



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

Public Quarterly Report
January – December 2015

Bank's Management Report

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

During 2015, development of the bank and other companies of ABLV Group was continued, due to consistent implementation of the group's strategy. Despite tense geopolitical situation prevailing in several our target regions, the planned results have been attained. This achievement resulted from our choice of business model, implemented risk management, and maintained cautious policy. According to the business model, our focus remains to be on rendering services to private and corporate clients in Latvia, as well as on exporting high-class financial services under servicing foreign clients, mostly those from the CIS states.

To improve the capital adequacy and ensure funds required for development, another issue of ABLV Bank shares was performed at the beginning of the year for the sake of share capital increase. Under the issue, there were 2 385 000 registered shares issued, and 82 shareholders of the bank applied for acquisition of those. The sale price of one share was EUR 13.85. Whereas at the end of the year 265 000 personnel shares were issued. Following the increase, the share capital of ABLV Bank amounts to EUR 35.3 million, and the same is comprised of 31 770 000 ordinary shares and 3 530 000 personnel shares.

Continuing the bond issue programme, in 2015 we performed 7 issues of bonds: two coupon bond issues under the Fourth Bond Offer Programme, and four ones – under the Fifth Bond Offer Programme, as well as one issue of subordinated bonds performed under the Fifth Bond Offer Programme. The total amount of issues performed last year constituted USD 225 million and EUR 80 million. The bank initiated gradual replacement of long-term deposits with bonds at the end of 2011. Including new bonds and those already redeemed, we have performed 32 public bond issues till the end of 2015. As at the end of 2015, there were 21 bond issues included in the Nasdaq Riga list of debt securities.

In 2015, we continued strengthening the compliance and risk management functions, as well as process development and maintenance, and the number of workplaces in the respective structural units was increased. In 2015, there were 36 new workplaces created in the bank only. ABLV Bank and other companies of the group are an important employer and taxpayer in the financial sector and in the country in general. Last year, different taxes paid by the group to the state budget amounted to EUR 20.8 million.

In 2015, ABLV Bank was named one of the best Latvian export brands. To determine the best exporting brands, the export support movement The Red Jackets, in cooperation with the export advice company GatewayBaltic and financial advice company BDO, examined the performance of more than 1300 Latvian exporting companies the export turnover of which exceeds one million euros. Following the examination, 100 best Latvian exporting brands were determined, and the expert panel nominated 25 most prominent export brands, including ABLV Bank, for the title The Red Jackets.

Financial results

The bank's major financial indicators of 2015 evidence stable upswing. ABLV Bank, AS, is the largest bank in Latvia with local capital and is ranked second in terms of the amount of assets.

- The bank's profit in 2015 amounted to EUR 69.0 million. Whereas in 2014 it equalled EUR 58.7 million.
- The bank's operating income totalled EUR 126.3 million. Compared with 2014, operating income has increased by 15.9%.
- The amount of the clients' deposits equalled EUR 3.79 billion as at the end of the reporting period.
- The amount of issued debt securities reached EUR 558.4 million.
- As at 31 December 2015, the amount of the bank's assets was EUR 4.93 billion. Over the year, the amount of assets has grown by 18.2%, the total assets increasing by EUR 758.3 million.
- The bank's loan portfolio equalled EUR 873.5 million, as at the end of December.
- The bank's capital and reserves amounted to EUR 281.5 million.
- As at 31 December 2015, common equity Tier 1 capital adequacy ratio was equal to 10.79%, the bank's capital adequacy ratio was 17.27%, and liquidity – 82.68%.
- ROE reached 27.76%, and ROA – 1.49%, as at 31 December 2015.

Good performance is substantially based on the work of our team of private bankers. The client service standards are constantly improved and the offer is enhanced, therefore the business volumes grow not just due to acquiring new clients, but also because of current clients starting to use different products of the bank.

The bank continued investing available funds in securities. The total amount of the securities portfolio was equal to EUR 2.77 billion, as at 31 December 2015. The bank's securities portfolio is mostly composed of fixed-income debt

securities, and 74.6% of the portfolio is constituted by securities having credit rating AA- and higher. In terms of the major countries, securities are allocated as follows: USA – 35.8%, Germany – 14.2%, Latvia – 9.8%, Russia – 8.1%, Canada – 7.8%, Sweden – 5.7%, Netherlands – 2.1%, Norway – 1.8%, and Finland – 1.5%. Whereas 3.4% is constituted by securities issued by international institutions – International Bank of Reconstruction and Development, Council of Europe Development Bank, European Investment Bank, etc. In the reporting period, average annual yield of the securities portfolio amounted to 1.8%.

In the reporting period, we have implemented several new products and services for the convenience of our clients. Settlement services were supplemented with payments in five new currencies: THB (Thai baht), TRY (Turkish lira), HKD (Hong Kong dollar), AMD (Armenian dram), and GEL (Georgian lari).

Whereas expanding the range of our financing services, the bank resumed offering cargo ship financing that meets the market demand. The bank offers financing of the ships having the cargo capacity above 3 000 DWT (deadweight tonnes). These are mostly general cargo vessels, bulk carriers, and reefer ships. Maximum amount of financing of one ship is EUR 10 million, and the ship's maximum age – 25 years as at the moment of the loan repayment. Financing of finished ships can be granted to companies from the Baltic states, the Black Sea and Mediterranean region, as well as Russian East. The company should have at least 10-year experience in ship transport area and impeccable reputation.

In the reporting period, we started offering one more new financing service to our clients – transactional trade finance for commodities traded on stock exchange and over the counter. This service is interesting for trading companies that have successful experience of trading in highly liquid raw materials. We offer transactional trade finance for such commodities as energy raw materials (crude oil, oil products, coal, gas), chemicals (methanol, benzene, mineral fertilizers, etc.), and different metals. These commodities should be moved from Baltic or CIS states to any place in the world. Within this service, we are ready to provide financing of the whole transaction cycle – from prepayment to the supplier to payment after delivery by the end buyer. The maximum loan amount can be up to EUR 20 million.

Whereas on 16 June 2015, ABLV Bank signed an agreement with the development finance institution ALTUM on cooperation within the programme of providing guarantees under housing loans. Within the programme, ALTUM provides guarantees under loans for housing acquisition or construction granted by commercial banks to families with children. Although our bank primarily focuses on private banking services, mortgage lending is an important line of business, and we will continue its development by offering new competitive products. Currently, we offer six different mortgage lending programmes.

Whereas under insurance of residential property, ABLV Bank, acting as insurance agent, in cooperation with the insurers – Latvian branches of Seesam Insurance AS and Compensa TU S.A. Vienna Insurance Group – has developed two unique insurance programmes for the clients: ABLV Apartment Insurance and ABLV House Insurance. Besides real estate insurance, these insurance programmes include insurance of movable property, landscape elements, and civil liability.

Under development of remote account management services, we pay great attention to security of using our Internetbank and therefore introduced considerable changes in client recognition, which form a part of the remote service improvement project. Now two-factor authentication (recognition) will be applied to clients who have one representative, one Internetbank user, and one authorization tool – when logging in to the Internetbank, those clients will need to provide not just user ID and password (the first factor that the client knows) but also code card or Digipass value (the other factor that the client owns).

To ensure even more convenient and secure use of Internetbank, in May 2015 we implemented new code cards – electronic code cards Digipass GO 100, which generate unique codes for authorization of each transaction. Well-known multifunctional devices Digipass 270 and large Digipass 300 Comfort will be also available upon the client's request.

Investments

In 2015, intense instability was observed at global financial markets, regularly causing strong price fluctuations. Nevertheless, open-end mutual funds managed by ABLV Asset Management, IPAS demonstrated good results. As at the end of 2015, their total asset value amounted to EUR 129.7 million. Since the beginning of the year, the total value of funds has increased by 21.7%, i.e., approximately by EUR 23.1 million. The growth of the funds' value was due to increasing interest in financial markets and clients more and more willing to diversify their investment portfolios by acquiring shares of ABLV funds.

Just like in previous years, in 2015 we also started offering new ABLV mutual fund to the clients: from 17 September 2015 ABLV Emerging Markets Corporate USD Bond Fund is available to our clients. The base currency of the new mutual fund is USD, and its assets are invested in debt securities issued or guaranteed by companies and credit institutions registered in emerging countries.

Together with the new fund, 12 mutual funds are currently available to our clients, and those funds cover wide range of investments – from government bond to total return funds. At the same time, we introduced single principle of charging the fees for issue of investment certificates. From 17 September 2015, for all bond funds this fee will be equal to 1.00%, and for stock and total return funds – to 1.50%

As at the end of June 2016, total assets under ABLV Asset Management, IPAS management amounted to EUR 131.2 million, of which EUR 129.7 million were the clients' investments in mutual funds managed by the company, and EUR 1.5 million were the clients' funds invested in individual investment programmes.

The year 2015 was also positive for ABLV Capital Markets, IBAS, which executes the clients' instructions for purchasing and selling all types of financial instruments in the world's major securities markets. Profit of ABLV Capital Markets, IBAS, amounted to EUR 5.4 million. As at 31 December 2015, the total assets of the company's clients invested in more than 1400 different financial instruments were equal to EUR 1.15 billion.

Developing our brokerage services, from the beginning of 2016 we offer SWAP agreements on oil products to the clients, i.e., the agreements on changing floating price of the asset (oil product) to fixed one, or vice versa, for a set term and to the agreed amount. Such transactions are made over-the-counter, but settlement is ensured by stock exchange.

In the reporting period, long and labour-intensive process was completed, and thus ABLV Bank acquired the status of Qualified Intermediary (QI) of the US Internal Revenue Service (IRS). This status ensures significant competitive advantages for our bank and the clients. Due to acquisition of QI status, we will be able to apply reduced US tax rates to coupon payments on bonds of the US issuers that are included in the clients' securities portfolios, according to the tax residence declared by the client. For example, if our client is not a resident of the USA, the tax rate of 30% applied to coupon payments on bonds of the US issuers earlier will be reduced to 0%.

In the reporting period, ABLV Bank provided support to the issuer – AmberStone Group by successfully arranging subscription to newly issued shares. Following the issue of shares, share capital of AmberStone Group has been increased by EUR 21.0 million, reaching EUR 35.0 million in total. The issue was aimed at raising additional funds for the company's development and also at increasing the number of the company's shareholders. 96 applicants took part in the share capital increase – they were current shareholders of AmberStone Group, including ABLV Bank, as well as third parties – particular clients, shareholders, and employees of the bank. AmberStone Group, AS is a holding company established in 2013, and it manages its affiliate and associated companies operating in various fields – agriculture, trade, manufacturing, and healthcare.

Real estate

The year 2015 brought changes in the real estate development and trading group Pillar: reorganization necessary for the new stage of operations was performed, and the number of supervised properties was significantly decreased. Last year, stability and moderate growth were resumed at real estate market, and therefore Pillar was able to report good performance.

In 2015, Pillar made 373 sale transactions, the total amount of which reached EUR 18.1 million. Compared with 2014, the number of sale transactions has halved, which is due to substantial decrease in the managed property portfolio – over the year, the number of properties was reduced from 730 to 420.

In 2015, the number of private house and land sale transactions was doubled – there were 90 private houses and 32 land plots sold. Whereas the number of sold uniform apartments reached 203 – 118 of those in Riga and 85 outside Riga. There were 37 apartments in new and renovated projects sold. It should be noted that the last available apartment in premium-class block Elizabetes Park House was sold in 2015 as well.

One of the major events last year was the commissioning of the apartment block Miera Park House in Riga, at 57a Miera Street. Pillar purchased this new building from affiliate company of SEB bank for EUR 2.4 million at the beginning of 2013. The amount of investments in reconstruction and finishing works reached EUR 5.8 million. The quality of this project has already been appreciated by many clients: 25% of the premium-class apartments available in the building were sold till the end of the year.

In September, structural reorganization of Pillar group companies was completed successfully. The main objective of the reorganization was to ensure appropriate structure and divide the responsibilities within the real estate line of business, taking into account that future operations of Pillar will primarily concern implementation of large-scale New Hanza City project. Under the reorganization, three groups of companies were formed: Pillar Management, SIA, Pillar Holding Company, KS, and New Hanza City group of companies. Each of those is assigned its own tasks. The areas of operations of several companies have been changed or extended, and thus Pillar will be able to implement all stages of real estate development on its own – from project development, organization of construction works, supervision of their quality, and sale of properties to rendering utility and management services.

Owing to contribution and thorough work of Pillar Architekten, SIA (former name – Schaller Kyncl Architekten Riga), which is a part of Pillar group, another significant event took place at the very end of 2015 – construction design of ABLV Bank headquarters building, multifunctional office building, and utility lines installation was approved. Therefore, first construction works of laying necessary utility lines will be started at New Hanza City territory already in Q2 2016. The street network in the territory around the said buildings is planned to be built during the year, alongside installation of water supply, sewage, heat and electricity supply systems, so that the construction of the buildings can be started afterwards.

Advisory

In the reporting period, the bank's affiliate company ABLV Corporate Services, SIA, improved its range of services by starting to offer accounting services of new quality to the clients. There is a team of 15 professional accountants working in ABLV Corporate Services and having the experience of rendering services to companies in such jurisdictions as Latvia, Cyprus, and Singapore. The company's specialists can render accounting services to the companies during the whole year, making monthly and quarterly reports, providing profound advice on taxes and law amendments, etc. Currently, almost 100 clients use the services of ABLV Corporate Services, SIA.

To expand into new target regions and to be closer to its clients, in the reporting period ABLV Group company ABLV Consulting Services, AS, has opened new representative office – in global financial centre of Hong Kong. Its main task is to inform prospective and current clients about financial, investment, and advisory services offered by ABLV Group. Major advantages of Hong Kong are liberal tax system and developed sector of financial services. Moreover, many clients from Russia and CIS states register companies in Hong Kong to establish their business.

Currently, ABLV Group has 11 representative offices in 8 countries – Russia, Ukraine, Belarus, Kazakhstan, Azerbaijan, Uzbekistan, Hong Kong, and Cyprus.

Luxembourg

Our subsidiary bank in Luxembourg, ABLV Bank Luxembourg, S.A., renders services to the clients during more than two years already, and as at 31 December 2015 ABLV Bank Luxembourg assets and assets under management amounted to EUR 174.7 million.

For investment portfolio management, the Luxembourg bank offers two services to the clients – Active Investment Advisory and Discretionary Portfolio Management. Under the said services, the clients were able to choose among three types of investment strategies: Capital Preservation, Defensive, and Balanced ones. Taking into account the demand, ABLV Bank Luxembourg started offering new investment strategy – Growth. This strategy is supposed for substantial increase of invested assets with acceptance of considerable risk of loss. Compared with the other strategies, the new one implies including much higher portion of shares in the client's portfolio.

Lombard lending is now available to the clients of ABLV Bank Luxembourg, and this service is actually an overdraft on the current account, granted against pledge of the portfolio under Active Investment Advisory or Discretionary Portfolio Management. Using this service, the clients are able to obtain funds without selling their investment portfolios, and those funds can be applied towards various purposes, e.g., increase of the investment portfolio. The term of the lombard loan is not limited (whereas the bank is entitled to request early repayment of the loan), and it can be obtained in USD and EUR.

It should be noted that in the reporting period Risk Committee of the international payment system VISA Europe approved assignment of VISA Associate Membership status to ABLV Bank Luxembourg, S.A. Thus ABLV Bank Luxembourg is able to offer payment cards to the clients on its own – from debit cards to premium cards VISA Platinum and Infinite.

For society

In 2015, ABLV Group continued to provide its support for different projects which are significant for the society. Last year the companies of ABLV Group donated a total of more than EUR 1.000.000 for charity projects and projects of social significance.

Alongside with donations for children with hearing problems and children from impoverished families, as well as support for contemporary art and creation of modern public space in Riga, ABLV Bank donated funds for several embassies of the Republic of Latvia in order to help them to organise 18 November celebration and promote our country abroad.

In 2015, as each year, in ABLV Group the annual Christmas Charitable Campaign aimed at collecting funds for charity programmes of ABLV Charitable Foundation was organized. More than two hundred of bank employees and clients, as well as other people, took part in the campaign. As a result, the budget of such significant programmes as New Riga, Let's Help Them to Grow Up!, Let's Help Them to Hear! and Support for Contemporary Art Exhibitions was increased for EUR 482.534.

As previous years, in July 2015 the exhibition of Alexander Vasilyev, the worldwide famous Russian fashion historian, took place in Riga with support of ABLV Bank. It was already the seventh exhibition of costumes from the collection of the historian supported by ABLV Bank, and this time it covered a whole century from 1915 to 2015. For the first time, the visitors could enjoy the exhibition catalogue in Latvian, Russian and English published by the Latvian National Museum of Art in collaboration with ABLV Bank.

Plans for 2016

In 2016, strengthening of the bank's compliance and risk management functions will be continued. A number of projects aimed at automatization of supervision processes is supposed to be completed. The number of workplaces is not planned to grow as rapidly as before, because of higher tax burden and the consequent increase in administrative expenses.

The tense situation in financial markets and our target regions, as well as growing requirements of different supervisory institutions do not allow expecting the business development to be as rapid as in previous years, but since our business model is efficient and risk management – strong and elaborate, we can forecast the results to be similar to those in 2015.

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



Chairman of the Council
Oļegs Fijs



Chairman of the Board
Ernests Bernis

Riga, 26 February 2016

General information

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

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

The bank operate the central office and one lending centre in Riga. The most significant bank`s subsidiaries are ABLV Bank Luxembourg S.A., ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, Pillar Holding Company, KS. The group has representation offices/ territorial structural units in Azerbaijan (Baku), in Belarus (Minsk), in Kazakhstan (Almaty), in Cyprus (Limassol), in Russia (Moscow, St. Petersburg and Vladivostok), in Ukraine (Kiev with separate office in Odessa), in Uzbekistan (Tashkent) and in Hong Kong.

Organizational structure of ABLV Bank, AS is shown on page 8 at this public quarterly report.

This public quarterly report is prepared in accordance with the Regulations on Preparation of Public Quarterly Reports of Credit Institutions approved by the Financial and Capital Market Commission for the purpose to providing information on the financial standing and performance indicators of the bank for the period started 1 January 2015 until 31 December 2015.

Financial statements are reported in thousands of euro (EUR'000), unless otherwise stated. Information given herein in brackets represents comparative figures for the period ended 31 December 2014 or for the twelve-month period ended 31 December 2014 respectively.

Shareholders and groups of related shareholders of the bank

	31.12.2015.		31.12.2014.	
	Par value of shares	Amount of voting shares	Par value of shares	Amount of voting shares
	EUR	amount	EUR	amount
Shareholders				
Ernests Bernis and Nika Berne (direct and indirect interest)	1	13,702,131	1	12,669,930
Oļegs Fiļs (indirect interest)	1	13,702,131	1	12,669,930
Other shareholders total	1	4,365,738	1	4,045,140
Total shares with voting rights	x	31,770,000	x	29,385,000
Shares without voting rights (personnel shares)		3,530,000		3,265,000
Paid-in share capital total		35,300,000		32,650,000

Performance indicators

Title of entry	01/01/2015 - 31/12/2015	01/01/2014 - 31/12/2014
	(audited)**	(audited)*
Return on equity (ROE) (%)	27.76	28.72
Return on assets (ROA) (%)	1.49	1.59

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

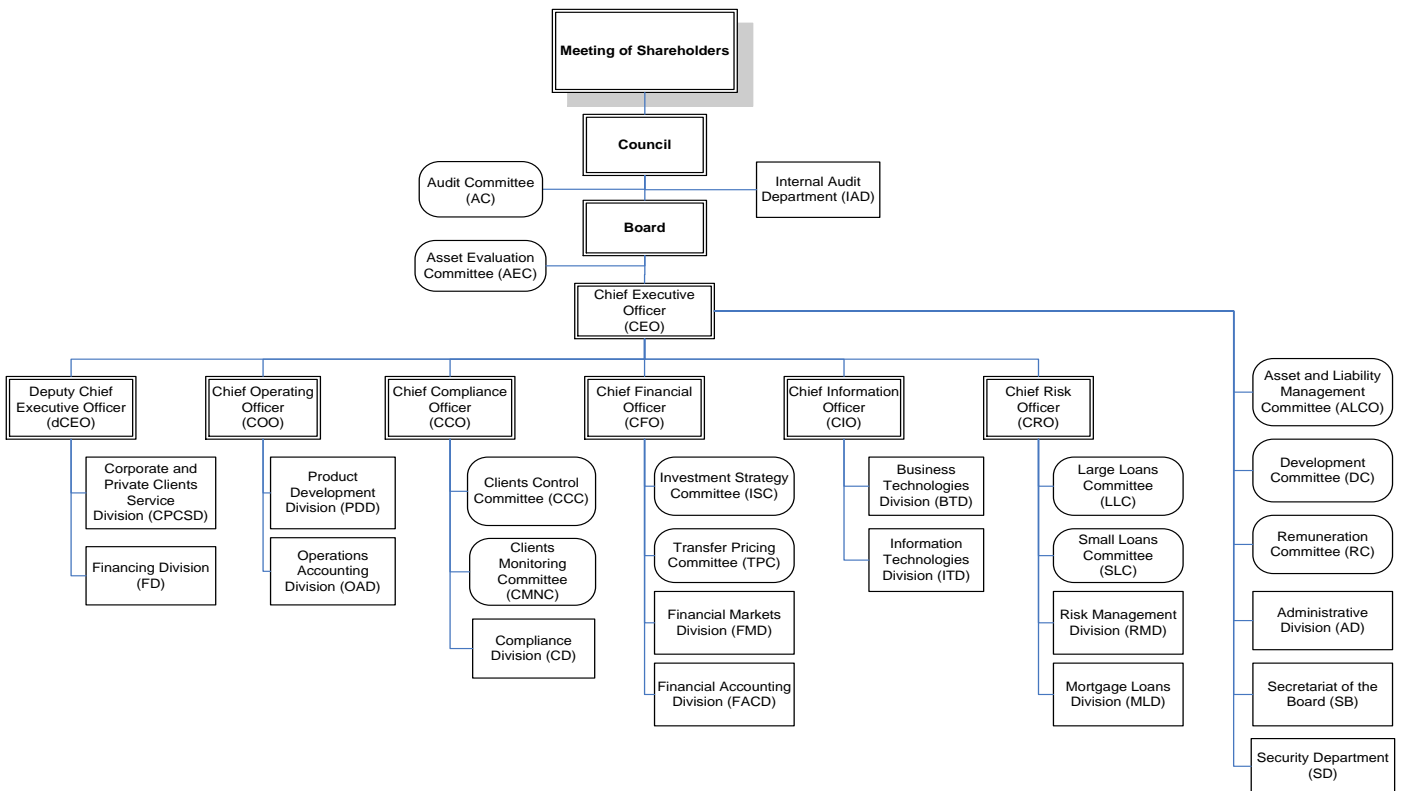
* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2014 audited by SIA Ernst & Young Baltic (No 40003593454).

** - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2015 audited by SIA KPMG Baltics (No 40003235171).

Risk management

The information about Risk management is available in 2015 Annual Report from Note 34 till Note 37 on ABLV Bank, AS website <http://www.ablv.com/en/about/financial-reports>.

Bank's structure*



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

The council and the board

The council of the bank:

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

The board of the bank:

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

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

Strategy and aim of the bank's activities

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

Bank' vision

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

Bank's mission

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

Bank's values

Collaborative

We listen attentively and respond intelligently. We are always ready for changes. We do not rest, we act.

Intuitive

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

Valued

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

Bank's aim

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

Consolidation group

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

Members of the consolidation group* as at 31 December 2015:

No	Name of the company	Registration number	Code of country of incorporation and address	Type of activities ¹	Interest in share capital (%)	Share of voting rights (%)	Motivation for inclusion in the group ²
1	ABLV Bank, AS	50003149401	LV, Elizabetes iela 23, Rīga, LV-1010	BNK	100	100	MT
2	ABLV Bank Luxembourg, S.A.	B 162048	LU, Boulevard Royal, 26a, L-2449, Luxembourg	BNK	100	100	MS
3	ABLV Corporate Services Holding Company, SIA	40103799987	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
4	Pillar Holding Company, KS	40103260921	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
5	Pillar, SIA	40103554468	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
6	Pillar 3, SIA	40103193067	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
7	Pillar 4 & 6, SIA	40103210494	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
8	Pillar 7 & 8, SIA	40103240484	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
9	Pillar 9, SIA	40103241210	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
10	Pillar 10, SIA	50103247681	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
11	Pillar 11, SIA	40103258310	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
12	Pillar 2, 12 & 14, SIA	50103313991	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
13	Pillar 18, SIA	40103492079	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
14	Pillar 19, SIA	40103766952	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
15	Pillar 20, SIA	40103903056	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
16	Pillar 21, SIA	40103929286	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
17	Pillar Investment Group, SIA	50003831571	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	91.6	91.6	MMS
18	New Hanza City, SIA	40103222826	LV, Pulkveža Brieža iela 28, Rīga, LV-1010	PLS	100	100	MS
19	NHC Utilities, SIA	40103693339	LV, Pulkveža Brieža iela 28, Rīga, LV-1010	PLS	100	100	MMS
20	ABLV Asset Management, IPAS	40003814724	LV, Elizabetes iela 23, Rīga, LV-1010	IPS	90	100	MS
21	ABLV Capital Markets, IBAS	40003814705	LV, Elizabetes iela 23, Rīga, LV-1010	IBS	90	100	MS
22	ABLV Private Equity Management, SIA	40103286757	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
23	ABLV Private Equity Fund 2010, KS	40103307758	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS

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

² - MS – subsidiary company, MMS – subsidiary company of subsidiary company, MT – parent company.

*- The consolidation group conform to Regulation (EU) No 575/2013 requirements, differences with IFRS are set out in Statement of Information Disclosure on bank's website www.ablv.com.

Income statements

Title of entry	EUR'000	
	01/01/2015 - 31/12/2015 (audited)**	01/01/2014 - 31/12/2014 (audited)*
Interest income	83,547	68,618
Interest expense	(20,508)	(17,093)
Dividends received	9,352	6,111
Commission and fee income	55,778	57,944
Commission and fee expense	(15,543)	(16,443)
Net realised gain/ (loss) from financial assets and liabilities at amortised cost	-	(1,030)
Net realised gain/ (loss) from available-for-sale financial assets	1,711	237
Net realised gain/ (loss) from financial assets and liabilities held for trading	(176)	(866)
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-	-
Changes in fair value hedge accounting	-	-
Net result from foreign exchange trading and revaluation	19,769	20,974
Gain/ (loss) from sale of tangible and intangible fixed assets	48	48
Other income	3,598	3,787
Other expense	(1,264)	(890)
Administrative expense	(48,616)	(43,420)
Depreciation	(3,377)	(2,992)
Provisions	237	-
Impairment on financial assets	(9,993)	(12,438)
Profit/ (loss) before corporate income tax	74,563	62,547
Corporate income tax	(5,524)	(3,873)
Net profit/ (loss) for the period	69,039	58,674

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2014 audited by SIA Ernst & Young Baltic (No 40003593454).

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Balance sheet

	EUR'000	
	31/12/2015	31/12/2014
Assets	(audited)**	(audited)*
Cash and demand deposits with central banks	448,187	258,908
Demand deposits from credit institutions	325,653	568,373
Financial assets held for trading	22,407	18,963
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	1,780,554	1,209,073
Loans and receivables	1,219,618	1,017,156
<i>Loans</i>	873,499	790,247
<i>Loans to credit institutions</i>	346,119	226,909
Held to maturity investments	965,253	930,579
Change of fair value of hedge portfolio	-	-
Prepaid expense and accrued income	1,238	1,185
Property and equipment	9,529	10,606
Investment properties	25,069	25,033
Intangible assets	6,036	5,700
Investments in subsidiaries	120,036	115,099
Tax assets	3,042	4,719
Other assets	1,499	4,450
Total assets	4,928,121	4,169,844
Liabilities		
Liability due to central banks	180,072	16,797
Demand deposits from credit institutions	63,294	28,962
Financial liabilities held for trading	482	5,630
Financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	4,366,864	3,877,997
<i>Deposits</i>	3,793,192	3,406,032
<i>Issued ordinary bonds</i>	437,293	341,206
<i>Issued subordinated bonds</i>	121,118	113,375
<i>Subordinated deposits</i>	15,261	14,413
<i>Term deposits from credit institutions</i>	-	2,971
Financial liabilities arising from financial asset transfer	-	-
Change of fair value of hedge portfolio	-	-
Deferred income and accrued expense	8,816	6,758
Provisions	-	352
Tax liabilities	1,001	-
Other liabilities	26,139	6,447
Total liabilities	4,646,668	3,942,943
Total shareholders' equity	281,453	226,901
Total liabilities and shareholders' equity	4,928,121	4,169,844
Memorandum items		
Contingent liabilities	9,516	9,444
Financial commitments	68,907	60,228

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Own funds and capital adequacy ratios summary

		EUR'000	
		31/12/2015	31/12/2014
Code Position description		(audited)**	(audited)*
1.	Own funds	321,003	309,921
1.1	Tier 1 capital	200,680	195,463
1.1.1.	Common equity Tier 1 capital	200,680	195,463
1.1.2.	Additional Tier 1 capital	-	-
1.2.	Tier 2 capital	120,323	114,458
2.	Total risk exposure amount	1,859,071	1,648,617
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1,570,282	1,404,853
2.2.	Total risk exposure amount for settlement/ delivery	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	90,417	64,685
2.4.	Total risk exposure amount for operational risk (OpR)	198,336	177,926
2.5.	Total risk exposure amount for credit valuation adjustment	36	1,153
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-
2.7.	Other risk exposure amounts	-	-
3.	Capital ratio and capital levels		
3.1.	CET1 Capital ratio	10.79%	11.86%
3.2.	Surplus(+)/Deficit(-) of CET1 capital	117,022	121,276
3.3.	T1 Capital ratio	10.79%	11.86%
3.4.	Surplus(+)/Deficit(-) of T1 capital	89,136	96,547
3.5.	Total capital ratio	17.27%	18.80%
3.6.	Surplus(+)/Deficit(-) of total capital	172,278	178,032
4.	Total capital buffers	2.50	2.50
4.1.	Capital conservation buffer (%)	2.50	2.50
4.2.	Institution specific countercyclical capital buffer (%)	-	-
4.3.	Systemic risk buffer (%)	-	-
4.4.	Systemically important institution buffer (%)	-	-
4.5.	Other Systemically Important Institution buffer (%)	-	-
5.	Capital ratio including adjustments		
5.1.	Own funds adjustments related to Pillar II	-	-
5.2.	Common equity Tier 1 capital ratio including Pillar II adjustments mentioned in line 5.1.	10.79%	11.86%
5.3.	Tier 1 capital ratio including Pillar II adjustments mentioned in line 5.1.	10.79%	11.86%
5.4.	Total capital ratio including Pillar II adjustments mentioned in line 5.1.	17.27%	18.80%

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Liquidity ratio calculation

	EUR'000	
	31/12/2015	31/12/2014
	(audited)**	(audited)*
Liquid assets		
Cash	9,659	8,112
Deposits w ith central banks	398,018	250,796
Deposits w ith credit institutions	633,344	738,444
Liquid securities	2,150,033	1,557,633
Total liquid assets	3,191,054	2,554,985
Current liabilities (with maturity no more than 30 days)		
Deposits from credit institutions	61,461	28,962
Deposits	3,748,369	3,338,007
Issued debt securities	-	-
Cash in transit	3,247	23
Other current liabilities	40,868	41,662
Off-balance liabilities	5,725	9,712
Total current liabilities	3,859,670	3,418,366
Liquidity ratio (%)	82.68	74.74
Minimum liquidity ratio (%)	30.00	30.00

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The bank's investments in financial instruments, except derivatives

The bank's investments in financial instruments break downs by countries of issuers as at 31 December 2015, except derivatives:

	EUR'000			
Issuer state	Securities of central governments	Securities of other issuers	Total	% of shareholders' equity
United States of America	972,810	16,848	989,658	308.3
Germany	10,015	384,181	394,196	122.8
Latvia	241,024	31,047	272,071	84.8
Russia	25,095	198,071	223,166	69.5
Canada	96,500	118,395	214,895	66.9
Sweden	95,365	62,067	157,432	49.0
Netherlands	-	58,537	58,537	18.2
Norway	41,355	9,277	50,632	15.8
Finland	32,201	9,220	41,421	12.9
Securities of other countries*	110,566	162,143	272,709	85.0
Securities of international organizations	-	93,376	93,376	29.1
Total securities, net	1,624,931	1,143,162	2,768,093	

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

As at 31 December 2015 the securities portfolio weighted average modified duration was 2.5 (2.6).

During the reporting period has been recognized an impairment for available for sale financial instruments amounted to 1,1 million EUR, while at the twelve-months period of 2014 has been recognized an impairment for available for sale financial instruments amounted to 1,7 million EUR.

During the reporting period has been recognized an impairment for financial instruments at amortized cost amounted to 559,4 thousands EUR, while at the twelve-months period of 2014 has been recognized an impairment for financial instruments at amortized cost amounted to 2,0 million EUR.

At the end of reporting period allowances for financial instruments at amortized cost amounted to 2,6 (2,0) million EUR and the market value of those securities amounted to 2,8 (2,4) million EUR.

The bank's investments in financial instruments break downs by countries of issuers as at 31 December 2014, except derivatives:

Issuer state	Securities of central governments	Securities of other issuers	Total	EUR'000
				% of shareholders' equity
United States of America	558,014	11,968	569,982	183.9
Germany	10,059	272,505	282,564	91.2
Canada	86,666	123,401	210,067	67.8
Russia	27,576	179,952	207,528	67.0
Latvia	178,789	22,822	201,611	65.1
Sweden	144,668	53,980	198,648	64.1
Netherlands	-	74,919	74,919	24.2
Denmark	33,658	4,148	37,806	12.2
Norway	29,237	8,332	37,569	12.1
Finland	24,859	8,295	33,154	10.7
Securities of other countries*	77,046	109,371	186,417	60.1
Securities of international	-	114,271	114,271	36.9
Total securities, net	1,170,572	983,964	2,154,536	

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