



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

Financial Information
January – April 2018

Bank's Management Report

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

Given the decision of the general meeting of shareholders of ABLV Bank about voluntary liquidation, in April 2018 the bank continued optimisation of its operation, modified the organisational structure, as well as continued terminating employment relationships with the employees, whose professional services will not be required anymore under the process of liquidation.

On 23 April 2018, an extraordinary meeting of ABLV Bank, AS shareholders took place, where Eva Berlaus, a sworn attorney and leading partner of Sorainen Latvian office, was appointed the fourth liquidator. In the team of liquidators, Eva Berlaus will work with the liquidators previously approved at the general meeting of shareholders: sworn attorney and insolvency administrator Elvijs Vēbers, real estate and finance expert Andris Kovaļčuks, and corporate finance expert Arvīds Kostomārovs. In order to provide support to liquidators and ensure proper supervision of the liquidation process, the bank will additionally engage an international auditing company.

Currently, the Financial and Capital Market Commission continues assessment of the voluntary liquidation application submitted by the bank.

On 17 April 2018, our attorneys from WilmerHale U.S. office submitted a letter of comments to the Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of the Treasury in response to the Notice released by FinCEN on 13 February. In the letter, we asked FinCEN to withdraw the Notice. In the opinion of the attorneys, FinCEN has failed to take into account a list of significant circumstances, and also given that the bank has made a decision about voluntary liquidation, there is no legal justification and no practical sense for proceeding a final rule under the FinCEN Notice. The letter is published at www.regulations.gov.

Whereas at the beginning of May, the bank and its major shareholders submitted an application to the Court of Justice of the European Union, asking to assess the decisions made by the European Central Bank (ECB) and Single Resolution Board (SRB) on 23 February 2018 that forced the shareholders of the bank to make a decision about the bank's liquidation. The applications to the Court do not suspend the decision on the liquidation, yet submitting the claim is significant for the reputation of the bank, its employees and partners, as well as for the probable cover of loss if the court ruling is in favour of the bank and its shareholders.

Our liquidity and capital adequacy ratios are still at high levels and significantly exceed the regulatory minimums. As at 30 April of 2018, the volume of assets of ABLV Bank, AS was sufficient to cover claims of the creditors in full, which in according to Latvian regulatory enactments constitutes grounds for making a decision on approving the procedure of voluntary liquidation.

Key financial results:

- As at 30 April 2018, the assets of the bank amounted to EUR 2.40 billion, while amount of deposits was EUR 1.60 billion, and loan portfolio — EUR 828.3 million.
- The bank's profit as at 30 April 2018 constituted EUR 3.7 million.
- The bank's capital and reserves reach EUR 351.7 million.
- The bank's capital adequacy ratio as at 30 April 2018 is 24,69% (while the required minimum is 11,5%), and liquidity ratio — 81,10 % (while the required minimum is 30%).



Chairman of the Board
Ernests Bernis



Member of the Board
Romāns Surnačovs

Riga, 28 May 2018

Balance Sheet

	EUR'000		
	30/04/2018	23/02/2018	31/12/2017
	(non-audited)	(non-audited)	(non-audited)
Assets			
Cash	5,257	12,002	13,521
Demand deposits with Latvijas Banka	994,343	693,988	388,993
Demand deposits with credit institutions	15,846	66,265	233,086
Financial asset at fair value through profit or loss	13,328	13,246	13,225
<i>Financial assets held for trading</i>	13,318	13,236	13,129
<i>Positive market values from derivatives</i>	10	10	96
Financial asset at fair value through other comprehensive income	79,188	583,690	995,749
Financial assets at amortised cost	1,064,812	1,320,320	1,055,109
<i>Loans to customers</i>	828,336	963,799	996,098
<i>Loans to credit institutions</i>	16,939	13,880	52,047
<i>Debt securities</i>	219,537	342,641	779,620
Tangible fixed assets	5,296	9,280	9,405
Investment properties	-	20,875	20,875
Intangible fixed assets	4,882	5,129	5,390
Investments in subsidiaries	190,645	170,912	170,912
Tax assets	1,900	1,468	1,468
Other assets	29,489	414,181	3,483
Total assets	2,404,986	3,311,356	3,683,872
Liabilities			
Liabilities due to Latvijas Banka	-	347,200	50,000
Demand deposits from credit institutions	8,337	15,725	31,394
Financial liabilities at fair value through profit or loss	277	19,090	230
Financial liabilities at amortised cost	2,030,831	2,554,822	3,231,419
<i>Deposits</i>	1,598,809	2,107,118	2,679,950
<i>Issued ordinary bonds</i>	291,602	308,064	403,134
<i>Issued subordinated bonds</i>	126,112	125,449	126,193
<i>Subordinated deposits</i>	12,276	12,172	12,341
<i>Term deposits from credit institutions</i>	2,032	2,019	9,801
Allowances for impairment of financial commitments	262	192	-
Tax liabilities	-	-	-
Other liabilities	13,554	19,870	15,398
Total liabilities	2,053,261	2,956,899	3,328,441
Total shareholders' equity	351,725	354,457	355,431
Total liabilities and shareholders' equity	2,404,986	3,311,356	3,683,872
Memorandum items			
Contingent liabilities	7,930	10,423	7,227
Financial commitments	37,933	153,594	145,904

Income Statements

	EUR'000		
	01/01/2018– 30/04/2018	01/01/2018– 23/02/2018	01/01/2017– 31/03/2017
Title of entry	(non-audited)	(non-audited)	(non-audited)
Interest income	20,491	10,779	26,914
Interest expense	(4,760)	(1,999)	(6,398)
Dividends received	42	-	3,142
Commission and fee income	4,252	4,010	12,094
Commission and fee expense	(1,383)	(1,249)	(3,833)
Net gain/(loss) on transactions with financial instruments	(7,786)	2,651	6,344
Other income	11,709	77	863
Other expense	(624)	(113)	(510)
Administrative expense	(18,553)	(4,972)	(16,502)
Depreciation	(1,353)	(549)	(1,040)
(Impairment)/ reversal of impairment on financial assets	1,695	978	818
Profit/ (loss) before corporate income tax	3,730	9,613	21,892
Corporate income tax	(24)	(190)	(611)
Net profit/ (loss) for the period	3,706	9,423	21,281

Performance Indicators

	Minimum regulatory requirements	30/04/2018 (non-audited)	23/02/2018 (non-audited)	31/12/2017 (non-audited)
Liquidity ratio (%)	30.00	81.10	86.28	81.05
Common Equity Tier 1 capital ratio (CET1) (%)	8.00	19.17	16.14	16.26
Capital adequacy ratio (CAR) (%)	11.50	24.69	20.87	21.06