar Holding Company, KS	-	2,724
incl. Pillar Development, SIA	2,453	4,896
(Decrease) in impairment allowances	-	(107)
incl. New Hanza Centre, SIA	-	(107)
<b>Impairment allowance for investments in subsidiaries</b>	<b>6,482</b>	<b>7,513</b>
Reclassified to non-current assets held for sale	17,923	(13,825)
Reclassified from other liabilities	-	900
(Decrease) in impairment as a result of capitalization of Pillar Holding Company, KS retained losses	(26,791)	-
<b>Impairment allowance at the end of the reporting period</b>	<b>40,829</b>	<b>42,373</b>

## Note 8

### Non-current investments held for sale and liabilities directly related to non-current investments held for sale

The Group/Company has reclassified non-current assets, which the Group/Company have no intention to use in the long-term, to non-current investments held for sale.

Non-current investments held for sale:

	EUR'000			
	Group		Company	
Position	30.09.2019.	31.12.2018.	30.09.2019.	31.12.2018.
Balances due from credit institutions	-	25,267	-	-
Investments in financial instruments	-	132,264	-	-
Investments in subsidiaries	-	-	-	7,661
Loans	-	14,640	-	-
Real estate	2,019	1,819	2,019	1,819
Other tangible assets	74	865	48	359
<b>Total assets, gross</b>	<b>2,093</b>	<b>174,855</b>	<b>2,067</b>	<b>9,839</b>
Impairment allowances	(477)	(477)	(477)	(477)
<b>Total assets, net</b>	<b>1,616</b>	<b>174,378</b>	<b>1,590</b>	<b>9,362</b>
Deposits	-	131,343	-	-
Other liabilities	-	22,080	-	-
<b>Total liabilities</b>	<b>-</b>	<b>153,423</b>	<b>-</b>	<b>-</b>

Additional information of the Company's subsidiaries, which in the reporting period were reclassified from/to non-current investments held for sale, is provided in Note 7.

## Note 9

### Other assets

	EUR'000			
	Group 30.09.2019.	Group 31.12.2018.	Company 30.09.2019.	Company 31.12.2018.
Receivables	1,457	1,705	1,489	1,688
Settlements for payment card transactions	1,629	7,322	1,629	7,322
Settlements for financial instruments	659	282	659	282
Receivables from financial institutions	639	276	639	276
Other financial assets	367	168	161	201
Receivables from subsidiaries	-	-	23,162	9,603
<b>Total other financial assets</b>	<b>4,751</b>	<b>9,753</b>	<b>27,739</b>	<b>19,372</b>
Inventory	2,280	2,628	994	994
Deffered expenses and accrued income	1,172	455	145	88
Other assets	700	319	213	584
Overpaid tax	464	1,252	44	33
Precious metals	-	419	-	419
<b>Total other non-financial assets</b>	<b>4,616</b>	<b>5,073</b>	<b>1,396</b>	<b>2,118</b>
Impairment allowances	(741)	(1,037)	(536)	(579)
<b>Total other assets, net</b>	<b>8,626</b>	<b>13,789</b>	<b>28,599</b>	<b>20,911</b>

A part of Group's other assets in the amount of EUR 0.4 (0.2) million and a part of Company's other assets in the amount of EUR 0.2 (0.2) million were pledged in order to secure transactions of lease of premise.

## Note 10

### Creditors' claims

	EUR'000			
	Group 30.09.2019.	Group 31.12.2018.	Company 30.09.2019.	Company 31.12.2018.
<b>Lodged creditors' claims</b>				
<b>Total lodged creditors' claims</b>	<b>1,965,748</b>	<b>-</b>	<b>2,020,932</b>	<b>-</b>
<b>Other creditors' claims, which previously disclosed as</b>				
as balances due to credit institutions	1	5,859	1	8,734
as deposits	164,345	1,545,953	29,535	1,589,708
as ordinary bonds	865	292,158	865	301,205
as subordinated liabilities	6,226	140,304	6,226	140,304
as other liabilities	807	1,434	807	1,561
<b>Total other creditors' claims</b>	<b>172,244</b>	<b>1,985,708</b>	<b>37,434</b>	<b>2,041,512</b>
<b>Total creditors' claims</b>	<b>2,137,992</b>	<b>1,985,708</b>	<b>2,058,366</b>	<b>2,041,512</b>

Information on the order of satisfaction of creditors' claims that takes place in accordance with the Company's liquidation plan approved by the FCMC is available on the website of the Company:

<https://www.ablv.com/lv/legal-latest-news/ablv-bank-self-liquidation/questions-and-answers-on-voluntary-liquidation-process>.

Information on creditor claims payout is provided in Note 18.

Information about ABLV Bank Luxembourg S.A. creditors' statements of claim is available on the website:

<https://www.ablv.lu/en/legal-latest-news/legal-latest-news-liq>.

## Note 11

### Issued securities

On 12 June 2018, the FCMC approved the decision of ABLV Bank, AS shareholders' meeting on the voluntary liquidation. Consequently, all the Company's securities issues will be subject to redemption at the same time as the claims of the respective creditors and the principal will be paid to all securities holders within the framework of certain groups of creditors, in compliance with the requirements set out in the Credit Institution Law regarding the settlement procedure with creditors.

Thus, no redemption terms set by the Company for issued securities are relevant. The principal information about the bonds issued by the Company is available on the website: <https://www.ablv.com/lv/services/investments/bonds>.

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

In order to successfully settle liabilities with its creditors and satisfy the claims of Company's creditors arising from the securities issued by the Company, the nominal value of each bond issued by the Company was changed to 0.01 EUR per bond during the reporting period, denominated in EUR, and USD 0.01 denominated in USD. The aforementioned change in the nominal value of the bonds issued by the Company was made in accordance with Article 139 of the Law on Credit Institutions, which stipulates that the liquidators shall determine the procedures for the coverage of other costs and debts. The change in the nominal value of the bonds in no way affects the claims made by the creditors and the process for their approval.

Information on changing face value of issued bonds is available on website: <https://www.ablv.com/en/press/2019-07-12-on-changing-face-value-of-ablv-bonds>.

In 2017 New Hanza Capital, AS, the subsidiary of the Group, issued straight bonds ISIN LV0000802312 in the amount of EUR 10.0 million. The annual interest rate of the bonds is fixed: 4.9% with semi-annual interest income payment. The issue date was 16 October 2017, and the maturity date is 16 October 2022. The issuer may redeem the bonds before maturity starting from 16 October 2019.

On 19 October 2017, these bonds were admitted to regulated market — included in the Baltic Bond List of Nasdaq Riga. Their initial placement price is 100% of the face value. The principles of recognition and accounting of these bonds have not changed in the reporting period.

At the end of the reporting period the value of the securities issued by New Hanza Capital, AS amounted to EUR 10.2 (10.1) million, but in the Group – EUR 9.9 (9.8) million.

## Note 12

### Off-balance sheet items

	EUR'000			
	Group 30.09.2019.	Group 31.12.2018.	Company 30.06.2019.	Company 31.12.2018.
Agreements signed on non-financial asset acquisitions	4,416	5,901	-	-
Guarantees	1,012	2,877	1,105	2,782
Loan commitments	-	10,221	-	10,114
<b>Contingent liabilities and other off-balance sheet items, total</b>	<b>5,428</b>	<b>18,999</b>	<b>1,105</b>	<b>12,896</b>

## Note 13

### Paid-in share capital

As at 30 September 2019, the paid-in share capital of the Company amounted to EUR 42.1 (42.1) million. The par value of each share is EUR 1.0 (1.0).

The Company's share capital consists of 38,250,000 (38,250,000) ordinary registered voting shares and 3,830,000 (3,830,000) registered non-voting shares (personnel shares).

All registered voting shares ensure equal rights to dividends, liquidation quota and voting rights at the shareholders' meeting. All personnel shares ensure equal rights to dividends. Holders of personnel shares have no voting rights and no rights to liquidation quota.

As at 30 September 2019, the Company had 137 (137) voting shareholders.

The major shareholders of the Company are as follows:

Shareholders	30.09.2019.		31.12.2018.	
	Share of capital, EUR'000	Share of voting rights, %	Share of capital, EUR'000	Share of voting rights, %
<b>Ernests Bernis and Nika Berne (indirect ownership)</b>				
ASG Resolution Capital, AS	11,000	28.76	11,000	28.76
Cassandra Holding Company, SIA	5,646	14.76	5,646	14.76
<b>Ernests Bernis and Nika Berne (indirect ownership) total</b>	<b>16,646</b>	<b>43.52</b>	<b>16,646</b>	<b>43.52</b>
<b>Olegs Filis (indirect ownership)</b>				
OF Holding, SIA	16,646	43.52	16,646	43.52
<b>Olegs Filis (indirect ownership) total</b>	<b>16,646</b>	<b>43.52</b>	<b>16,646</b>	<b>43.52</b>
Other shareholders, total	4,958	12.96	4,958	12.96
<b>Total voting shares</b>	<b>38,250</b>	<b>100.00</b>	<b>38,250</b>	<b>100.00</b>
Non-voting shares (personnel shares)	3,830		3,830	
<b>Total share capital</b>	<b>42,080</b>		<b>42,080</b>	



Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019

Note 14

Related party disclosures

Related parties of the Group and the Company are defined as shareholders who have a significant ownership share, liquidators, head of Internal Audit Department, spouses, children and other persons of the individuals referred to previously, companies in which abovementioned individuals have a significant ownership share, Company's subsidiaries and entities in which the Group/Company has an interest.

Group's transactions with related parties:

	30.09.2019.						31.12.2018.				
	Share-holders	Liquidators	Related companies	Associated companies	Other related individuals	Share-holders	Liquidators	Key management personnel*	Related companies	Associated companies	Other related individuals
<b>Assets</b>											
Loans	-	-	-	5,269	-	-	-	-	-	6,011	-
<b>Liabilities</b>											
Creditors' claims	2,757	-	252	3,925	43	2,757	-	-	237	3,872	43
Assignment of the creditors claim without the suspensive conditions	216,487	-	-	-	-	-	-	-	-	-	-
<b>Memorandum items</b>											
Loan commitments	-	-	-	-	-	-	-	-	-	2,310	-
<b>Income/expense</b>	01.01.2019.–30.09.2019.						01.01.2018.–30.09.2018.				
Interest income	-	-	-	321	-	5	-	6	-	167	1
Interest expense	-	-	-	-	-	(8)	-	(28)	-	(21)	-
Dividend income	-	-	-	127	-	-	-	-	-	-	-
Commission income	56	-	-	14	1	58	-	6	3	77	-
Net gain from transactions with financial instruments	-	-	-	-	-	8	-	17	-	9	-
Other ordinary income	16	1	-	25	-	-	-	-	-	325	-
Other administrative expense	-	-	-	(1)	-	-	-	-	(9)	(1)	-
Impairment allowances, net	-	-	-	2	-	-	-	(4)	-	-	-

\* - in the previous reporting period, until the starting of the liquidation process of the Company, the key management personnel that were recognized as related parties of the Company were members of Company's council and board and spouses, children and other persons of the individuals referred to previously, entities in which abovementioned individuals have a significant ownership share.

During the reporting period, the Company has registered assignment of the creditors claim without the suspensive conditions in favor of the Company's shareholders in accordance with the creditors' agreements with the Company's shareholders amounted to EUR 216.5 (0) million.

Company's transactions with related parties:

	30.09.2019.						31.12.2018.				
	Share-holders	Liquidators	Related companies	Subsidiaries and associated companies	Other related individuals	Share-holders	Liquidators	Key management personnel*	Related companies	Subsidiaries and associated companies	Other related individuals
<b>Assets</b>											
Investments in financial instruments	-	-	-	14,330	-	-	-	-	-	12,467	-
Loans	-	-	-	9,280	-	-	-	-	-	10,124	-
Other assets	-	-	-	23,162	-	-	-	-	-	9,603	-
<b>Liabilities</b>											
Creditors' claims	2,757	-	252	59,405	43	2,757	-	-	237	65,006	43
Assignment of the creditors claim without the suspensive conditions	216,487	-	-	-	-	-	-	-	-	-	-
<b>Memorandum items</b>											
Loan commitments	-	-	-	-	-	-	-	-	-	2,310	-
Guarantees	-	-	-	187	-	-	-	-	-	179	-
<b>Income/expense</b>	01.01.2019.–30.09.2019.						01.01.2018.–30.09.2018.				
Interest income	-	-	-	607	-	5	-	6	-	261	1
Interest expense	-	-	-	-	-	(9)	-	(28)	-	(69)	-
Dividend income	-	-	-	155	-	-	-	-	-	-	-
Commission income	56	-	-	150	1	-	-	4	-	147	-
Commission expense	-	-	-	-	-	-	-	-	-	(777)	-
Net gain from transactions with financial instruments	-	-	-	-	-	8	-	17	-	73	-
Other ordinary income	16	1	-	641	-	-	-	-	-	1,325	-
Other ordinary expense	-	-	-	(77)	-	-	-	-	-	-	-
Other administrative expense	-	-	-	(122)	-	-	-	-	(9)	(839)	-
Impairment allowances, net	-	-	-	(6,481)	-	-	-	(4)	-	(7,513)	-

\* - in the previous reporting period, until starting the liquidation process of the Company, as key management personnel classified as related parties of the Company were defined members of Company's council and board and spouses, children and other persons of the individuals referred to previously, entities in which abovementioned individuals have a significant ownership share.

Information on remuneration of the Company's liquidators is disclosed in Note 3. Information on changes in investments in subsidiaries and associates is disclosed in Note 7.

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

Note 15

**Segment information**

During the reporting period, the Group/Company's management has changed the classification of the Group's business activities into segments due to the commencement of liquidation of the Company and in order to manage its subsidiaries more effectively.

During the reporting period, ABLV Bank Luxembourg in judicial liquidation, S.A, ABLV Asset Management, IPAS and open-ended investment funds included in the Group were reclassified from non-current investments held for sale and included in the financial services business segment.

During the reporting period, ABLV Capital Markets, AS in liquidation and REDDebitum, SIA (previously included in the investment management services segment) are also classified in the financial services business segment.

Changed real estate development operating segment to real estate development and management segment, to which reclassified New Hanza Capital, AS, NHC 1, SIA, NHC 2, SIA, NHC 3, SIA, NHC 4, SIA, NHC 5, SIA, Hanzas perons, SIA (prev. NHC 6, SIA) previously included in the investment management services segment.

The activities of ABLV Consulting Services, AS (previously included advisory services), PEM, SIA and PEM 1, SIA (previously included investment management services) are not separately classified and presented as other subsidiaries.

The Group defines its operating segments based on its organisational structure. The Company views its operations as one single segment, without making any separate disclosures, while at the Group level the Company and all its subsidiaries are attributed to the Group's operating segments as follows:

- financial services (services was terminated/limited): ABLV Bank, AS in liquidation, ABLV Bank Luxembourg, S.A. in judicial liquidation, REDDebitum, SIA, ABLV Capital Markets, AS in liquidation, ABLV Asset Management, IPAS, open-end investment fund included in the Group consolidation;
- real estate development: New Hanza Centre, SIA, Pillar Holding Company, KS, Pillar, SIA, Pillar 3, SIA, Pillar 4 & 6, SIA, Pillar 11, SIA, Pillar 2, 12 & 14 SIA, Pillar Technologies, SIA, Pillar 19, SIA, Pillar 20, SIA, Pillar 21, SIA, Pillar 22, SIA, Pillar 23, SIA, Pillar Development, SIA, Hanzas Dārzs, SIA, Pillar Management, SIA, Pillar RE Services, SIA, Pillar Contractor, SIA, Pillar Architekten, SIA and New Hanza Capital, AS, NHC 1, SIA, NHC 2, SIA, NHC 3, SIA, NHC 4, SIA, NHC 5, SIA, Hanzas Perons, SIA (prev. NHC 6, SIA);
- other subsidiaries: ABLV Consulting Services AS, PEM, SIA, PEM 1, SIA.

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

Analysis of the operating segments of the Group:

	EUR'000									
	01.01.2019.-30.09.2019.									
	Financial services	Financial services*	Financial services**	Real estate development and management	Real estate development and management**	Other activities**	Other activities***	Total Group consolidated adjustments	Eliminated or corrected on consolidation	Group, total
Net interest income	17,510	515	-	(97)	(631)	-	-	17,297	-	17,297
External transactions	17,227	515	-	1	(446)	-	-	-	-	-
Internal transactions	283	-	-	(98)	(185)	-	-	-	-	-
Net commission income	1,060	1,251	-	(20)	(22)	(1)	-	2,268	(138)	2,130
External transactions	930	1,243	-	(20)	(22)	(1)	-	-	-	-
Internal transactions	130	8	-	-	-	-	-	-	-	-
Net result of transactions with securities and foreign exchange, dividends received	3,186	951	-	-	5	-	5	4,147	(189)	3,958
External transactions	2,997	951	-	-	5	-	5	-	-	-
Internal transactions	189	-	-	-	-	-	-	-	-	-
Net other income/expense	1,327	(240)	45	(3,392)	1,855	(6)	-	(411)	(1,387)	(1,798)
External transactions	705	(245)	35	(4,177)	1,964	(80)	-	-	-	-
Internal transactions	622	5	10	785	(109)	74	-	-	-	-
Personnel and other administrative expense	(23,246)	(3,935)	(402)	(3,524)	(702)	(40)	(23)	(31,872)	1,836	(30,036)
Depreciation	(1,036)	(308)	-	(219)	(55)	-	-	(1,618)	-	(1,618)
Impairment allowance and other provisions	(4,101)	(4)	-	(406)	4	(202)	-	(4,709)	7,090	2,381
Corporate income tax	(7)	-	-	-	-	(4)	-	(11)	-	(11)
<b>Total segment profit/(loss)</b>	<b>(5,307)</b>	<b>(1,770)</b>	<b>(357)</b>	<b>(7,658)</b>	<b>454</b>	<b>(253)</b>	<b>(18)</b>	<b>(14,909)</b>	<b>7,212</b>	<b>(7,697)</b>
Additions of property and equipment, intangible assets and investment property	-	-	27	7,542	1,633	-	-	9,202	(249)	8,953
	30.09.2019.									
<b>Total segment assets</b>	<b>2,357,462</b>	<b>178,678</b>	<b>3,257</b>	<b>160,873</b>	<b>95,929</b>	<b>588</b>	<b>963</b>	<b>2,797,750</b>	<b>(304,756)</b>	<b>2,493,027</b>
<b>Total segment liabilities</b>	<b>2,066,644</b>	<b>167,947</b>	<b>26</b>	<b>39,712</b>	<b>47,375</b>	<b>357</b>	<b>668</b>	<b>2,322,697</b>	<b>(136,803)</b>	<b>2,185,927</b>

\* - which in the reporting period reclassified from non-current investments held for sale; \*\* - previously classified as investment management; \*\*\* - previously classified as advisory services.

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

EUR'000

	01.01.2018.-30.09.2018.								
	Financial services	Financial services*	Investment management	Investment management*	Advisory services	Real estate development	Total Group before consolidated adjustments	Eliminated or corrected on consolidation	Group, total
Net interest income	26,393	944	(247)	-	-	101	27,191	11	27,202
External transactions	26,411	981	(214)	-	-	24			
Internal transactions	(18)	(37)	(33)	-	-	77			
Net commission income	2,891	894	2,221	1,055	(12)	(12)	7,037	479	7,516
External transactions	4,173	906	1,404	1,055	(12)	(10)			
Internal transactions	(1,282)	(12)	817	-	-	(2)			
Net result of transactions with securities and foreign exchange, and dividends received	(2,020)	(965)	4,086	-	(19)	(765)	317	(3,571)	(3,254)
External transactions	(2,250)	(965)	(22)	6	(23)	-			
Internal transactions	7	-	4,108	(6)	4	(765)			
Net other income/expenses	1,624	(1,085)	2,870	22	245	(3,198)	478	(3,895)	(3,417)
External transactions	152	(1,015)	2,858	(73)	59	(5,398)			
Internal transactions	1,472	(70)	12	95	186	2,200			
Personnel and other administrative expense	(31,436)	(3,569)	(1,344)	(427)	(1,691)	(3,633)	(42,100)	1,692	(40,408)
Depreciation	(2,197)	(35)	(43)	(3)	(43)	(367)	(2,688)	(68)	(2,756)
Impairment allowance and other provisions	(15,316)	67	-	-	-	(9,537)	(24,786)	17,309	(7,477)
Corporate income tax	(47)	-	-	-	-	-	(47)	-	(57)
<b>Total segment profit/(loss)</b>	<b>(20,108)</b>	<b>(3,749)</b>	<b>7,543</b>	<b>647</b>	<b>(1,520)</b>	<b>(17,411)</b>	<b>(34,598)</b>	<b>11,957</b>	<b>(22,651)</b>
Additions of property and equipment, intangible assets and investment property	1,221	-	2,979	-	1	9,308	13,509	-	13,509
									31.12.2018.
<b>Total segment assets</b>	<b>2,356,838</b>	<b>150,058</b>	<b>93,604</b>	<b>27,877</b>	<b>988</b>	<b>174,637</b>	<b>2,804,002</b>	<b>(310,162)</b>	<b>2,493,840</b>
<b>Total segment liabilities</b>	<b>2,061,042</b>	<b>138,553</b>	<b>41,345</b>	<b>26,588</b>	<b>675</b>	<b>27,868</b>	<b>2,296,071</b>	<b>(116,704)</b>	<b>2,179,367</b>

\* - which in the reporting period reclassified from non-current investments held for sale

Information on geographical segments of Group's issued loans is provided in Note 6, major part (90%) of other Group's assets are located in Latvia.

## Note 16

### Fair value

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

	EUR'000			
	30.09.2019.		31.12.2018.	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets at fair value</b>				
Investment property	106,465	106,465	101,289	101,289
Financial assets at fair value through profit or loss	95,851	95,851	86,889	86,889
Financial assets at fair value through other comprehensive income	5,934	5,934	8,107	8,107
<b>Total assets at fair value</b>	<b>208,250</b>	<b>208,250</b>	<b>196,285</b>	<b>196,285</b>
<b>Assets not measured at fair value</b>				
Cash	13,348	13,348	9,335	9,335
Balances due from credit institutions	1,771,554	1,771,554	1,391,389	1,391,389
Loans	448,326	448,446	657,960	658,026
Other financial assets	4,662	4,662	9,585	9,585
<b>Total assets not measured at fair value</b>	<b>2,237,890</b>	<b>2,238,010</b>	<b>2,068,269</b>	<b>2,068,335</b>
<b>Liabilities at fair value</b>				
Group's consolidated fund shares owned by 3rd parties	14,485	14,485	-	-
<b>Total liabilities at fair value</b>	<b>14,485</b>	<b>14,485</b>	<b>-</b>	<b>-</b>
<b>Liabilities not valued at fair value</b>				
Liabilities not valued at fair value	2,158,375	2,158,375	2,167,363	2,167,363
<b>Total liabilities not valued at fair value</b>	<b>2,158,375</b>	<b>2,158,375</b>	<b>2,167,363</b>	<b>2,167,363</b>

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

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

	EUR'000			
	30.09.2019.		31.12.2018.	
Assets at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss	29,004	29,004	99,339	99,339
Financial assets at fair value through other comprehensive income	5,934	5,934	8,107	8,107
<b>Total assets at fair value</b>	<b>34,938</b>	<b>34,938</b>	<b>107,446</b>	<b>107,446</b>
<b>Assets not measured at fair value</b>				
Cash and demand deposits with central banks	13,346	13,346	9,332	9,332
Balances due from credit institutions	1,676,163	1,676,163	1,378,915	1,378,915
Loans	452,211	452,361	662,037	662,103
Other financial assets	27,739	27,739	19,171	19,171
<b>Total assets not measured at fair value</b>	<b>2,169,459</b>	<b>2,169,609</b>	<b>2,069,455</b>	<b>2,069,521</b>
<b>Liabilities not valued at fair value</b>				
Liabilities not valued at fair value	2,058,149	2,058,149	2,049,859	2,049,859
<b>Total liabilities not valued at fair value</b>	<b>2,058,149</b>	<b>2,058,149</b>	<b>2,049,859</b>	<b>2,049,859</b>

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

	EUR'000							
	30.09.2019.				31.12.2018.			
Assets at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	82,827	12,955	69	95,851	76,088	10,732	69	86,889
Financial assets at fair value through other comprehensive income	-	-	5,934	5,934	-	2,173	5,934	8,107
Investment property	-	-	106,465	106,465	-	-	101,289	101,289
<b>Total assets at fair value</b>	<b>82,827</b>	<b>12,955</b>	<b>112,468</b>	<b>208,250</b>	<b>76,088</b>	<b>12,905</b>	<b>107,292</b>	<b>196,285</b>
<b>Assets not measured at fair value</b>								
Loans	-	-	448,326	448,326	-	-	657,960	657,960
<b>Total assets not measured at fair value</b>	<b>-</b>	<b>-</b>	<b>448,326</b>	<b>448,326</b>	<b>-</b>	<b>-</b>	<b>657,960</b>	<b>657,960</b>
<b>Liabilities at fair value</b>								
Group's consolidated fund shares owned by third parties	14,485	-	-	14,485	-	-	-	-
<b>Total liabilities at fair value</b>	<b>14,485</b>	<b>-</b>	<b>-</b>	<b>14,485</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities not valued at fair value</b>								
Liabilities not valued at fair value	-	-	2,158,375	2,158,375	-	-	2,167,363	2,167,363
<b>Total liabilities not valued at fair value</b>	<b>-</b>	<b>-</b>	<b>2,158,375</b>	<b>2,158,375</b>	<b>-</b>	<b>-</b>	<b>2,167,363</b>	<b>2,167,363</b>

This analysis of input data hierarchy for determining the fair value does not include cash on hand, balances due from credit institutions and other financial assets, because of the short residual maturity no difference exists between the carrying amount and fair value for these assets.

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

	EUR'000							
	30.09.2019.				31.12.2018.			
Assets at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	2,849	25,794	361	29,004	88,249	10,732	358	99,339
Financial assets at fair value through other comprehensive income	-	-	5,934	5,934	-	2,173	5,934	8,107
<b>Total assets at fair value</b>	<b>2,849</b>	<b>25,794</b>	<b>6,295</b>	<b>34,938</b>	<b>88,249</b>	<b>12,905</b>	<b>6,292</b>	<b>107,446</b>
<b>Assets not measured at fair value</b>								
Loans	-	-	452,211	452,211	-	-	662,037	662,037
<b>Total assets not measured at fair value</b>	<b>-</b>	<b>-</b>	<b>452,211</b>	<b>452,211</b>	<b>-</b>	<b>-</b>	<b>662,037</b>	<b>662,037</b>
<b>Liabilities not valued at fair value</b>								
Liabilities not valued at fair value	-	-	2,058,149	2,058,149	-	-	2,049,859	2,049,859
<b>Total liabilities not valued at fair value</b>	<b>-</b>	<b>-</b>	<b>2,058,149</b>	<b>2,058,149</b>	<b>-</b>	<b>-</b>	<b>2,049,859</b>	<b>2,049,859</b>

Reclassifications of financial instruments between Level 1 and 2 of the hierarchy for sources of determining the fair value in the reporting period and previous reporting period was insignificant.

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the nine-month period ended 30 September 2019**

Analysis of changes in the Group's/Company's financial instruments of hierarchy Level 3:

	EUR'000					
	30.09.2019.	Derecognition	Recognition	Change in revaluation reserve	Reclassification	31.12.2018.
<b>Assets at fair value</b>						
<b>Group</b>						
Financial assets at fair value through profit or loss	69	-	-	-	-	69
Financial assets at fair value through other comprehensive income	5,934	-	-	-	-	5,934
Investment property	106,465	-	7,817	(3,794)	1,153	101,289
<b>Total assets at fair value</b>	<b>112,468</b>	<b>-</b>	<b>7,817</b>	<b>(3,794)</b>	<b>1,153</b>	<b>107,292</b>
<b>Company</b>						
Financial assets at fair value through profit or loss	361	-	-	3	-	358
Financial assets at fair value through other comprehensive income	5,934	-	-	-	-	5,934
<b>Total assets at fair value</b>	<b>6,295</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>6,292</b>

	EUR'000						
	30.09.2018.	Derecognition	Redemption	Recognition	Change in revaluation reserve	Reclassification	31.12.2017.
<b>Assets at fair value</b>							
<b>Group</b>							
Financial assets at fair value through profit or loss	366	-	(400)	289	20	(7,336)	7,793
Financial assets at fair value through other comprehensive income	4,998	(172)	-	-	(2)	-	5,172
Investment property	102,229	-	-	5,153	(6,329)	39,454	63,951
<b>Total assets at fair value</b>	<b>107,593</b>	<b>(172)</b>	<b>(400)</b>	<b>5,442</b>	<b>(6,311)</b>	<b>32,118</b>	<b>76,916</b>
<b>Company</b>							
Financial assets at fair value through profit or loss	651	-	(400)	574	20	(7,336)	7,793
Financial assets at fair value through other comprehensive income	4,998	(172)	-	-	(2)	-	5,172
Investment property	-	-	-	-	-	(28,969)	28,969
<b>Total assets at fair value</b>	<b>5,649</b>	<b>(172)</b>	<b>(400)</b>	<b>574</b>	<b>18</b>	<b>(36,305)</b>	<b>41,934</b>

The Company did not conduct a sensitivity analysis for securities portfolio, because investments in securities comprised insignificant part of Group's/Company's total assets at the end of the reporting period. Sensitivity of investment property value against market fluctuations was assessed by the discounted cash flow method and it matches changes in lease payments, i.e., when income from lease payments decrease by 5.0% (5.0%), the asset value decrease by 5.53% (5.53%).

## Note 17

### Litigation and claims

In the ordinary course of business, the Company has been involved in a number of legal proceedings to recover outstanding credit balances and maintain collateral in specific loan agreements. The liquidators believes that any legal proceedings pending as at 30 September 2019 will not result in material losses for the Company and/or the Group exceeding recognized provisions in these financial statements.

## Note 18

### Subsequent events

Between the last day of the reporting period and the date of signing of these consolidated and separate financial statements there have been no events requiring adjustment or disclosure of in these consolidated and separate financial statements or notes thereto.

In September 2019, funds for payments of creditors' claims falling into the groups set forth in Clauses 1<sup>1</sup>–5 of Section 192 of the Credit Institution Law were reserved. The first payouts began in October 2019. Currently, there are 866 creditors ranked in this group with the total amount of admitted claims EUR 347 million. After the review, creditors' claims are disbursed only provided there are no hindrances for such disbursement set forth in the legal acts.