



ABLV

# ABLV Bank, AS in Liquidation

Public Quarterly Report  
January – June 2018

## Liquidation Committee Report

Ladies and gentlemen, dear shareholders and creditors of ABLV Bank, AS in liquidation!

After the Proposal released on 13 February 2018 by the Financial Crimes Enforcement Network of the U.S. Department of Treasury, on 26 February 2018 the extraordinary general meeting of shareholders of ABLV Bank, AS upheld a decision on voluntary liquidation in order to ensure maximum protection of the interests of clients and creditors. On 12 June 2018, the Financial and Capital Market Commission (hereinafter - FCMC) approved the application for voluntary liquidation submitted on 5 March 2018, which makes 12 June 2018 the official day of commencement of liquidation of the bank.

As the voluntary liquidation was approved, the members of the Board and Council of the bank lost their power, and the operation was taken over by the Liquidation Committee of the bank as the decision-making body, consisting of four liquidators approved by the FCMC. Two of them have the relevant knowledge and experience in finance and commerce, while other two are sworn attorneys. The team consists of sworn attorneys Eva Berlaus and Elvijs Vēbers, real estate and finance expert Andris Kovaļčuks, and corporate finance expert Arvīds Kostomārovs. To support the liquidators, there are also independent experts and an international auditor company Ernst & Young with the experts from at least five countries engaged.

On 18 June 2018, ABLV Bank, AS in liquidation published an announcement about the liquidation of the bank in the official newspaper "Latvijas Vēstnesis", and that day marks the start for the 3-month term for lodging creditors' claims. The creditors are welcome to lodge their claims (or complaints) to the bank by 18 September 2018 (inclusive) by submitting them to the Liquidation Committee at 23 Elizabetes Street, Riga, LV-1010, Latvia.

Given the number of creditors, after the deadline for lodging claims is over there will be about three months necessary to review and accept the claims and compile a list of creditors. After the list of creditors is drawn up, the disbursements shall start, starting from the so-called creditors of second order. Creditors of the first order – those having deposits up to EUR 100,000 – already can receive their funds since 3 March through disbursements from the Deposit Guarantee Fund.

The objective of the voluntary liquidation is to satisfy claims and interests of all creditors of the bank to 100%. This implies a list of measures to ensure that ABLV settles in full with all the creditors. ABLV Bank, AS in liquidation anticipates that by the end of 2020 there will be about 95% of total amount of deposits disbursed, including the funds already transferred for the payment of guaranteed compensations as provided by the law. The remaining amount of deposits, as well as other creditors' claims, including the bonds and subordinated claims, are planned to be disbursed in the course of further liquidation. Overall, it is assumed that the liquidation process might take up to 5 years.

The amount of assets of ABLV Bank, AS in liquidation is sufficient to cover the claims of all creditors. The key financial indicators as at 30 June 2018 are as follows:

- total assets: EUR 2.38 billion;
- deposits: EUR 1.60 billion;
- capital and reserves: EUR 315.0 million;
- profit of previous periods: EUR 117.6 million.

Having approved the voluntary liquidation of the bank, on 12 June 2018 the FCMC submitted an application to the European Central Bank about the withdrawal of the license of a credit institution of ABLV Bank, AS in liquidation. The withdrawal of the license was one of the steps provided in the bank's voluntary liquidation plan, and on 11 July 2018 the ECB made the decision to withdraw the license. With this decision of the ECB, ABLV Bank, AS in liquidation immediately terminated rendering any financial services that require a banking license, as well as closed all current accounts to all persons, who had had such accounts opened with ABLV Bank, AS.

Besides, on 17 April 2018, attorneys from the U.S. law firm WilmerHale sent a letter of comments to the Financial Crimes Enforcement Network of the U.S. Department of Treasury about the Proposal released by the FinCEN on 13 February 2018. In the letter, they ask FinCEN to revoke their statement and the proposal in it. In the opinion of the attorneys, the FinCEN has not taken into account a list of significant circumstances, as well as forwarding the proposal for the final rule is no longer legally justified and practically reasonable since the bank has made a decision about voluntary liquidation.

Whereas in May the bank and its major shareholders filed an application to the European Court of Justice, requesting to assess the decisions made on 23 February 2018 by the ECB and the Single Resolution Board, which forced the shareholders of the bank to make a decision on the liquidation of the bank. The claims filed to the court do not suspend the decision of liquidation, yet filing these claims is important for the reputation of the bank, its employees and partners, as well as for recovering the possible compensation of losses in case the court decision turns out to be in favour of the bank and its shareholders.

Following the liquidation process, in Q2 2018 the optimisation of the company's operation continues: the structure of the company was reorganised, and some employment relationships were terminated with the employees, whose services are no longer required in the liquidation process.

We would like to thank creditors, clients, employees and shareholders for their understanding and support in the course of the voluntary liquidation of the bank!

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

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

Riga, 31 August 2018

## General Information

ABLV Bank, AS in liquidation reg. No. 50003149401 (hereinafter - the bank) was registered in Aizkraukle, Republic of Latvia, on 17 September 1993, as a joint stock company. At present, the legal address of the bank is Elizabetes Street 23, Riga, LV - 1010, Latvia.

The bank operates in accordance with the laws and regulations of the Republic of Latvia and the licence issued by the FCMC that allows the bank to render all the financial services specified in the Law on Credit Institutions. The bank was issued licence on 9 September 1993 by the Bank of Latvia, it was later re-registered with the FCMC under No. 06.01.05.001/313.

On 12 June 2018 the FCMC upheld the decision of the shareholders of the bank on the voluntary liquidation that can be considered as the day of launching the voluntary liquidation. The voluntary liquidation plan also provides for the withdrawal of the license of the bank for the operation as a credit institution. On 11 July 2018 the European Central Bank made the decision to withdraw the ABLV Bank, AS in liquidation license.

Information on the bank's activities and admission of creditors' claims is available on the Bank's website <https://www.ablv.com/lv/legal-latest-news/voluntary-liquidation-of-ablv-bank-as-to-protect-the-interests-of-clients-and-creditors>.

The bank was operated the central office and one lending centre in Riga. The most important subsidiaries of the bank are: ABLV Bank, Luxembourg S.A. (Luxembourg), ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, Pillar Holding Company, KS. Information on the territorial structural units of the Group and client service locations could be found on the Bank's website <https://www.ablv.com/lv/about/offices>.

The organizational structure of the bank is shown on page 4 of this public quarterly report.

This public quarterly report is prepared in accordance with the Regulations No 145 on "Preparation of Public Quarterly Reports of Credit Institutions" approved by the FCMC and the Regulations No 83 on "Amendment to Preparation of Public Quarterly Reports of Credit Institutions" approved by the FCMC for providing information on the financial standing and performance indicators of the bank for the period from 1 January 2018 until 30 June 2018.

This public quarterly report is non-audited.

Financial statements are reported in thousands of euros (EUR'000), unless otherwise stated. Information given herein in brackets represents comparative figures for the period ended 31 December 2017 or for the six-month period ended 30 June 2017 respectively.

## Shareholders and Groups of Related Shareholders of the Bank

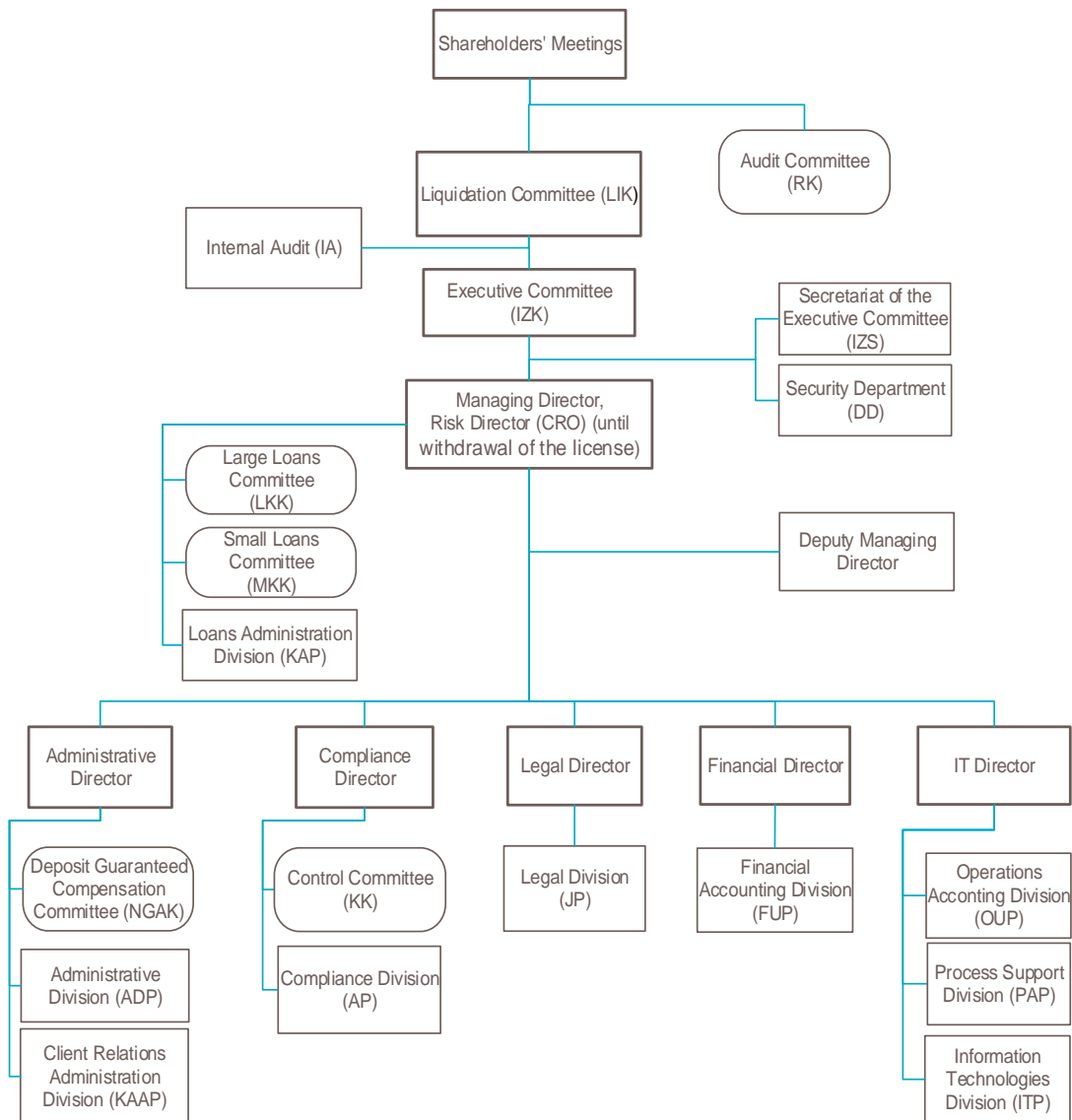
	30/06/2018		31/12/2017	
	Par value of shares	Amount of voting shares	Par value of shares	Amount of voting shares
	EUR	amount	EUR	amount
<b>Shareholders</b>				
Ernests Bernis and Nika Berne (direct and indirect interest)	1	16,646,066	1	16,646,066
Oļegs Fiļs (indirect interest)	1	16,646,065	1	16,646,065
Other shareholders total	1	4,957,869	1	4,957,869
<b>Total shares with voting rights</b>	<b>x</b>	<b>38,250,000</b>	<b>x</b>	<b>38,250,000</b>
Shares without voting rights (personnel shares)	1	3,830,000	1	3,830,000
<b>Paid-in share capital total</b>	<b>x</b>	<b>42,080,000</b>	<b>x</b>	<b>42,080,000</b>

## Performance Indicators

Title of entry	Bank	Group	Bank	Group
	01/01/2018– 30/06/2018	01/01/2018– 30/06/2018	01/01/2017– 30/06/2017	01/01/2017– 30/06/2017
	(non-audited)	(non-audited)	(non-audited)	(non-audited)
Common equity tier 1 capital ratio (CET1) (%)	18.53	16.84	16.14	15.44
Capital adequacy ratio (CAR) (%)	24.33	22.22	21.96	21.11
Return on equity (ROE)* (%)	(13.20)	(10.58)	16.46	15.65
Return on assets (ROA)* (%)	(1.69)	(1.31)	1.38	1.25

\* - indicators are calculated according to principles of the Regulations on Preparation of Public Quarterly Reports of Credit Institutions approved by the FCMC..

## Bank's Structure



## Information about the Bank's Management

On 12 June 2018, the FCMC upheld the decision of shareholders' meeting on voluntary liquidation; the date can be considered as the date of initiation of the bank's voluntary liquidation.

As of 13 June 2018, the board and the council of the bank have lost their powers. The following persons left the position of the bank's board members: Rolands Citajevs, Māris Kanneņieks, Edgars Pavlovičs, Vadims Reinfelds, Romands Surnačovs and Chairman of the Board Ernests Bernis, and the following persons left the positions as council members: Jānis Butkevičs, Aivis Ronis un Aleksandrs Rjabovs, Deputy Chairman of the Council Jānis Krīgers and Chairman of the Council Oļegs Fiļs.

Having regard to the decision as of 14 June 2018 made in the Enterprise Register of the Republic of Latvia, information regarding the appointment of the liquidators of ABLV Bank, AS in liquidation has been registered with the Commercial Register:

### liquidators:

Eva Berlaus  
Arvīds Kostomārovs  
Andris Kovaļčuks  
Elvijs Vēbers

### Information on the Council and the Board of the bank during the reporting period:

#### The council of the bank:

#### Term of office (effective until 13/06/2018):

Chairman of the Council: Oļegs Fiļs	29/09/2017 – 28/09/2022
Deputy Chairman of the Council: Jānis Krīgers	29/09/2017 – 28/09/2022
Members of the Council: Jānis Butkevičs	29/09/2017 – 28/09/2022
Aivis Ronis	29/09/2017 – 28/09/2022
Aleksandrs Rjabovs	29/09/2017 – 28/09/2022

#### The board of the bank:

#### Term of office (effective until 13/06/2018):

Chairman of the Board: Ernests Bernis - Chief Executive Officer (CEO)	02/05/2017 – 01/05/2022
Deputy Chairman of the Board: Vadims Reinfelds – Deputy Chief Executive Officer (dCEO)	02/05/2017 – 01/05/2022
Members of the Board: Edgars Pavlovičs – Chief Risk Officer (CRO)	02/05/2017 – 01/05/2022
Māris Kanneņieks – Chief Financial Officer (CFO)	02/05/2017 – 01/05/2022
Rolands Citajevs – Chief IT Officer (CIO)	02/05/2017 – 01/05/2022
Romans Surnačovs – Chief Operating Officer (COO)	02/05/2017 – 01/05/2022

Aleksandrs Pāže – Chief Compliance Officer (CCO)

**Has left the position of  
the bank's Board Member:**  
02/05/2017 – 21/02/2018

On 21 February 2018 an application for stepping down from the position as a Member of the bank's board from the Chief Compliance Director (CCO) Aleksandrs Pāže was received.

## Strategy and Aim of the Bank's Activities

On 12 June 2018, the FCMC upheld the decision of shareholders' meeting on voluntary liquidation; the date can be considered as the date of initiation of the bank's voluntary liquidation. The voluntary liquidation plan also provides for the withdrawal of the license of the bank for the operation as a credit institution. On 11 July 2018 the European Central Bank adopted the decision to withdraw the license of ABLV Bank, AS in Liquidation.

Information on the Bank's activities and admission of creditors' claims is available on the Bank's website <https://www.ablv.com/lv/legal-latest-news/voluntary-liquidation-of-ablv-bank-as-to-protect-the-interests-of-clients-and-creditors>.

## Risk Management

The information about Capital and Risk management is available in the 2016 Annual Report from Note 33 to Note 37 on the ABLV Bank, AS website <http://www.ablv.com/en/about/financial-reports>.

The Group/ the Bank according to the IFRS 9 requirements in the reporting period implemented changes in the classification of financial instruments and impairment assessment methodology. All financial assets, except capital instruments and derivatives, the Group/ the Bank evaluates based on the business model chosen for holding financial asset and the description of the cash flow under the financial instrument agreement. The Group/ the Bank evaluates business models at the portfolio level, in which the respective financial assets are held. An assessment of whether the cash flows of a financial instrument are consistent with contractual cash flows that are merely indicative of principal and interest payments is carried out at the time of initial recognition of the financial instrument.

In accordance with the requirements of IFRS 9, the loans impairment assessment methodology has been changed substantially, by assessing the impairment of loans the corresponding approach of "incurred losses" pursuant to IAS 39 has been replaced with the expected credit loss impairment (ECL) approach.

The Group/ the Bank has recognized provisions for all expected credit losses and other debt financial instruments, which have not been recognized as the financial assets measured at fair value through profit or loss, as well as commitments to issue loans. Provisions are recognized on the basis of the expected loan impairments related to the probability of default in the following twelve months, unless there has been a significant increase in credit risk since initial recognition, in which case the provision is based on the probability of default in the active life cycle.

For credit risk mitigation the Group and the Bank applies, both funded and unfunded credit protection, by applying the collateral value methods and regularity relevant to the collateral type and liquidity ratio. For credit risk mitigation, the risk exposures with any borrower are subject to limitations, by setting the limits. For calculation of minimum capital requirement for credit risk, the Group/ the Bank applies the Standardized Approach and the Financial Collateral Comprehensive Method.

## Consolidation Group

The information disclosed in the report is prepared in accordance with Regulation (EU) No 575/2013 requirements. The structure of the group in accordance with the IFRS requirements is shown in the ABLV Bank, AS in liquidation Consolidated Unaudited Condensed Interim Report for the Six-Month Period Ended 30 June 2018 on the bank's website [www.ablv.com](http://www.ablv.com).

ABLV Bank, AS in liquidation is the parent entity of the group.

Members of the consolidation group as at 30 June 2018:

No	Name of the company	Registration number	Code of country of incorporation and address	Type of activities <sup>1</sup>	Interest in share capital (%)	Share of voting rights (%)	Motivation for inclusion in the group <sup>2</sup>
1	ABLV Bank, AS in Liquidation	50003149401	LV, Elizabetes iela 23, Rīga, LV-1010	BNK	100	100	MT
2	ABLV Bank Luxembourg, S.A.	B 162048	LU, Boulevard Royal, 26a, L-2449, Luxembourg	BNK	100	100	MS
3	ABLV Capital Markets, IBAS	40003814705	LV, Elizabetes iela 23, Rīga, LV-1010	IBS	90	100	MS
4	ABLV Asset Management, IPAS	40003814724	LV, Elizabetes iela 23, Rīga, LV-1010	IPS	90	100	MS
5	PEM, SIA	40103286757	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	CFI	51	51	MS
6	PEM 1, SIA	40103551353	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	PLS	51	51	MMS
7	New Hanza Capital, AS	50003831571	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	PLS	88	88	MS
8	NHC 5, SIA	50203032411	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	PLS	99.85	99.85	MS
9	Pillar, SIA	40103554468	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
10	Pillar Holding Company, KS	40103260921	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
11	Pillar 3, SIA (incorporated with Pillar 7 & 8, SIA)	40103193067	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
12	Pillar 4 & 6, SIA	40103210494	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
13	Pillar 11, SIA	40103258310	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
14	Pillar 2, 12 & 14, SIA	50103313991	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
15	Confero Technologies, SIA (prev. Pillar 18, SIA)	40103492079	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
16	Pillar 19, SIA	40103766952	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
17	Pillar 20, SIA	40103903056	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
18	Pillar 21, SIA	40103929286	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
19	Pillar 22, SIA	50103966301	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
20	Pillar Development, SIA	40103222826	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	PLS	99.97	99.97	MS
21	Pillar Utilities, SIA	40103693339	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	PLS	99.97	99.97	MMS
22	New Hanza Centre, SIA (prev. ABLV Building Complex, SIA)	40203037667	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	PLS	99.97	99.97	MS

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

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

## Statement of Profit or Loss and other Comprehensive Income

Title of entry	EUR'000			
	Bank	Group	Bank	Group
	01/01/2018– 30/06/2018 (non-audited)	01/01/2018– 30/06/2018 (non-audited)	01/01/2017– 30/06/2017 (non-audited)	01/01/2017– 30/06/2017 (non-audited)
Interest income	26,771	28,860	39,998	42,360
Interest expense	(6,929)	(8,221)	(9,595)	(10,617)
Dividend income	54	54	54	54
Fee and commission income	4,452	7,115	18,270	22,203
Fee and commission expense	(1,697)	(1,649)	(5,927)	(5,321)
Gains or (-) losses on financial assets and liabilities not measured at fair value through profit or loss, net	(11,110)	(12,043)	412	455
Gains or (-) losses on financial assets and liabilities measured at fair value through profit or loss, net	13,045	13,229	11,604	11,383
Gains or (-) losses from hedge accounting, net	-	-	-	-
Exchange differences gain or (-) loss, net	(13,377)	(13,562)	(3,117)	(2,989)
Gains or (-) losses on derecognition of non financial assets other than held for sale, net	4,377	4,367	16	16
Other operating income	7,020	5,193	1,906	1,323
Other operating expense	(738)	(9,333)	(758)	(1,672)
Administrative expense	(28,400)	(32,046)	(26,401)	(29,754)
Depreciation	(1,616)	(1,851)	(1,554)	(1,872)
Gain or (-) losses due to changes in contractual cash flow of financial asset	-	-	-	-
Provisions or (-) reversal of provisions	178	178	-	-
Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss	(20,942)	1,857	(783)	670
Negative goodwill recognised in profit or loss	-	-	-	-
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	-	(405)	3,220	(228)
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	-	-	-
<b>Profit/ (loss) before corporate income tax</b>	<b>(28,912)</b>	<b>(18,257)</b>	<b>27,345</b>	<b>26,011</b>
Corporate income tax	(25)	(25)	(1,002)	(1,244)
<b>Net profit/ (loss) for the period</b>	<b>(28,937)</b>	<b>(18,282)</b>	<b>26,343</b>	<b>24,767</b>
<b>Other comprehensive income for the period</b>	<b>2,739</b>	<b>2,841</b>	<b>1,264</b>	<b>1,380</b>



## Balance Sheet

	EUR'000			
	Bank	Group	Bank	Group
	30/06/2018	30/06/2018	31/12/2017	31/12/2017
	(non-audited)	(non-audited)	(non-audited)	(non-audited)
<b>Assets</b>				
Cash, cash balances at central banks	1,012,895	1,016,496	402,514	404,533
Other demand deposits with credit institutions	64,582	90,703	233,086	219,326
Financial assets held for trading*	13,411	42,413	13,225	15,071
<i>Financial assets held for trading</i>	13,411	42,116	13,129	13,129
<i>Derivatives</i>	-	297	96	1,942
Financial assets at fair value through other comprehensive income*	45,608	111,438	995,749	1,074,791
Financial assets at amortised cost*	1,032,404	1,098,610	1,827,765	1,952,673
<i>Loans and advances</i>	802,545	851,774	996,098	1,054,634
<i>Loans to credit institutions</i>	12,556	12,998	52,047	52,488
<i>Debt securities</i>	217,303	233,838	779,620	845,551
Derivatives – Hedge accounting	-	-	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-
Investments in subsidiaries, joint ventures and associates	170,207	19,880	166,386	25,921
Tangible assets	2,669	66,104	30,280	70,226
Intangible assets	4,495	4,595	5,390	5,522
Tax assets	2,377	3,105	1,468	3,163
Other assets	24,650	42,858	3,483	40,575
Non-current assets and disposal groups classified as held for sale	-	-	-	-
<b>Total assets</b>	<b>2,373,298</b>	<b>2,496,202</b>	<b>3,679,346</b>	<b>3,811,801</b>
<b>Liabilities</b>				
Liabilities due to central banks	-	-	50,000	50,000
Demand deposits from credit institutions	8,540	6,112	31,394	22,289
Financial liabilities held for trading	-	334	230	247
Financial liabilities measured at amortised cost	2,037,940	2,146,962	3,235,052	3,365,156
<i>Deposits</i>	1,591,586	1,699,554	2,679,950	2,823,540
<i>Issued ordinary bonds</i>	299,833	300,887	403,134	389,648
<i>Issued subordinated bonds</i>	127,630	127,630	126,193	126,193
<i>Subordinated deposits</i>	12,172	12,172	12,341	12,341
<i>Term deposits from credit institutions</i>	2,106	2,106	9,801	9,801
<i>Other financial liabilities</i>	4,613	4,613	3,633	3,633
Derivatives	-	-	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-
Provisions	11	11	-	-
Tax liabilities	-	17	-	9
Other liabilities	11,804	16,644	11,765	16,042
Liabilities included in disposal groups classified as held for sale	-	-	-	-
<b>Total liabilities</b>	<b>2,058,295</b>	<b>2,170,080</b>	<b>3,328,441</b>	<b>3,453,743</b>
Total shareholders' equity	315,003	326,122	350,905	358,058
<b>Total liabilities and shareholders' equity</b>	<b>2,373,298</b>	<b>2,496,202</b>	<b>3,679,346</b>	<b>3,811,801</b>
<b>Memorandum items</b>				
Contingent liabilities	6,353	6,443	7,227	7,227
Financial commitments	28,894	49,018	145,903	175,382

\* - these financial statements as at 30 June 2018 are presented in accordance with IFRS 9, while financial data as at 31 December 2017 are presented in accordance with IAS 39. The classification and accounting principles for financial assets and financial liabilities applied in accordance with IFRS 9 as at 30 June 2018 and in accordance with IAS 39, as at 31 December 2017, are different.

## Own Funds and Capital Adequacy Ratios Summary

Position description	EUR'000	
	Bank	Group
	30/06/2018 (non-audited)	30/06/2018 (non-audited)
<b>Own funds</b>	<b>358,845</b>	<b>353,252</b>
Tier 1 capital	273,270	267,677
Common equity Tier 1 capital	273,270	267,677
Additional Tier 1 capital	-	-
Tier 2 capital	85,575	85,575
<b>Total risk exposure amount</b>	<b>1,474,990</b>	<b>1,589,904</b>
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1,111,643	1,115,505
Total risk exposure amount for settlement/ delivery	-	-
Total risk exposure amount for position, foreign exchange and commodities risks	143,021	225,038
Total risk exposure amount for operational risk	220,326	249,256
Total risk exposure amount for credit valuation adjustment	-	105
Total risk exposure amount related to large exposures in the trading book	-	-
Other risk exposure amounts	-	-
<b>Capital ratio and capital levels</b>		
CET1 Capital ratio	18.53%	16.84%
Surplus(+)/Deficit(-) of CET1 capital	206,896	196,131
T1 Capital ratio	18.53%	16.84%
Surplus(+)/Deficit(-) of T1 capital	184,771	172,283
Total capital ratio	24.33%	22.22%
Surplus(+)/Deficit(-) of total capital	240,846	226,060
<b>Total capital buffers</b>	<b>4.50</b>	<b>4.50</b>
Capital conservation buffer (%)	2.50	2.50
Conservation buffer due to the macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
Institution specific countercyclical capital buffer (%)	0.00	0.00
Systemic risk buffer (%)	-	-
Other Systemically Important Institution buffer (%)	2.00	2.00
<b>Capital ratio including adjustments</b>		
Assets value adjustments for prudential purposes	-	-
Common equity Tier 1 capital ratio including assets value adjustments for prudential purposes	18.53%	16.84%
Tier 1 capital ratio including assets value adjustments for prudential purposes	18.53%	16.84%
Total capital ratio including assets value adjustments for prudential purposes	24.33%	22.22%

## Information on capital and capital adequacy ratios if a credit institution applies transitional period to reduce IFRS 9 impact on own funds

Title of entry	EUR'000	
	Bank	Group
	30/06/2018 (non-audited)	30/06/2018 (non-audited)
Own funds as if IFRS 9 transitional arrangements had not been applied	349,062	343,469
Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	263,487	257,894
Common Equity Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	263,487	257,894
Total risk exposure value as if IFRS 9 transitional arrangements had not been applied	1,469,649	1,584,563
Common Equity Tier 1 capital ratio as if IFRS 9 transitional arrangements had not been applied	17.93%	16.28%
Tier 1 capital ratio as if IFRS 9 transitional arrangements had not been applied	17.93%	16.28%
Total capital ratio as if IFRS 9 transitional arrangements had not been applied	23.75%	21.68%

## Liquidity Coverage Ratio Calculation

Title of entry	EUR'000	
	Bank	Group
	30/06/2018 (non-audited)	30/06/2018 (non-audited)
Liquidity buffer	1,196,200	1,260,148
Total net cash outflows	496,605	454,025
Liquidity coverage ratio (%)	241	278

During the reporting period on 12 June 2018, the FCMC upheld the decision of ABLV Bank, AS shareholders' meeting on the voluntary liquidation. Consequently, all client deposits, subordinated deposits and securities issues will be paid to the depositors / holders within the framework of certain creditors, in compliance with the requirements set out in the Credit Institution Law regarding the settlement procedure with creditors. Thus, the calculated level of liquidity coverage is informative.

## The Bank's Investments in Financial Instruments, Except Derivatives

The bank's investments in financial instruments break downs by countries and types of issuers as at 30 June 2018, except derivatives:

Issuer state	Securities of central governments	Securities of other issuers	Total	EUR'000
				% of shareholders' equity
				Bank
Latvia	96,378	24,294	120,672	33.6
Russia	9,161	89,015	98,176	27.4
United States of America	21,246	4,401	25,647	7.1
Lithuania	4,210	3,670	7,880	2.2
Germany	7,549	-	7,549	2.1
Securities of other countries*	3,661	9,251	12,912	3.6
Securities of international organizations	-	3,486	3,486	1.0
<b>Total securities, net</b>	<b>142,205</b>	<b>134,117</b>	<b>276,322</b>	
				Group
Latvia	101,910	24,294	126,204	35.7
Russia	10,033	89,015	99,048	28.0
United States of America	21,246	29,616	50,862	14.4
Germany	47,299	-	47,299	13.4
Lithuania	5,159	3,670	8,829	2.5
Securities of other countries*	34,288	17,376	51,664	14.6
Securities of international organizations	-	3,486	3,486	1.0
<b>Total securities, net</b>	<b>219,935</b>	<b>167,457</b>	<b>387,392</b>	

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

The bank's investments in financial instruments break downs by countries and types of issuers as at 31 December 2017, except derivatives:

Issuer state	Securities of central governments	Securities of other issuers	Total	EUR'000
				% of shareholders' equity
				Bank
United States of America	707,688	12,772	720,460	190.8
Germany	213,136	2,515	215,651	57.1
Latvia	186,839	25,290	212,129	56.2
Russia	21,849	132,133	153,981	40.8
Sweden	83,134	17,731	100,865	26.7
Canada	37,620	29,167	66,787	17.7
Finland	41,381	16,586	57,967	15.4
Securities of other countries*	136,256	95,028	231,284	61.3
Securities of international organizations	-	29,374	29,374	7.8
<b>Total securities, net</b>	<b>1,427,901</b>	<b>360,596</b>	<b>1,788,498</b>	
				Group
United States of America	711,855	36,243	748,098	200.7
Germany	216,955	11,308	228,262	61.3
Latvia	195,426	25,290	220,716	59.2
Russia	22,698	133,811	156,510	42.0
Sweden	85,636	20,566	106,202	28.5
Canada	37,620	32,965	70,585	18.9
Finland	41,381	16,586	57,967	15.6
Securities of other countries*	159,023	155,897	314,919	84.5
Securities of international organizations	-	30,210	30,210	8.1
<b>Total securities, net</b>	<b>1,470,593</b>	<b>462,877</b>	<b>1,933,471</b>	

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

The amount of expected credit losses according to IFRS 9 on 30 June 2018; breakdown by the Stages:

	EUR'000			
	Stage 1	Stage 2	Stage 3	Total
<b>Title of entry</b>				<b>Bank</b>
Debt securities	451	660	-	1,111
Loans and advances	1,325	3,975	14,676	19,976
Financial commitments	11	-	-	11
<b>Total</b>	<b>1,787</b>	<b>4,635</b>	<b>14,676</b>	<b>21,098</b>
				<b>Group</b>
Debt securities	460	660	-	1,120
Loans and advances	1,325	3,975	14,730	20,030
Financial commitments	11	-	-	11
<b>Total</b>	<b>1,796</b>	<b>4,635</b>	<b>14,730</b>	<b>21,161</b>

## Events after the Reporting Date

On 11 July 2018, the European Central Bank upheld the decision to withdraw the license of ABLV Bank, AS in liquidation for the credit institution operation. This decision came into effect on 12 July 2018. Withdrawal of the license is one of the steps foreseen under the voluntary liquidation plan of the Bank. The FCMC filed an application for withdrawal of a bank's license for credit institution already on June 12th, the day the FCMC upheld the decision on the Bank's voluntary liquidation and the Bank became a joint-stock company in liquidation.

Having regard to the prohibition on providing financial services without the relevant license pursuant to the Credit Institutions Law, ABLV Bank, AS in liquidation immediately ceased to provide financial services and closed current accounts for all the persons to whom such accounts were opened at ABLV Bank, AS.

The decision of the ECB does not affect the creditors of the Bank, who continue to file their claims by September 18, 2018.

In July 2018, liquidators adopted a decision on sale of ABLV Asset Management, IPAS and ABLV Capital Markets, IBAS in the nearest future. The process of negotiating and agreeing with potential new shareholders is under way.

On 20 August 2018, the Liquidation Committee made a decision that as of 25 September 2018 it shall be determined that the initial currency, the USD, of the bonds of ABLV Bank, AS in liquidation, namely, ABLV FXD USD 030719 (ISIN: LV0000802270), ABLV FXD USD 271019 (ISIN: LV0000802320) and ABLV SUB USD 171127 (ISIN: LV0000802361), issued under the Base Prospectus of Seventh Bond Offer Programme, shall be redenominated to EUR.

Upon redenomination of the bonds, there shall be the rate of the European Central Bank (ECB) as at 24 September 2018 applied in order to provide fair market rate as the date of exchange. After the redenomination, in the securities portfolios the clients will see the bonds in EUR with a new ISIN.

For now, the currency of other bonds issued by the company in US dollar shall not be changed – it will remain in a US dollar.