



## Amendments to ABLV Bank, AS Base Prospectus of the Sixth Bond Offer Programme

This document contains amendments to ABLV Bank, AS Base Prospectus of the Sixth Bond Offer Programme, which was approved by decision of ABLV Bank, AS Board dated 22 April 2016 and registered with the Financial and Capital Market Commission on 26 April 2016.

On 21 June 2016, ABLV Bank, AS Board approved (Minutes No. V-48, paragraph 2) the following amendments to ABLV Bank, AS Base Prospectus of the Sixth Bond Offer Programme (hereinafter referred to as the Amendments to the Base Prospectus):

1. Clause B.13 of Section B of the Summary shall read as follows:

In 2015, the FCMC performed several inspections at the Bank to verify the compliance with the requirements of the Credit Institution Law and the Law on the Prevention of Money Laundering and Terrorism Financing, following which there was administrative matter initiated on 18 December 2015. On 26 May 2016, the Financial and Capital Market Commission and ABLV Bank entered into the administrative agreement regarding the violations detected under the FCMC inspections, which is aimed at improving the functioning of the Bank's internal control system. Taking into account that ABLV Bank currently complies with all regulatory requirements and continues improvement of its internal control system, a fine of EUR 3.17 million (which corresponds to 2.5% of the Bank's total income for the year) is applied to the Bank and warning is given to the responsible Member of the Bank's Board according to the agreement.

B.13 Events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency

During the inspections, the FCMC considered that the Bank had not paid sufficient attention to the client's untypically large, complex or interrelated transactions and also had not performed intense supervision of some clients' transactions under the enhanced due diligence. The FCMC conclusions, made during the inspections, regarding the deficiencies in the Bank's internal control system in the field of the prevention of money laundering and terrorism financing concern previously executed clients' transactions and their documentation, and the Bank currently applies necessary measures to eliminate those deficiencies.

The parties to the administrative agreement have agreed upon further measures that the Bank committed to take in full within the set terms in order to improve the internal control system and to strengthen its efficiency. The Bank has already refused cooperation with some clients which might cause inadequate risk in terms of the current requirements, and strict assessment of the clients is continued. Moreover, the number of compliance officers has been substantially increased and the capacity of respective structural units has been strengthened. ABLV Bank also plans to invest not less than EUR 6.5 million in improving the internal control system.

ABLV Bank is convinced that the sanctions set forth in the administrative agreement will have no material impact on the Bank's financial status and earning capacity. On the contrary, the Bank will consequently improve its internal control system in the AML (anti money laundering) area following the current international best practice, as well as good reputation of the Bank will be promoted.

Recently there were no other events particular to ABLV Bank which are to a material extent relevant to the evaluation of the Issuer's solvency.

2. The second paragraph of subclause 6.13 'Subordination of the Bonds' of clause 6 of the Base Prospectus shall read as follows:

"Pursuant to Article 63 of REGULATION (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, the following requirements apply to the bonds intended for raising subordinated capital and recognized as Tier 2 instruments:

- original maturity of at least 5 (five) years;
- the claim on the principal amount of the bonds under the provisions governing the instruments is wholly subordinated to claims of all non-subordinated creditors;
- where the bonds include one or more call options, the options are exercisable at the sole discretion of the Issuer;
- such bonds may not be called, redeemed or repurchased by the Issuer before the minimum period of 5 (five) years elapses, except in case of the Issuer's insolvency or liquidation;
- the bonds intended for raising subordinated capital may be called, redeemed, or repurchased before maturity only given a prior permission of the competent authority and not before 5 (five) years after the date of issue;

as well as other requirements pursuant to Article 63 of REGULATION (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012."

3. Subclause 10.3.2 'Legal and arbitration proceedings' of clause 10 of the Base Prospectus shall read as follows:

"10.3.2. Legal and arbitration proceedings

In the ordinary course of business, ABLV Bank is involved in a number of legal proceedings both as a claimant and as a defendant, but those legal proceedings pending cannot significantly affect the Issuer's financial position and solvency.

In 2015, the FCMC performed several inspections at the Bank to verify the compliance with the requirements of the Credit Institution Law and the Law on the Prevention of Money Laundering and Terrorism Financing, following which there was administrative matter initiated on 18 December 2015. On 26 May 2016, the Financial and Capital Market Commission and ABLV Bank entered into the administrative agreement regarding the violations detected under the FCMC inspections, which is aimed at improving the functioning of the Bank's internal control system. Taking into account that ABLV Bank currently complies with all regulatory requirements and continues improvement of its internal control system, a fine of EUR 3.17 million (which corresponds to 2.5% of the Bank's total income for the year) is applied to the Bank and warning is given to the responsible Member of the Bank's Board according to the agreement.

During the inspections, the FCMC considered that the Bank had not paid sufficient attention to the client's untypically large, complex or interrelated transactions and also had not performed intense supervision of some clients' transactions under the enhanced due diligence. The FCMC conclusions, made during the inspections, regarding the deficiencies in the Bank's internal control system in the field of the prevention of money laundering and terrorism financing concern previously executed clients' transactions and their documentation, and the Bank currently applies necessary measures to eliminate those deficiencies.

The parties to the administrative agreement have agreed upon further measures that the Bank committed to take in full within the set terms in order to improve the internal control system and to strengthen its efficiency. The Bank has already refused cooperation with some clients which might cause inadequate risk in terms of the current requirements, and strict assessment of the clients is continued. Moreover, the number of compliance officers has been substantially increased and the capacity of respective structural units has been strengthened. ABLV Bank also plans to invest not less than EUR 6.5 million in improving the internal control system.

ABLV Bank is convinced that the sanctions set forth in the administrative agreement will have no material impact on the Bank's financial status and earning capacity. On the contrary, the Bank will consequently improve its internal control system in the AML (anti money laundering) area following the current international best practice, as well as good reputation of the Bank will be promoted."

The Amendments to the Base Prospectus shall be deemed an integral part of ABLV Bank, AS Base Prospectus of the Sixth Bond Offer Programme and shall be read together with the Base Prospectus.

ABLV Bank, AS will publish the Amendments to the Base Prospectus at its website **www.ablv.com** after those are registered with the Financial and Capital Market Commission. Pursuant to provisions of the Financial Instrument Market Law, where investors had agreed to purchase the bonds of the Sixth Bond Offer Programme by subscribing to those under the initial offering before the Amendments to the Base Prospectus are published and where the respective bond purchase transactions have not been concluded yet, the investors shall be entitled to revoke their applications within two working days after the Amendments to the Base Prospectus are published.

The amendments were approved at ABLV Bank Board session on 21 June 2016.

<b>Name, surname</b>	<b>Position held</b>	<b>Signature</b>
Ernestis Bernis	Chairman of the Board, Chief Executive Officer (CEO)	
Vadims Reinfelds	Deputy Chairman of the Board, Deputy Chief Executive Officer (dCEO)	
Māris Kanneņieks	Member of the Board, Chief Financial Officer (CFO)	
Aleksandrs Pāže	Member of the Board, Chief Compliance Officer (CCO)	
Romans Surnačovs	Member of the Board, Chief Operating Officer (COO)	