



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

Public Quarterly Report
January – March 2015

Bank's Management Report

Dear shareholders of ABLV Bank, AS,

In the first quarter of the year, different trends prevailed in the global economy – from positive news about economic growth in many leading emerging countries of the world to signals of growth pace decline in the others.

According to the latest forecasts of the European Commission, the real GDP growth of the European Union is expected to reach 1.8% in 2015, whereas that of eurozone – 1.5%, which is respectively 0.1 and 0.2 percentage points more than anticipated earlier.

Positive outlook about development of Latvian economy is retained, and it is still outpacing average growth figures across the EU. Potential increase of Latvian GDP in 2015 is expected to reach 2.3%. The major driving force of the GDP growth is the domestic demand, as well as private consumption is supposed to increase this year.

The results of Q1 allow expecting achievement of the objectives set for 2015. All the bank's major performance indicators remain high, including capital adequacy and liquidity ratios.

In the reporting period, we have implemented several new products and services for the convenience of our customers. Those include expanded investment opportunities — new open-end mutual fund managed by ABLV Asset Management, IPAS, – ABLV Multi-Asset Total Return USD Fund, improved support under corporate events, cargo ship financing, and payments in five new currencies: THB (Thai baht), TRY (Turkish lira), HKD (Hong Kong dollar), AMD (Armenian dram), and GEL (Georgian lari).

Continuing the bond issue programme, at the beginning of 2015 we performed two more coupon bond issues, their total size amounting to 75 000 000 USD and 20 000 000 EUR at face value. 87 and 40 investors respectively took part in acquisition of the bonds. The issues were performed under the Fourth Bond Offer Programme, and the bonds are admitted to the regulated market – NASDAQ Riga list of debt securities.

In 2015, we plan to retain net fee income and profit at the level of the previous year. Average increase of deposits is planned to amount to 10%, and thus the total amount of deposits might exceed 4 billion EUR by the end of 2015. We plan granting new commercial loans for financing large business projects, and their amount will be about 130 million EUR. Net profit in 2015 is planned to be approximately the same as in 2014.

Financial results

The bank's financial performance in the first quarter of 2015 demonstrates stable growth.

- The bank's profit in Q1 2015 amounted to 20.1 million EUR. Whereas in Q1 2014 it equalled 16.6 million EUR.
- The bank's operating income before allowances for credit losses totalled 34.8 million EUR. Compared with Q1 2014, operating income has increased by 17.2%.
- The bank's amount of deposits and assets continued to grow. Since the beginning of 2015, the amount of deposits has increased by 246.3 million EUR, i.e., 7.2%, reaching 3.65 billion EUR.
- The amount of issued debt securities reached 539.6 million EUR.
- As at 31 March 2015, the amount of the bank's assets totalled 4.61 billion EUR. Since the beginning of the year, the amount of assets has grown by 10.7%, the total assets increasing by 444.2 million EUR.
- The bank's loan portfolio equalled 826.6 million EUR, as at the end of March.
- The bank's capital and reserves amounted to 221.8 million EUR.
- As at 31 March 2015, the bank's capital adequacy ratio was 17.57%, whereas liquidity equalled 74.61%.
- ROE reached 36.05%, and ROA – 1.78%, as at 31 March 2015.

Ordinary meeting of the bank's shareholders made the decision to increase ABLV Bank, AS, share capital by issuing 2 385 000 new registered voting shares. According to the approved terms of share capital increase, the sale price of one share was determined 13.85 EUR. Following the new issue, the bank's equity will be increased by 33.0 million EUR.

After the share capital increase, the bank's new subscribed share capital will amount to 35 035 000 EUR, and the same will consist of 31 770 000 registered voting shares and 3 265 000 employee shares without voting rights attached.

On 31 March, the ordinary meeting of the bank's shareholders also made the decision to pay 58.4 million EUR out of the profit for 2014 in the form of dividends. The payment per share amounted to 1.79 EUR. Payment of the dividends will allow the bank's shareholders to re-invest the profit derived from dividends in the bank's further growth by acquiring the bank's newly issued shares.

The bank continued investing in securities. The total amount of the securities portfolio was equal to 2.60 billion EUR, as at 31 March 2015. The bank's securities portfolio is mostly composed of fixed-income debt securities, and 75.9% 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 – 32.5%, Germany – 12.5%, Canada – 9.3%, Russia – 9%, Sweden – 8.6%, Latvia – 8.1%, Netherlands – 3.2%, Denmark – 1.6%, and Norway – 1.6%. Whereas 4.6% is constituted by securities issued by international institutions – the European Commission, EBRD, etc. In the reporting period, annual yield of the securities portfolio amounted to 3.0%.

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



Chairman of the Council
Oļegs Fījs



Chairman of the Board
Ernests Bernis

Riga, 28 May 2015

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 legislation of the Republic of Latvia and the license issued by the Bank of Latvia that allows the bank to render all the financial services specified in the Law on Credit Institutions.

As at 31 March 2015 the group and the bank operate the central office and one lending centre in Riga, subsidiary bank in Luxembourg, as well as foreign representation offices/ territorial structural units in Azerbaijan (Baku), in Belarus (Minsk), in Kazakhstan (Almaty), in Cyprus (Limassol), in Russia (Moscow, St. Petersburg, Yekaterinburg and Vladivostok), in Ukraine (Kyiv with separate office in Odessa), in Uzbekistan (Tashkent) and Tajikistan (Dushanbe).

Organizational structure of ABLV Bank, AS is shown on page 5 at this public quarterly report.

This 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 of providing information on the financial standing and performance indicators of the bank for the period started 1 January 2015 till 31 March 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 year ended 31 December 2014 respectively.

Shareholders and groups of related shareholders of the bank

	31.03.2015.			
	Amount of voting shares	Par value of shares	Paid-in the Bank's share capital	% of the total paid-in the Bank's share capital with voting rights
	amount	EUR	EUR'000	(%)
Shareholders				
Ernests Bernis and Nika Berne (direct and indirect interest)	12,669,930	1	12,670	43.11
Oļegs Fiļs (indirect interest)	12,669,930	1	12,670	43.12
Other shareholders total	4,045,140	1	4,045	13.77
Total shares with voting rights	29,385,000	x	29,385	100.00
Shares without voting rights (personnel shares)	3,265,000	1	3,265	
Paid-in share capital total	32,650,000	x	32,650	

	31.12.2014.			
	Amount of voting shares	Par value of shares	Paid-in the Bank's share capital	% of the total paid-in the Bank's share capital with voting rights
	amount	EUR	EUR'000	(%)
Shareholders				
Ernests Bernis and Nika Berne (direct and indirect interest)	12,669,930	1	12,670	43.11
Oļegs Fiļs (indirect interest)	12,669,930	1	12,670	43.12
Other shareholders total	4,045,140	1	4,045	13.77
Total shares with voting rights	29,385,000	x	29,385	100.00
Shares without voting rights (personnel shares)	3,265,000	1	3,265	
Paid-in share capital total	32,650,000	x	32,650	

Performance indicators

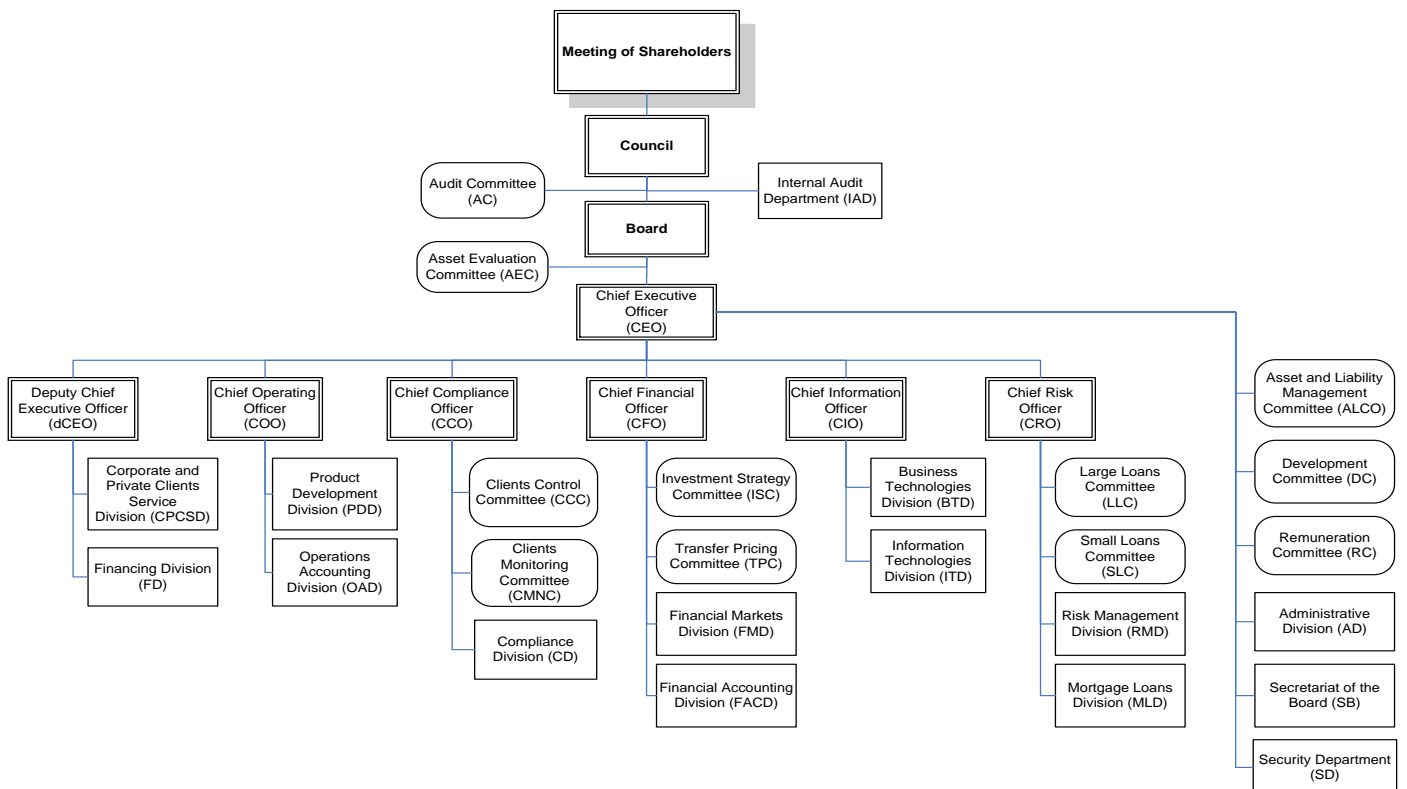
Title of entry	01.01.2015. - 31.03.2015. (non-audited)	01.01.2014. - 31.03.2014. (non-audited)
Return on equity (ROE) (%)	36.05	36.37
Return on assets (ROA) (%)	1.78	1.90

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.

Risk management

The information about Risk management is available in 2014 Annual Report from Note 34 till Note 37 on ABLV Bank, AS web page <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 Rapoportis	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 March 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	CFI	100	100	MS
4	Pillar Holding Company, KS	40103260921	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
5	Pillar Management, SIA	40103193211	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
6	Pillar, SIA	40103554468	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
7	Pillar 2 & 14, SIA	50103313991	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
8	Pillar 3, SIA	40103193067	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
9	Pillar 4 & 6, SIA	40103210494	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
10	Pillar 7 & 8, SIA	40103240484	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
11	Pillar 9, SIA	40103241210	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
12	Pillar 10, SIA	50103247681	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 12, SIA	40103290273	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
15	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	Elizabetes Park House, SIA	50003831571	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	91.6	91.6	MMS
18	Schaller Kyncl Architekten Riga, SIA	40103437217	LV, Pulkveža brieža iela 28A, Rīga, LV1045	PLS	100	100	MMS
19	Pillar Parking, SIA	40103731804	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
20	New Hanza City, SIA	40103222826	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
21	GP Electro, SIA	40103693339	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
22	ABLV Asset Management, IPAS	40003814724	LV, Elizabetes iela 23, Rīga, LV-1010	IPS	90	100	MS
23	ABLV Capital Markets, IBAS	40003814705	LV, Elizabetes iela 23, Rīga, LV-1010	IBS	91.8	100	MS
24	AmberStone Group, AS	40103736854	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	40.9	40.9	MS
25	ABLV Private Equity Management, SIA	40103286757	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
26	ABLV Private Equity Fund 2010, KS	40103307758	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
27	Vaiņode Agro Holding, SIA	40103503851	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	70	70	MMS

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.

Income statements of the bank

Title of entry	EUR'000	
	01.01.2015. - 31.03.2015. (non-audited)	01.01.2014. - 31.03.2014. (non-audited)
Interest income	19,903	15,653
Interest expense	(5,266)	(3,877)
Dividends received	2,831	3,015
Commission and fee income	13,114	13,123
Commission and fee expense	(3,669)	(3,531)
Net realised gain/ (loss) from financial assets and liabilities at amortised cost		-
Net realised gain/ (loss) from available-for-sale financial assets	722	(164)
Net realised gain/ (loss) from financial assets and liabilities held for trading	802	(117)
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	5,337	4,661
Gain/ (loss) from sale of tangible and intangible fixed assets	6	31
Other income	1,006	888
Other expense	(333)	(580)
Administrative expense	(11,995)	(9,595)
Depreciation	(812)	(624)
Impairment allowance	-	-
Impairment of financial instruments	(486)	(918)
Profit/ (loss) before corporate income tax	21,160	17,965
Corporate income tax	(1,085)	(1,316)
Net profit/ (loss) for the period	20,075	16,649

Balance sheet of the bank

	EUR'000	
	31.03.2015.	31.12.2014.
	(non-audited)	(audited)*
Assets		
Cash and demand deposits with central banks	357,351	258,908
Demand deposits from credit institutions	395,741	568,373
Financial assets held for trading	24,232	18,963
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	1,559,936	1,209,073
Loans and receivables	1,068,479	1,017,156
<i>Loans</i>	826,637	790,247
<i>Loans to credit institutions</i>	241,842	226,909
Held to maturity investments	1,014,401	930,579
Change of fair value of hedge portfolio	-	-
Prepaid expense and accrued income	4,024	1,185
Tangible fixed assets	10,298	10,606
Investment properties	25,026	25,033
Intangible fixed assets	5,941	5,700
Investments in subsidiaries	111,849	115,099
Tax assets	4,984	4,719
Other assets	31,752	4,450
Total assets	4,614,014	4,169,844
Liabilities		
Liability due to central banks	86,804	16,797
Demand deposits from credit institutions	24,100	28,962
Financial liabilities held for trading	2,039	5,630
Financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	4,207,800	3,877,997
<i>Deposits</i>	3,652,365	3,406,032
<i>Issued ordinary bonds</i>	414,029	341,206
<i>Issued subordinated bonds</i>	125,567	113,375
<i>Subordinated deposits</i>	15,839	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	5,171	6,758
Provisions	348	352
Tax liabilities	-	-
Other liabilities	65,918	6,447
Total liabilities	4,392,180	3,939,972
Total shareholders' equity	221,834	226,901
Total liabilities and shareholders' equity	4,614,014	4,169,844
Memorandum items		
Contingent liabilities	9,807	9,444
Financial commitments	54,990	60,228

* - 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).

Own funds and capital adequacy ratios summary

		EUR'000	
Code Position description		31.03.2015.	31.12.2014.
		(non-audited)	(audited)*
1.	Own funds	318,601	309,922
1.1	Tier 1 capital	193,730	195,464
1.1.1.	Common equity Tier 1 capital	193,730	195,464
1.1.2.	Additional Tier 1 capital	-	-
1.2.	Tier 2 capital	124,871	114,458
2.	Total risk exposure amount	1,813,076	1,648,617
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1,522,896	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	91,384	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	460	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	10.69%	11.86%
3.2.	Surplus(+)/Deficit(-) of CET1 capital	112,142	121,276
3.3.	T1 Capital ratio	10.69%	11.86%
3.4.	Surplus(+)/Deficit(-) of T1 capital	84,946	96,547
3.5.	Total capital ratio	17.57%	18.80%
3.6.	Surplus(+)/Deficit(-) of total capital	173,555	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.	10.69%	11.86%
5.3.	Tier 1 capital ratio including Pillar II adjustments mentioned in line 5.1.	10.69%	11.86%
5.4.	Total capital ratio including Pillar II adjustments mentioned in line 5.1.	17.57%	18.80%

* - 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).

Liquidity ratio calculation

	EUR'000	
	31.03.2015.	31.12.2014.
	(non-audited)	(audited)*
Liquid assets		
Cash	8,212	8,112
Deposits with central banks	349,139	250,796
Deposits with credit institutions	598,202	738,444
Liquid securities	1,840,128	1,557,633
Total liquid assets	2,795,681	2,554,985
Current liabilities (with maturity no more than 30 days)		
Deposits from credit institutions	24,100	28,962
Deposits	3,602,632	3,338,007
Issued debt securities	-	-
Cash in transit	506	23
Other current liabilities	106,784	41,662
Off-balance liabilities	12,902	9,712
Total current liabilities	3,746,924	3,418,366
Liquidity ratio (%)	74.61	74.74
Minimum liquidity ratio (%)	30.00	30.00

* - 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).

Note 1

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 March 2015, except derivatives:

	EUR'000			
Issuer state	Securities of central governments	Securities of other issuers	Total	% of shareholders' equity
United States of America	831,156	13,092	844,248	265.0
Germany	10,110	314,382	324,492	101.8
Canada	101,898	138,550	240,448	75.5
Russia	32,297	202,096	234,393	73.6
Latvia	181,935	29,845	211,780	66.5
Sweden	163,661	58,426	222,087	69.7
Netherlands	-	83,193	83,193	26.1
Denmark	38,038	4,696	42,734	13.4
Norway	32,961	9,472	42,433	13.3
Finland	28,089	9,363	37,452	11.8
Securities of other countries*	75,510	117,962	193,472	60.7
Securities of international organizations	-	120,102	120,102	37.7
Total securities, net	1,495,655	1,101,179	2,596,834	

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

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

Neither during the reporting period, nor at 1Q 2014 has not been recognized an impairment for available for sale financial assets.

Neither during the reporting period, nor at 1Q has not been made provisions for financial assets at amortized cost. At the end of reporting period provisions for financial instruments at amortized cost amounted to 2.2 (2.0) million EUR and the market value of those securities amounted to 3.1 (2.4) million EUR.

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

	EUR'000			
Issuer state	Securities of central governments	Securities of other issuers	Total	% 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 organizations	-	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.

Note 2

Events after reporting date

As of the last day of the reporting period until the date of signing this Public Quarterly Report there have been no events requiring adjustment of or disclosure in this Public Quarterly Report besides those stated below.

On 26 May 2015 ABLV Bank, AS, share capital was increased by issuing 2 385 000 new registered voting shares. According to the approved terms of share capital increase, the sale price of one share was determined 13.85 EUR. The existing bank's shareholders purchased all newly issued shares. After the increase of share capital, the bank's new subscribed share capital amounts to 35 035 000 EUR.