



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

Interim condensed consolidated and separate financial
statements

for the twelve-month period ended 31 December 2015

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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.

Bank's Management Report

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 – The 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

Bank's Management Report

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 December 2015, 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

Bank's Management Report

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.

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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
Ojēgs Fiļs

Riga, 26 February 2016



Chairman of the Board
Ernests Bernis

The Statement of Corporate Governance is published on the bank's website www.ablv.com .

The council and the board

The council of the bank:

Chairman of the Council: Oļegs Fijs	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: Ernestis 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 of the bank and board of the bank during the reporting year.

Statement of management's responsibility

The council and the board of ABLV Bank, AS (hereinafter – the bank) are responsible for the preparation of the interim condensed financial statements of the bank as well as for the preparation of the consolidated interim condensed financial statements of the bank and its subsidiaries (hereinafter – the group).

The interim condensed financial statements and notes thereto set out on pages 10 to 40 are prepared in accordance with the source documents and present truly and fairly the financial position of the bank and the group as at 31 December 2015 and 2014, and the results of their operations, changes in the shareholders' equity and cash flows for the years then ended.

The aforementioned interim condensed financial statements are prepared on a going concern basis in accordance with IAS 34 International Financial Reporting Standards as adopted by the European Union. Prudent and reasonable judgements and estimates have been made by the management in the preparation of the financial statements.

The council and the board of the bank (hereinafter – the management) are responsible for the maintenance of proper accounting records, the safeguarding of the group's assets, and the prevention and detection of fraud and other irregularities in the group. The management of the bank are also responsible for operating the group and the bank in compliance with the Law of the Republic of Latvia on Credit Institutions, Regulations of the Bank of Latvia and the Financial and Capital Market Commission, and other laws of the Republic of Latvia as well as European Union Regulations applicable to credit institutions.



Chairman of the Council
Oļegs Fiļs



Chairman of the Board
Ernests Bernis

Riga, 26 February 2016

Interim condensed statements of comprehensive income

	Notes	EUR'000			
		Group		Bank	
		01.01.2015- 31.12.2015	01.01.2014- 31.12.2014	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Interest income	3	85,548	70,163	83,547	68,618
Interest expense	3	(20,589)	(16,684)	(20,508)	(17,093)
Net interest income		64,959	53,479	63,039	51,525
Commision and fee income	4	65,564	63,916	55,778	57,944
Commision and fee expense	4	(10,431)	(10,897)	(15,543)	(16,443)
Net commision and fee income		55,133	53,019	40,235	41,501
Net gain on transactions with financial instruments and foreign exchange	5	21,499	18,992	21,304	19,315
Net gain on non-financial assets held for sale		(2,272)	3,041	-	-
Other income		9,581	18,445	3,646	3,835
Other expense		(6,522)	(11,395)	(1,264)	(890)
Income from dividends		259	195	9,352	6,111
Impairment allowance for loans	6	(5,888)	(1,003)	(5,483)	(999)
Provisions for impairment of investments in subsidiaries	14	-	-	(2,840)	(7,769)
Provisions for impairment of financial instruments		(1,670)	(3,670)	(1,670)	(3,670)
Operating income		135,079	131,103	126,319	108,959
Personnel expense	9	(43,099)	(39,370)	(33,955)	(30,530)
Other administrative expense	9	(18,952)	(18,528)	(14,661)	(12,890)
Amortisation and depreciation		(5,019)	(5,310)	(3,377)	(2,992)
Impairment reversal		237	-	237	-
Profit before corporate income tax		68,246	67,895	74,563	62,547
Corporate income tax		(6,372)	(4,088)	(5,524)	(3,873)
Net profit for the year		61,874	63,807	69,039	58,674
Attributable to:					
Equity holders of the bank		61,277	63,353		
Non-controlling interests		597	454		
Other comprehensive income which has been or is to be reclassified to profit or loss					
Changes in fair value revaluation reserve of available-for-sale financial assets		11,921	(4,338)	11,828	(4,324)
Change to income statement as a result of sale of available-for-sale securities		(1,763)	(300)	(1,711)	(237)
Change to income statement due to recognised impairment of available-for-sale securities		1,111	1,684	1,111	1,684
Changes in deferred corporate income tax		(304)	467	(304)	467
Other comprehensive income, total		10,965	(2,487)	10,924	(2,410)
Total comprehensive income		72,839	61,320	79,963	56,264
Attributable to:					
Equity holders of the bank		72,242	60,866		
Non-controlling interests		597	454		


Chairman of the Council
Oļegs Fiļs


Chairman of the Board
Ernests Bernis

Interim condensed statements of financial position

		EUR'000			
		Group		Bank	
Assets	Notes	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Cash and deposits with central banks	8	449 136	259 872	448 187	258 908
Balances due from credit institutions	9	669 980	816 936	671 772	795 282
Derivatives		121	4 079	121	4 079
Financial assets at fair value through profit or loss	10	26 121	21 165	22 286	14 884
Available-for-sale financial assets	11	1 833 073	1 271 227	1 780 554	1 209 073
Loans	13	874 003	790 113	873 499	790 247
Held-to-maturity investments	12	1 015 047	958 423	965 253	930 579
Investments in subsidiaries	14	-	-	111 266	115 099
Investments in associates	14	9 068	2	8 770	-
Investment properties		22 976	30 057	25 069	25 033
Property and equipment		23 867	37 877	9 529	10 606
Intangible assets		6 365	6 309	6 036	5 700
Current corporate income tax receivables		3 148	3 596	3 042	3 257
Deferred corporate income tax		379	2 300	-	1 457
Repossessed real estate		52 312	59 774	-	-
Other assets		5 992	8 356	2 737	5 640
Total assets		4 991 588	4 270 086	4 928 121	4 169 844
Liabilities					
Derivatives		365	5 630	365	5 630
Balances held with Bank of Latvia	15	180 072	16 797	180 072	16 797
Demand deposits from credit institutions		49 154	23 869	63 294	28 962
Term deposits from credit institutions		-	6 319	-	2 971
Deposits	16	3 875 455	3 488 516	3 793 192	3 406 032
Current corporate income tax liabilities		322	423	-	-
Other liabilities		41 737	29 603	35 072	13 205
Deferred corporate income tax		1 016	524	1 001	-
Provisions		-	352	-	352
Issued securities	17	550 877	441 598	558 411	454 581
Subordinated deposits	18	15 261	14 413	15 261	14 413
Total liabilities		4 714 259	4 028 044	4 646 668	3 942 943
Shareholders' equity					
Paid-in share capital	19	35 300	32 650	35 300	32 650
Share premium		96 918	66 270	96 918	66 270
Reserve capital and other reserves		2 238	2 174	2 134	2 134
Fair value revaluation reserve of available-for-sale financial assets		9 461	(1 504)	9 497	(1 427)
Retained earnings brought forward		71 259	66 762	68 565	68 600
Retained earnings for the period		61 277	63 353	69 039	58 674
Attributable to the equity holders of the bank		276 453	229 705	281 453	226 901
Non-controlling interests		876	12 337	-	-
Total shareholders' equity		277 329	242 042	281 453	226 901
Total liabilities and shareholders' equity		4 991 588	4 270 086	4 928 121	4 169 844
Memorandum items					
Contingent liabilities		9 949	9 531	9 516	9 444
Financial commitments		75 610	61 318	68 907	60 228


Chairman of the Council
Oļegs Fiļs


Chairman of the Board
Ernests Bernis

Riga, 26 February 2016

Interim condensed statement of changes in shareholders' equity of the group

EUR'000

	Paid-in share capital	Share premium	Reserve capital and other reserves	Fair value revaluation reserve of available-for- sale financial assets	Retained earnings	Attributable to the equity holders of the bank	Non- controlling interests	Total shareholders' equity
01.01.2014	30,003	41,485	2,134	983	110,685	185,290	3,896	189,186
Net profit for the year	-	-	-	-	63,353	63,353	454	63,807
Other comprehensive income/(expense) for the year	-	-	-	(2,487)	-	(2,487)	-	(2,487)
Total comprehensive income	-	-	-	(2,487)	63,353	60,866	454	61,320
Increase in reserves	-	-	40	-	-	40	-	40
Dividends paid	-	-	-	-	(43,453)	(43,453)	(333)	(43,786)
Issue of personal shares (see Note 19)	405	-	-	-	(470)	(65)	65	-
Issue of shares (see Note 19)	2,242	24,785	-	-	-	27,027	-	27,027
Increase in non-controlling interests (see Note 14)	-	-	-	-	-	-	8,255	8,255
31.12.2014	32,650	66,270	2,174	(1,504)	130,115	229,705	12,337	242,042
01.01.2015	32,650	66,270	2,174	(1,504)	130,115	229,705	12,337	242,042
Net profit for the year	-	-	-	-	61,277	61,277	597	61,874
Other comprehensive income/(expense) for the year	-	-	-	10,965	-	10,965	-	10,965
Total comprehensive income	-	-	-	10,965	61,277	72,242	597	72,839
Increase in reserves	-	-	64	-	-	64	-	64
Dividends paid	-	-	-	-	(58,555)	(58,555)	(292)	(58,847)
Issue of personal shares (see Note 19)	265	-	-	-	(301)	(36)	36	-
Issue of shares (see Note 19)	2,385	30,648	-	-	-	33,033	-	33,033
Increase in non-controlling interests (see Note 14)	-	-	-	-	-	-	(11,802)	(11,802)
31.12.2015	35,300	96,918	2,238	9,461	132,536	276,453	876	277,329

Interim condensed statement of changes in shareholders' equity of the bank

	EUR'000					
	Paid-in share capital	Share premium	Reserve capital and other reserves	Fair value revaluation reserve	Retained earnings	Total shareholders' equity
01.01.2014	30,003	41,485	2,134	983	112,432	187,037
Net profit for the year	-	-	-	-	58,674	58,674
Other comprehensive income/(expense) for the year	-	-	-	(2,410)	-	(2,410)
Total comprehensive income for the year	-	-	-	(2,410)	58,674	56,264
Dividends paid	-	-	-	-	(43,427)	(43,427)
Issue of personnel shares (see Note 19)	405	-	-	-	(405)	-
Issue of shares (see Note 19)	2,242	24,785	-	-	-	27,027
31.12.2014	32,650	66,270	2,134	(1,427)	127,274	226,901
01.01.2015	32,650	66,270	2,134	(1,427)	127,274	226,901
Net profit for the year	-	-	-	-	69,039	69,039
Other comprehensive income/(expense) for the year	-	-	-	10,924	-	10,924
Total comprehensive income for the year	-	-	-	10,924	69,039	79,963
Dividends paid	-	-	-	-	(58,444)	(58,444)
Issue of personnel shares (see Note 19)	265	-	-	-	(265)	-
Issue of shares (see Note 19)	2,385	30,648	-	-	-	33,033
31.12.2015	35,300	96,918	2,134	9,497	137,604	281,453

Interim condensed statement of cash flows

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Cash flows from operating activities				
Profit before corporate income tax	68,246	67,895	74,563	62,547
Amortisation and depreciation of fixed assets and investment properties	5,019	5,310	3,377	2,992
Impairment allowance for loans	5,888	1,003	5,483	999
Impairment of financial instruments	1,670	3,670	1,670	3,670
Interest (income)	(85,548)	(70,163)	(83,547)	(68,618)
Interest expense	20,589	16,684	20,508	17,093
Other non-cash items	(1,737)	11,754	1,546	9,784
Net cash flows from operating activities before changes in assets and liabilities	14,127	36,153	23,600	28,467
Decrease/(increase) in balances due from credit institutions	(7,878)	(18,482)	(12,831)	(19,638)
(Increase)/decrease in loans	(70,698)	(17,928)	(69,656)	(6,996)
(Increase)/decrease in financial assets at fair value through profit or loss	(4,901)	(4,160)	(7,063)	2,121
Decrease/(increase) in other assets	9,879	7,784	2,902	(184)
Increase/(decrease) in balances due to credit institutions	156,890	19,483	160,238	19,768
Increase in deposits	175,238	528,196	175,459	437,424
(Decrease) in derivatives	(1,307)	(495)	(1,307)	(495)
(Decrease)/increase in other liabilities	11,837	12,720	21,747	2,094
Net cash flows from operating activities before corporate income tax	283,187	563,271	293,089	462,561
Interest received in the reporting year	87,170	63,899	85,170	62,354
Interest (paid) in the reporting year	(19,937)	(18,618)	(19,857)	(18,918)
Corporate income tax (paid)	(3,237)	(14,096)	(2,952)	(13,233)
Net cash flows from operating activities	347,183	594,456	355,450	492,764
Cash flows from investing activities				
(Purchase) of held-to-maturity investments	(118,729)	(311,867)	(97,391)	(285,648)
Redemption of held-to-maturity investments	141,209	67,607	140,009	67,607
(Purchase) of available-for-sale financial assets	(1,373,698)	(1,162,196)	(1,288,302)	(1,082,537)
Sale of available-for-sale financial assets	957,295	709,452	859,890	684,964
(Purchase) of intangible and tangible fixed assets and investment properties	(4,435)	(7,069)	(3,718)	(5,561)
Sale of intangible and tangible fixed assets and investment properties	122	2,453	1,046	944
(Increase) in investments in subsidiaries and associates	-	6,632	3,321	16,728
Decrease in cash and cash equivalents due to loss of control	(282)	-	-	-
Decrease in investments in subsidiaries and associates	-	-	(11,098)	(6,767)
Net cash flows from investing activities	(398,518)	(694,988)	(396,243)	(610,270)
Cash flows from financing activities				
Increase in subordinated loans	1,560	3,388	1,560	3,388
(Repayment) of subordinated loans	(1,600)	-	(1,600)	-
Sale of issued securities	239,691	254,540	239,691	267,523
(Repurchase) of issued securities	(168,522)	(150,152)	(173,972)	(150,152)
Dividends (paid)	(58,847)	(43,786)	(58,443)	(43,415)
Increase in non-controlling interest	126	-	-	-
Issue of shares	33,033	27,027	33,033	27,027
Net cash flows from financing activities	45,441	91,017	40,269	104,371
(Decrease)/increase in cash and cash equivalents	(5,894)	(9,515)	(524)	(13,135)
Cash and cash equivalents at the beginning of the year	1,009,756	961,829	987,436	943,129
Result from revaluation of foreign currency positions	11,122	57,442	15,214	57,442
Cash and cash equivalents at the end of the year	1,014,984	1,009,756	1,002,126	987,436

	EUR'000			
	Group	Group	Bank	Bank
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Cash and cash equivalents				
Cash and deposits with central banks	449,136	259,872	448,187	258,908
Balances due from credit institutions	615,002	773,753	617,233	757,490
Balances due to credit institutions	(49,154)	(23,869)	(63,294)	(28,962)
Total cash and cash equivalents	1,014,984	1,009,756	1,002,126	987,436

Information about balances due from credit institutions other than cash equivalents is presented in Note 9.

Notes to the interim condensed financial statements for the twelve-month period ended 31 December 2015

Note 1

General information

ABLV Bank, AS (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 Financial and Capital Market Commission that allows the bank to render all the financial services specified in the Law on Credit Institutions.

These interim condensed consolidated and separate financial statements contain the financial information about ABLV Bank, AS and its subsidiaries (hereinafter - the group). The interim condensed separate financial statements of the bank are included in these interim condensed consolidated financial statements to comply with legal requirements. The bank is the parent entity of the group.

The group's and bank's main scope of activity is financial and investment services, asset management, financial consultations and real estate management.

The bank operates the central office and one lending centre in Riga. The most important subsidiaries of the bank are: ABLV Bank, Luxembourg S.A., ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, Pillar Holding Company, KS. The list of all group's subsidiaries is presented in Note 14.

The group operates foreign 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 (representative office in Kyiv and a separate representative office in Odessa), in Uzbekistan (Tashkent) and Hong Kong.

The following abbreviations are used in the notes to these interim condensed financial statements: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Accounting Standards Board (IASB), International Financial Reporting Interpretations Committee (IFRIC), Financial and Capital Market Commission of the Republic of Latvia (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), European Central Bank (ECB).

Note 2

Information on principal accounting policies

a) Basis of Preparation

These interim condensed consolidated and separate financial statements are based on the accounting records made pursuant to the legislative requirements and prepared in conformity with IFRS as adopted by the European Union, on a going concern basis.

These interim condensed financial statements are prepared on a historical cost basis, except for certain financial assets and liabilities (available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and derivatives) which are reported at fair value. The financial statements give a structured view of the financial position of the group and the bank and their financial performance and cash flows.

During the year ended 31 December 2015, the group and the bank consistently applied accounting policies in line with those disclosed in the prior-year financial statements, except for the changes in IFRS that came effective in the reporting period.

The accounting policies are applied consistently by all entities of the group. The positions of items in Statements of other comprehensive income have been reallocated in these interim condensed financial statements without any effect on the financial results.

The functional currency of the bank and its subsidiaries is EUR. The presentation currency of the group and the bank is EUR.

These interim condensed consolidated and separate financial statements are reported in thousands of the euro (EUR'000), unless otherwise stated. Information given herein in brackets represents comparative figures for the year ended 31 December 2014 or for the year ended 31 December 2014 respectively.

b) Significant Estimates and Assumptions

The preparation of financial statements in accordance with IFRS as adopted by the EU requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. Such estimates and assumptions are based on most reliable information available to the management in respect of specific events and actions. The effect of any changes in estimates will be recorded in the financial statements when determinable.

The significant areas of estimation and assumptions relate to the calculation of deferred corporate income tax, determining the impairment allowance for loans and the collateral (pledge) value, estimation of impairment of other assets and the fair value of assets and liabilities, assumptions regarding control and material impact on subsidiaries and associations, as well as assumptions regarding the power that bank has over open-ended investment funds.

c) Basis of Consolidation

These interim condensed consolidated financial statements include the bank and all subsidiaries controlled by the bank (the parent entity), i.e. the bank has the power to govern the financial and operating policies of an entity so as to obtain economic benefits. Subsidiaries are consolidated from the date on which control is transferred to the parent and are no longer consolidated from the date that control ceases. The entities of the group are listed in Note 14.

Investments in subsidiaries are presented in the bank's interim condensed separate financial statements in accordance with the cost method.

Associates are companies over which the group has significant influence, however, there is no control over their financial and business policies. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and OCI in equity-accounted investees, until the date on which significant influence or joint control ceases.

Goodwill represents the excess of the cost of a business combination over the group's interest in the fair value of the net identifiable assets and contingent liabilities of the acquired subsidiary at the acquisition date. Goodwill on acquisitions of

business operation is included in intangible assets. The carrying amount of associates' goodwill in equity is included in the carrying amount of investment in associate.

Goodwill is allocated to cash-generating units and is stated at cost less impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business acquisition include the carrying amount of goodwill relating to assets sold.

Negative goodwill arising on an acquisition is recognised immediately in the income statement.

The bank's and its subsidiaries' interim condensed financial statements are consolidated in the group's interim condensed financial statements using the full consolidation method, by adding together like items of assets and liabilities at the period end, as well as income and expenses. For the purposes of consolidation, intragroup balances and intragroup transactions, including interest income and expense, and unrealised profit and loss resulting from intragroup transactions are eliminated, unless there exists any indication of impairment. Non-controlling (minority) interests represent the portion of profit or loss and equity not owned, directly or indirectly, by the bank. Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent entity shareholders' equity.

The bank's subsidiaries comply with the bank's policies and risk management methods.

The bank's investments in open-ended investment funds as structured entities are disclosed in the interim condensed separate financial statements (Note 10) as investments in open-ended investment funds.

Meanwhile, in the interim condensed consolidated financial statements the investments in open-ended investment funds, which the bank has the power to govern and in which the bank owns the major part (at least 30 % or above) of net assets, are consolidated according to the full consolidation method. The shares of funds owned by third parties are recognised in the consolidated financial statements as other liabilities.

d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and balances due from central banks and other credit institutions with a contractual original maturity of three months or less. The cash balance is reduced by the amount of demand deposits from the above institutions. Cash and cash equivalents are short-term, highly liquid assets that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

e) Subsequent Events

Post-year-end events that provide additional information about the group's/ bank's position at the reporting date (adjusting events) are reflected in these interim condensed financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

Note 3

Interest income and expense

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Interest income				
Total interest income on financial assets at fair value	403	548	-	14
Interest income on available-for-sale financial assets at amortised cost				
on loans and advances to customers	34,904	34,280	34,579	33,556
on held-to-maturity securities	31,827	24,775	30,831	24,570
on available-for-sale securities	16,076	8,000	15,820	7,924
on balances due from credit institutions and central banks	2,338	2,560	2,317	2,554
Total interest income on available-for-sale financial assets at amortised cost	85,145	69,615	83,547	68,604
Total interest income	85,548	70,163	83,547	68,618
Interest expense				
on ordinary bonds issued	7,304	4,817	7,361	5,254
on subordinated liabilities	5,892	4,637	5,892	4,641
on the deposit guarantee fund	4,690	6,479	4,690	6,479
Single Resolution Fund expense	1,337	-	1,337	-
on balances due to credit institutions and central banks	802	221	674	191
financial stability fee costs	425	291	425	263
on deposits from non-bank customers	139	239	129	265
Total interest expense	20,589	16,684	20,508	17,093

Note 4

Commission and fee income and expense

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Commission and fee income				
commission on payment transfer handling on behalf of customers	30,001	33,505	29,894	33,489
commission on account service	12,325	10,274	12,087	10,169
commission on handling of settlement cards	9,034	9,105	9,037	9,108
commission on brokerage operations	8,310	5,035	-	-
commission on assets management	2,363	2,130	628	783
commission on documentary operations	1,189	1,219	1,189	1,219
other commission and fee income	2,342	2,648	2,943	3,176
Total commission and fee income	65,564	63,916	55,778	57,944
Commission and fee expense				
correspondent bank service charges	4,065	4,962	4,010	4,923
commission on payment cards	2,436	2,322	2,436	2,322
commission on customer attraction	2,385	2,531	9,036	9,121
commission on brokerage operations	1,409	927	-	-
other commission and fee expense	136	155	61	77
Total commission and fee expense	10,431	10,897	15,543	16,443

Note 5

Net gain on transactions with financial instruments and foreign exchange

	EUR'000			
	Group		Bank	
	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Financial instruments at fair value through profit or loss				
Gain/ (loss) from revaluation of financial instruments at fair value through profit or loss	(699)	(1,335)	(654)	(624)
Derivatives	4	5	4	5
Securities	(703)	(1,340)	(658)	(629)
Gain/ (loss) from trading with financial instruments at fair value through profit or loss	660	84	530	(242)
Derivatives	44	10	44	10
Securities	616	74	486	(252)
Net gain/ (loss) from financial instruments at fair value through profit or loss	(39)	(1,251)	(124)	(866)
Available-for-sale financial instruments				
Gain from sale of available-for-sale securities	1,763	300	1,711	237
Net realised gain from available-for-sale financial instruments	1,763	300	1,711	237
Financial instruments at amortised cost				
(Loss) from sale of held-to-maturity investments	(52)	(1,030)	(52)	(1,030)
Net realised (loss) from sale of financial instruments	(52)	(1,030)	(52)	(1,030)
Foreign exchange				
Profit from foreign currency exchange	28,888	22,522	28,803	22,502
(Loss)/ gain from revaluation of foreign currency positions	(9,061)	(1,549)	(9,034)	(1,528)
Net result from foreign exchange trading and revaluation	19,827	20,973	19,769	20,974
Net gain on transactions with financial instruments and foreign exchange	21,499	18,992	21,304	19,315

In the reporting year, the bank's management decided to sell held-to-maturity securities totalling EUR 3,7 million issued by Russian issuers. As the sold amount of securities issued by Russian issuers is not considered to be material, i.e. 0.4% from held-to-maturity financial portfolio, the bank's management has concluded that the rest of the bank's portfolio of held-to-maturity financial instruments can be retained in this category.

Note 6

Impairment allowance for loans

Category	EUR'000			
	Group		Bank	
	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Loans - individual allowances	3,811	842	3,431	842
Loans - portfolio allowances	2,979	1,187	2,942	1,183
Increase/ (decrease) in allowances for the reporting year	6,790	2,029	6,373	2,025
(Recovery) of write-offs/ loss from asset write-off	(902)	(1,026)	(890)	(1,026)
Impairment allowances established during the reporting year, net	5,888	1,003	5,483	999

Note 7

Administrative expense

Category	EUR'000			
	Group	Group	Bank	Bank
	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Remuneration to personnel, incl. SSIC	40,931	37,201	31,787	28,361
Remuneration to the management, incl. SSIC	2,168	2,169	2,168	2,169
Total personnel expense	43,099	39,370	33,955	30,530
Office maintenance	3,726	3,653	2,563	2,502
Consulting	3,337	2,815	2,462	1,835
IT system expense	3,312	2,380	2,762	1,861
Advertising and marketing expense	1,739	1,499	1,397	1,117
Other personnel expense	1,673	1,650	1,323	1,246
Communication expense	1,587	1,460	1,423	1,308
Non-deductible VAT	1,258	1,754	1,210	995
Donations	1,239	1,633	1,016	1,503
Other taxes	771	713	244	245
Sworn auditor statutory audit	171	204	63	85
Sworn auditor other audits	28	18	-	-
Sworn auditor tax consultation	15	-	6	-
Other administrative expense	96	749	192	193
Other administrative expense, total	18,952	18,528	14,661	12,890
Total administrative expense	62,051	57,898	48,616	43,420

Note 8

Cash and deposits with central banks

	EUR'000			
	Group	Group	Bank	Bank
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Demand deposits with the Bank of Latvia	438,528	250,796	438,528	250,796
Cash on hand	9,662	8,116	9,659	8,112
Demand deposits with Banque de Luxembourg	946	960	-	-
Total cash and deposits with central banks	449,136	259,872	448,187	258,908

As at 31 December 2015 and 2014, the bank had no balances due from central banks that would be past due.

Note 9

Balances due from credit institutions

As at 31 December 2015, the bank had established correspondent relationships with 32 (31) credit institutions registered in the EU and OECD area, 4 (5) credit institutions registered in Latvia, and 38 (32) credit institutions incorporated in other countries.

As at 31 December 2015, the group's and bank's major balances due from credit institutions registered in the EU and OECD area were as follows: EUR 114,7 (0) million due from Landesbank Baden-Wuerttemberg, EUR 68,9 (74,1) million due from Sumitomo Mitsui Banking Corporation Brussels Branch, EUR 64,4 (31,5) million due from Deutsche Bank Trust Company Americas.

	EUR'000			
	Group 31.12.2015	Group 31.12.2014	Bank 31.12.2015	Bank 31.12.2014
Demand deposits with credit institutions				
Correspondent account balances	363,058	594,627	359,850	579,343
Overnight deposits	-	-	5,000	-
Total demand deposits with credit institutions	363,058	594,627	364,850	579,343
Other balances due from credit institutions				
Term deposits	296,893	199,775	296,893	193,405
Other balances	10,029	22,534	10,029	22,534
Total other balances due from credit institutions	306,922	222,309	306,922	215,939
Total balances due from credit institutions	669,980	816,936	671,772	795,282

As at 31 December 2015, part of the group's and bank's balances due from credit institutions totalling EUR 49.7 (33.9) million and EUR 49.2 (33.5) million respectively were pledged to secure transactions with financial instruments other than cash equivalents. Cash equivalents do not include the group's and bank's term deposits of EUR 5.3 (9.3) million and EUR 5.3 (4.3) million respectively.

Note 10

Financial assets at fair value through profit or loss

Issuer	EUR'000			
	Group 31.12.2015	Group 31.12.2014	Bank 31.12.2015	Bank 31.12.2014
Fixed-income debt securities				
Corporate companies	9,322	6,966	-	-
Credit institutions	1,479	1,765	-	-
Central governments and central banks	511	23	-	-
Financial auxiliaries and other financial intermediaries	162	277	-	-
Municipalities	13	14	-	-
Total fixed-income debt securities	11,487	9,045	-	-
Equity shares				
Corporate companies	1,506	1,186	1,506	1,186
Credit institutions	1,100	1,001	1,100	1,001
Total investments in equity shares	2,606	2,187	2,606	2,187
Investments in funds	12,028	9,933	19,680	12,697
Total financial instruments at fair value	26,121	21,165	22,286	14,884

Note 11

Available-for-sale financial assets

Issuer	EUR'000			
	Group	Group	Bank	Bank
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Fixed-income debt securities				
Central governments	1,447,424	941,709	1,425,277	922,212
Credit institutions	238,795	225,932	223,449	202,952
International organisations	64,864	57,767	64,864	57,767
Corporate companies	33,008	8,241	31,094	6,279
Municipalities	19,510	16,107	16,590	12,441
Financial auxiliaries and other financial intermediaries	6,651	8,382	6,651	6,303
Total fixed-income debt securities	1,810,252	1,258,138	1,767,925	1,207,954
Equity shares				
Financial auxiliaries and other financial intermediaries	12,398	139	12,398	139
Corporate companies	231	231	231	231
Total investments in equity shares	12,629	370	12,629	370
Investments in funds	10,192	12,719	-	749
Total available-for-sale financial instruments	1,833,073	1,271,227	1,780,554	1,209,073

As at 31 December 2015, available-for-sale financial instruments amounting to EUR 18.4 million are involved in a lending transaction, whereas financial instruments amounting to EUR 40.2 (0) million assures longer-term refinancing operations (TLTRO).

Note 12

Held-to-maturity financial instruments

Issuer	EUR'000			
	Group	Group	Bank	Bank
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Fixed-income debt securities				
Central governments and central banks	602,613	524,164	587,571	512,920
Corporate companies	164,235	136,142	147,119	131,218
Credit institutions	150,774	170,930	137,603	163,398
Municipalities	69,339	70,588	67,014	68,502
International organisations	30,136	58,030	28,512	56,504
Financial auxiliaries and other financial intermediaries	516	532	-	-
Total held-to-maturity financial instruments, gross	1,017,613	960,386	967,819	932,542
Impairment allowance	(2,566)	(1,963)	(2,566)	(1,963)
Total held-to-maturity financial instruments, net	1,015,047	958,423	965,253	930,579

As at 31 December 2015, part of the held-to-maturity financial instruments totalling EUR 9.4 (21.4) million were pledged for securing transactions with financial instruments and held-to-maturity financial instruments totalling EUR 143.4 (22.3) million for securing targeted longer-term refinancing operations (TLTRO).

Note 13

Loans

The breakdown of loans issued by the group and the bank by customer profile:

Customer profile	EUR'000			
	Group 31.12.2015	Group 31.12.2014	Bank 31.12.2015	Bank 31.12.2014
Corporate companies	406,752	315,466	405,868	397,549
Private individuals	372,906	399,121	372,906	317,134
Financial auxiliaries and other financial intermediaries	118,300	106,901	118,300	106,941
Total gross loans	897,958	821,488	897,074	821,624
Impairment allowance	(23,955)	(31,375)	(23,575)	(31,377)
Total net loans	874,003	790,113	873,499	790,247

*- during the reporting period the bank has performed a reclassification of its clients that has significantly affected the shown amount of loans issued to financial auxiliaries and other financial intermediaries. At the same time it has decreased the balance of corporate companies. Comparatives of 2014 have been accordingly reclassified.

The breakdown of loans issued by the group and the bank by 5 largest countries of borrowers:

Country	EUR'000			
	Group 31.12.2015	Group 31.12.2014	Bank 31.12.2015	Bank 31.12.2014
Latvia	639,138	563,572	638,634	572,989
Russian Federation	111,867	110,074	111,867	110,069
Cyprus	19,770	27,152	19,770	17,878
Great Britain	19,285	14,339	19,285	14,338
Ukraine	18,001	17,686	18,001	17,685
Total other countries	65,942	57,290	65,942	57,288
Total net loans	874,003	790,113	873,499	790,247

Credit quality analysis for the group:

	EUR'000					
	Mortgage	Business	Consumer	Other	Total gross loans	Fair value of collateral 31.12.2015
Neither past due nor impaired loans	280,325	510,619	912	19,523	811,379	1,221,800
Past due but not impaired loans, incl.:	30,948	4,445	126	-	35,519	33,667
less than 30 days	26,448	697	76	-	27,221	24,454
31 to 59 days	3,107	1,325	26	-	4,458	4,731
60 to 89 days	414	1,159	12	-	1,585	1,866
more than 90 days	979	1,264	12	-	2,255	2,616
Impaired loans	34,455	14,772	114	1,719	51,060	33,422
Total gross loans	345,728	529,836	1,152	21,242	897,958	1,288,889
Impairment allowance	(14,451)	(7,759)	(69)	(1,676)	(23,955)	
Total net loans	331,277	522,077	1,083	19,566	874,003	
	31.12.2014.					
Neither past due nor impaired loans	271,494	418,412	784	19,795	710,485	1,039,274
Past due but not impaired loans, incl.:	39,214	5,460	128	-	44,802	40,843
less than 30 days	27,200	3,044	82	-	30,326	27,644
31 to 59 days	10,811	2,029	17	-	12,857	11,559
60 to 89 days	1,203	387	29	-	1,619	1,640
more than 90 days	-	-	-	-	-	-
Impaired loans	51,481	12,654	44	2,022	66,201	50,963
Total gross loans	362,189	436,526	956	21,817	821,488	1,131,080
Impairment allowance	(23,936)	(5,442)	(34)	(1,963)	(31,375)	
Total net loans	338,253	431,084	922	19,854	790,113	

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Credit quality analysis for the bank:

						EUR'000	
	Mortgage	Business	Consumer	Other	Total gross loans	Fair value of collateral	
						31.12.2015	
Neither past due nor impaired loans	280,325	510,620	912	19,523	811,380	1,213,960	
Past due but not impaired loans, incl.:	30,948	4,445	126	-	35,519	33,667	
less than 30 days	26,448	697	76	-	27,221	24,454	
31 to 59 days	3,107	1,325	26	-	4,458	4,731	
60 to 89 days	414	1,159	12	-	1,585	1,866	
more than 90 days	979	1,264	12	-	2,255	2,616	
Impaired loans	34,455	13,888	114	1,718	50,175	33,422	
Total gross loans	345,728	528,953	1,152	21,241	897,074	1,281,049	
Impairment allowance	(14,451)	(7,380)	(69)	(1,675)	(23,575)		
Total net loans	331,277	521,573	1,083	19,566	873,499		
						31.12.2014.	
Neither past due nor impaired loans	271,494	419,733	777	19,795	711,799	1,069,007	
Past due but not impaired loans, incl.:	39,214	5,460	128	-	44,802	40,843	
less than 30 days	27,200	3,044	82	-	30,326	27,644	
31 to 59 days	10,811	2,029	17	-	12,857	11,559	
60 to 89 days	1,203	387	29	-	1,619	1,640	
more than 90 days	-	-	-	-	-	-	
Impaired loans	51,481	11,476	44	2,022	65,023	40,771	
Total gross loans	362,189	436,669	949	21,817	821,624	1,150,621	
Impairment allowance	(23,936)	(5,446)	(32)	(1,963)	(31,377)		
Total net loans	338,253	431,223	917	19,854	790,247		

Note 14

Investments in subsidiaries and associates

The group's investments in associates:

Company	EUR'000							
	31.12.2015				31.12.2014			
Country of incorporation	Share capital	Equity	Group's share of total share capital, %	Carrying amount under equity method	Share capital	Equity	Group's share of total share capital, %	Carrying amount under equity method
AmberStone Group, AS	LV	35,000	40,158	24.64	9,068	-	-	-
TO klínika Ādaži	LV	-	-	-	-	2	8	30
Total investments in associates		35,000	40,158	x	9,068	2	8	x

The bank's investments in associates:

Company	EUR'000							
	31.12.2015				31.12.2014			
Country of incorporation	Share capital	Equity	Bank's share of total share capital, %	Carrying amount	Share capital	Equity	Bank's share of total share capital, %	Carrying amount
AmberStone Group, AS	LV	35,000	40,158	24.64	8,770	-	-	-
Total investments in associates		35,000	40,158	x	8,770	-	-	x

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Movements in the investments in subsidiaries and associates:

	EUR'000			
	Group 01.01.2015- 31.12.2015	Group 01.01.2014- 31.12.2014	Bank 01.01.2015- 31.12.2015	Bank 01.01.2014- 31.12.2014
Investments at the beginning of the year	2	6,635	-	-
Establishment/(disposal) of associates	(2)	(6,632)	-	-
Change in investments in associates under equity method	12	(1)	-	-
Increase in investments in associates as a result of loss of control	9,056	-	8,770	-
Investments at the end of the year	9,068	2	8,770	-

In the reporting year, the holding company AmberStone Group, AS increased its share capital by issuing new shares totalling EUR 21.0 million. The bank acquired new shares amounting to EUR 3.0 million of the holding company AmberStone Group, AS. New investors were brought in and, therefore, the bank's investment in AmberStone Group, AS was diluted from 40.89% to 24.64%.

The management believes that, as a result of this issue, de facto control over the holding company AmberStone Group, AS and its subsidiaries, previously ensured by 40.89% of the votes, has been lost. In these interim condensed financial statements holding company AmberStone Group, AS and its subsidiaries are recognised as the group's/ bank's associates.

As at the date of loss of control the net assets of AmberStone Group, AS and its subsidiaries were as follows:

	EUR'000
Company name	AmberStone Group, AS
Financial assets at fair value through profit or loss	(4,549)
Tangible Assets	(22,132)
Cash and cash equivalents held outside of the group	(282)
Cash and cash equivalents held inside of the group	(24,245)
Other assets	(2,604)
Due to credit institutions	9,084
Other liabilities	4,581
Non-controlling interest	30,928
Net assets and liabilities	(9,219)
Fair value assessment of investment in associated company	(9,056)
Group profit from loss of control	(163)

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As at 31 December 2015, the group comprised the following entities:

No	Company	Country of incorporation	Registration number	Business profile	Share in the entity's capital (%)	Share in the entity's capital with voting rights (%)
1	ABLV Bank, AS	LV	50003149401	Financial services	100	100
2	ABLV Bank Luxembourg, S.A.	LU	B 162048	Financial services	100	100
3	ABLV Consulting Services, AS	LV	40003540368	Consulting services	100	100
4	ABLV Corporate Services Holding Company, SIA	LV	40103799987	Holding company	100	100
5	ABLV Corporate Services, SIA	LV	40103283479	Consulting services	100	100
6	ABLV Corporate Services, LTD	CY	HE273600	Consulting services	100	100
7	Pillar Holding Company, KS	LV	40103260921	Holding company	100	100
8	Pillar, SIA	LV	40103554468	Holding company	100	100
9	Pillar Management, SIA	LV	40103193211	Real estate management and administration	100	100
10	Pillar 2, 12 & 14, SIA	LV	50103313991	Real estate transactions	100	100
11	Pillar 3, SIA	LV	40103193067	Real estate transactions	100	100
12	Pillar 4 & 6, SIA	LV	40103210494	Real estate transactions	100	100
13	Pillar 7 & 8, SIA	LV	40103240484	Real estate transactions	100	100
14	Pillar 9, SIA	LV	40103241210	Real estate transactions	100	100
15	Pillar 10, SIA	LV	50103247681	Real estate transactions	100	100
16	Pillar 11, SIA	LV	40103258310	Real estate transactions	100	100
17	Pillar 18, SIA	LV	40103492079	Real estate transactions	100	100
18	Pillar 19, SIA	LV	40103766952	Real estate transactions	100	100
19	Pillar 20, SIA	LV	40103903056	Real estate transactions	100	100
20	Pillar 21, SIA	LV	40103929286	Real estate transactions	100	100
21	Pillar Investment Group, SIA	LV	50003831571	Real estate transactions	91.6	91.6
22	Schaller Kyncl Architekten Riga, SIA	LV	40103437217	Designing and designer's supervision	100	100
23	Pillar RE Services, SIA	LV	40103731804	Parking management	100	100
24	Pillar Contractor, SIA	LV	40103929498	Management and coordination of construction processes	100	100
25	New Hanza City, SIA	LV	40103222826	Infrastructure maintenance	100	100
26	NHC Utilities, SIA	LV	40103693339	Infrastructure management	100	100
27	ABLV Asset Management, IPAS	LV	40003814724	Financial services	90	100
28	ABLV Capital Markets, IBAS	LV	40003814705	Financial services	90	100
29	ABLV Private Equity Management, SIA	LV	40103286757	Investment project management	100	100
30	ABLV Private Equity Fund 2010, KS	LV	40103307758	Investment activities	100	100

Open-ended mutual funds included in the group as at 31 December 2015:

No	Open-end mutual fund	Country of registration	ISIN	Fund type	Share in the entity's capital (%)
1	ABLV Emerging Markets Corporate USD Bond Fund	LV	LV0000400935	Corporate bond fund	86.6
2	ABLV Multi-Asset Total Return USD Fund	LV	LV0000400919	Total return fund	76.0
3	ABLV High Yield CIS RUB Bond Fund	LV	LV0000400778	Corporate bond fund	69.3
4	ABLV European Industry EUR Equity Fund	LV	LV0000400844	Equity fund	57.5

Open-ended mutual funds included in the group as at 31 December 2014:

No	Open-end mutual fund	Country of registration	ISIN	Fund type	Share in the entity's capital (%)
1	ABLV High Yield CIS RUB Bond Fund	LV	LV0000400778	Corporate bond fund	65.6
2	ABLV European Industry EUR Equity Fund	LV	LV0000400844	Equity fund	60.4
3	ABLV US Industry USD Equity Fund	LV	LV0000400836	Equity fund	38.4
4	ABLV European Corporate EUR Bond Fund	LV	LV0000400810	Corporate bond fund	37.5

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The bank's investments in subsidiaries:

Company	Country of incorporation	31.12.2015					31.12.2014			
		Share capital	Equity	Bank's share of total share capital, %	Carrying amount	Share capital	Equity	Bank's share of total share capital, %	Carrying amount	
Pillar Holding Company, KS	LV	85,000	81,639	100	85,000	80,000	76,836	100	80,000	
ABLV Bank Luxembourg, S.A.	LU	25,000	14,430	100	25,000	25,000	16,315	100	25,000	
New Hanza City, SIA	LV	12,300	11,275	100	12,300	10,500	10,039	100	10,500	
Pillar Management, SIA	LV	1,000	975	100	1,073	-	-	-	-	
ABLV Capital Markets, IBAS	LV	1,000	6,423	90	900	784	3,834	91.83	720	
ABLV Consulting services, AS	LV	711	802	100	711	711	817	100	711	
ABLV Asset Management, IPAS	LV	650	1,032	90	585	650	894	90	585	
ABLV Private Equity Mangement, SIA	LV	100	(256)	100	100	171	201	100	171	
ABLV Corporate Services Holding Company, SIA	LV	100	141	100	100	100	98	100	100	
ABLV Private Equity Fund 2010, KS	LV	50	2,492	100	50	3,300	11,318	100	3,300	
Pillar, SIA	LV	3	2	100	6	3	2	100	6	
AmberStone Group, AS	LV	-	-	-	-	14,000	13,863	40.89	5,725	
Total bank's investments in subsidiaries, gross		125,914	118,955	x	125,825	135,219	134,217	x	126,818	
Allowance for impairment					(14,559)				(11,719)	
Total bank's investments in subsidiaries, net					111,266				115,099	

Management believes that there is no impairment regarding Bank's subsidiary ABLV Bank Luxembourg, S.A., as the value in use of the estimated exceeds the carrying value of the bank's investment in the subsidiary. The value in use is determined by discounting estimated cash flows applying the discount rate of 11%, which is equivalent to the investors' expected level of return from the largest banks in Europe. Forecasts are based on the planned income of ABLV Bank Luxembourg, S.A. in the period from 2016 to 2025. The first operating years of ABLV Bank Luxembourg, S.A. were planned with significant losses due to administrative expenses and low income. In further periods the expected income from client commissions and interest income increase significantly, thus exceeding the administrative costs and achieving profit.

In the IBAS reporting year, ABLV Capital Market issued name shares without voting rights (personnel shares) amounting to EUR 36.0 thousand.

Customer assets under trust management by ABLV Asset Management, IPAS and assets of the open investment funds managed by ABLV Asset Management, IPAS at the end of the reporting period amount to EUR 131.2 (107.2) million. Customer financial instruments of ABLV Capital Markets, IBAS at the end of the reporting period amount to EUR 1.15 (0.93) billion. The bank and ABLV Capital Markets, IBAS provide investments services to customers jointly: ABLV Capital Markets, IBAS accepts customer orders for transactions with financial instruments and the bank executes these orders and acts as the custodian of customer financial instruments.

Credit risk and other risks related to these assets are borne by the customer, who provided these assets the group and/or the bank for trust management.

Movements in the allowance for impairment of subsidiaries:

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2015-31.12.2015	01.01.2014-31.12.2014	01.01.2015-31.12.2015	01.01.2014-31.12.2014
Allowance for impairment at the beginning of the period	-	-	11,719	3,950
Increase in allowance for impairment	-	-	2,840	7,769
Allowance for impairment at the end of the period	-	-	14,559	11,719

During the reporting period the bank recognised allowance impairment of its subsidiary Pillar Holding Company, KS amounting to EUR 2.8 (7.8) million. This allowance impairment is due to the decrease in estimated cash flow. The investment was measured at value in use determined by discounting future cash flows from the sale of property owned by subsidiaries at the expected market value on the date of sale net of selling and maintenance costs of this property. Cash flows were discounted at a 5% (5%) rate, which corresponds to the bank's expected return on investment.

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Movements in the bank's investment in subsidiaries:

	EUR'000			
	Group		Bank	
	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014	01.01.2015- 31.12.2015	01.01.2014- 31.12.2014
Investments at the beginning of period, gross	-	-	126,818	136,779
Established/ (dispossessed) subsidiaries	-	-	1,073	72
(Decrease) in investments due to the loss of control	-	-	(5,725)	-
Increase in investments in subsidiaries	-	-	6,980	6,667
Decrease in investments in subsidiaries	-	-	(3,321)	(16,700)
Investments at the end of the period, gross	-	-	125,825	126,818
Allowance for impairment	-	-	(14,559)	(11,719)
Investments at the end of the period, net	-	-	111,266	115,099

Note 15

Due to Bank of Latvia

	EUR'000			
	Group		Bank	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Targeted longer term refinancing operation (TLTRO) liabilities	180,072	16,797	180,072	16,797
Total balances due to Bank of Latvia	180,072	16,797	180,072	16,797

During the reporting period, the bank participated in all four targeted longer-term refinancing operations actions (TLTRO) organized by ECB and obtained long-term financial resources of EUR 163.0 (16.8) million. Financial resources are granted under TLTROs for 3 years at a fixed interest rate of 0.05% p.a.

Note 16

Deposits

Customer type	EUR'000			
	Group		Bank	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Corporate companies				
current accounts	2,850,172	2,629,278	2,797,758	2,576,455
term deposits	37,516	40,908	37,465	40,216
Total corporate companies	2,887,688	2,670,186	2,835,223	2,616,671
Other financial intermediaries				
current accounts	330,460	244,168	338,620	268,304
term deposits	778	550	778	550
Total other financial intermediaries	331,238	244,718	339,398	268,854
Other customers				
current accounts	1,796	1,075	1,796	1,075
term deposits	-	-	-	-
Total other customers	1,796	1,075	1,796	1,075
Total deposits from corporate customers	3,220,722	2,915,979	3,176,417	2,886,600
Private individuals				
current accounts	639,554	536,949	601,596	502,086
term deposits	15,179	35,588	15,179	17,346
Total deposits from private individuals	654,733	572,537	616,775	519,432
Total deposits	3,875,455	3,488,516	3,793,192	3,406,032

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*- the bank has reviewed its client classification during the reporting period and has made significant changes to the classification of other financial intermediaries (reducing corporate companies deposits). Comparatives as at 31 December 2014 have been adjusted accordingly.

Note 17

Issued securities

ISIN	Currency	Number of initially issued securities	Par value	Date of emission	Date of maturity	Discount/coupon rate, %	EUR'000			
							Group		Bank	
							31.12.2015.	31.12.2014.	31.12.2015.	31.12.2014.
Subordinated bonds										
LV0000800845	USD	200,000	100	15.09.2010	15.09.2020.	6.5	-	15,733	-	15,733
LV0000800936	EUR	150,000	100	22.12.2011	22.12.2021.	4.8	14,316	13,650	14,316	13,650
LV0000800977	EUR	50,000	100	25.06.2012	25.06.2022.	4.5	4,669	4,458	4,669	4,465
LV0000800985	USD	200,000	100	27.06.2012	27.06.2022.	4.5	18,380	16,482	18,380	16,482
LV0000801124	USD	200,000	100	18.03.2013	18.03.2023.	4.5	16,474	14,130	16,474	14,130
LV0000801173	USD	200,000	100	27.06.2013	27.06.2023.	4.3	16,537	14,219	16,537	14,219
LV0000801181	EUR	200,000	100	27.06.2013	27.06.2023.	4.3	17,948	17,010	17,948	17,211
LV0000801223	USD	150,000	100	23.10.2013	23.10.2018.	4.3	13,650	12,294	13,650	12,294
LV0000801520	EUR	200,000	100	27.10.2014	27.10.2024.	4.1	16,844	5,191	16,844	5,191
LV0000801835	EUR	200,000	100	26.10.2015	26.10.2025.	3.8	2,299	-	2,299	-
Subordinated bonds, total							121,117	113,167	121,117	113,375
Ordinary bonds										
LV0000801108	EUR	20,000	1,000	25.02.2013	25.02.2015.	1.68	-	9,893	-	18,566
LV0000801116	USD	50,000	1,000	25.02.2013	25.02.2015.	1.70	-	36,824	-	36,824
LV0000801199	USD	50,000	1,000	21.06.2013	21.06.2015.	1.73	-	34,830	-	34,830
LV0000801207	EUR	20,000	1,000	21.06.2013	21.06.2015.	1.73	-	17,971	-	19,559
LV0000801215	USD	50,000	1,000	16.10.2013	16.10.2015.	1.90	-	36,810	-	36,810
LV0000801298	USD	75,000	1,000	17.02.2014	17.02.2016.	1.98	34,795	30,830	34,795	30,830
LV0000801306	EUR	20,000	1,000	17.02.2014	17.02.2016.	1.98	12,811	13,036	14,322	14,547
LV0000801421	USD	75,000	1,000	08.07.2014	08.07.2016.	2.00	60,734	59,996	60,734	59,996
LV0000801439	EUR	20,000	1,000	08.07.2014	08.07.2016.	2.05	19,705	19,747	19,705	19,747
LV0000801504	USD	75,000	1,000	28.10.2014	28.10.2016.	2.10	66,437	51,010	66,437	51,010
LV0000801512	EUR	20,000	1,000	28.10.2014	28.10.2016.	1.90	17,143	17,484	18,147	18,487
LV0000801645	USD	75,000	1,000	23.02.2015	23.02.2017.	2.20	68,031	-	68,031	-
LV0000801652	EUR	20,000	1,000	23.02.2015	23.02.2017.	1.80	17,763	-	19,273	-
LV0000801751	USD	75,000	1,000	07.07.2015	07.07.2017.	1.55	50,636	-	50,636	-
LV0000801769	EUR	20,000	1,000	07.07.2015	07.07.2017.	0.80	17,768	-	19,274	-
LV0000801850	USD	75,000	1,000	26.10.2015	26.10.2017.	1.65	57,579	-	57,579	-
LV0000801868	EUR	20,000	1,000	26.10.2015	26.10.2017.	0.80	6,358	-	8,361	-
Ordinary bonds, total							429,760	328,431	437,294	341,206
Issued securities, total							550,877	441,598	558,411	454,581

The group/ bank retains the right to exercise early redemption of subordinated bonds according to the information provided on the base prospectuses of the respective programmes.

Note 18

Subordinated liabilities

As at 31 December 2015, the group's and bank's subordinated liabilities of EUR 136.4 (127.6) million comprised subordinated bonds amounting to EUR 121.1 (113.2) million and subordinated deposits amounting to EUR 15.3 (14.4) million. Subordinated deposits by currencies amount to USD 9.9 (10.6) million and EUR 6.2 (5.7) million.

The information on the subordinated bonds issued by the bank are disclosed in Note 17.

The analysis of subordinated deposits as at 31 December 2015:

Lenders	Loan amount, EUR'000	Accumulated interest, EUR'000	Total subordinated loans, EUR'000	Interest rate, %	Currency
non-residents	9,043	12	9,055	1.75 - 3.15	USD
non-residents	6,195	11	6,206	3.00 - 3.90	EUR
Total subordinated deposits	15,238	23	15,261		

The analysis of subordinated loans as at 31 December 2014:

Lenders	Loan amount, EUR'000	Accumulated interest, EUR'000	Total subordinated loans, EUR'000	Interest rate, %	Currency
non-residents	8,603	106	8,709	1.75 - 3.15	USD
non-residents	5,695	9	5,704	3.00 - 3.90	EUR
Total subordinated deposits	14,298	115	14,413		

The proportionate share of lenders (for each individual lender) does not exceed 10% of the total amount of the subordinated liabilities.

The remaining weighted average maturity of subordinated deposits from lenders is 3.4 (3.8) years.

Subordinated loans are included in the second tier of equity calculation and are stated at amortised cost. According to the provisions of the subordinated loan agreements, the lenders have no right to demand anticipatory repayment of the loans and capitalise the subordinated loans into the bank's share capital. Discount/ coupon rates and payment frequency are indicated in the final issue regulations, and no solvent issuers may annul coupon payments. If an issuer is dissolved, the payments are made in accordance with statutory requirements. More detailed information about the conditions of issues is available on the bank's website www.ablv.com and relevant final bond issue regulations.

Note 19

Paid-in share capital

As at 31 December 2015, the paid-in share capital of the bank amounted to EUR 35.3 million (32.7 million). The par value of each share is EUR 1.0 (1.0).

The bank's share capital consists of 31 770 000 (29 385 000) ordinary registered voting shares and 3 530 000 (3 265 000) registered non-voting shares (personnel shares).

As at 31 December 2015, the bank had 135 (128) voting shareholders.

The major shareholders of the bank and groups of related shareholders are as follows:

	31.12.2015		31.12.2014	
	Share of the bank's share capital, EUR'000	Share of the bank's voting capital, (%)	Share of the bank's share capital, EUR'000	Share of the bank's voting capital, (%)
Group of shareholders related to Ernests Bernis				
Ernests Bernis	1,568	4.93	1,450	4.93
Nika Berne	270	0.85	250	0.85
Cassandra Holding Company, SIA	11,864	37.34	10,970	37.33
Group of shareholders related to Ernests Bernis, total	13,702	43.12	12,670	43.11
Group of shareholders related to Oļegs Fiļs				
OF Holding, SIA	13,702	43.13	12,670	43.12
Group of shareholders related to Oļegs Fiļs, total	13,702	43.13	12,670	43.12
Other shareholders, total	4,366	13.75	4,045	13.77
Total voting shares	31,770	100.00	29,385	100.00
Non-voting shares (personnel shares)	3,530		3,265	
Total share capital	35,300		32,650	

In the reporting year, the bank issued 2 385 000 ordinary registered voting shares (based on the decisions of the ordinary shareholders' meeting of 31 March 2015). The par value of all the issued shares was EUR 1.0, while the emission price of each ordinary registered voting share was EUR 13.85, comprised of the par value of EUR 1.0 and the share premium of EUR 12.85. The issues were intended to ensure steady development of the group/ bank in the future. During the reporting period, the bank issued 265,000 personnel shares (from the previous years retained earnings) with nominal value EUR 1.0 (based on the decision of the Extraordinary Shareholders' Meeting of 30 October 2015).

After this issue, share capital of the bank consisted of 31,770,000 name shares with voting rights and 3,530,000 personnel shares. All name shares with voting rights rank equal with respect to dividends, liquidation quota and voting rights in the Shareholders meeting. All personnel shares grant equal rights to dividends. Personnel shares do not grant any right to vote or receive liquidation quotas. Most of the issued voting shares have been acquired by the existing shareholders of the bank - Cassandra Holding Company, SIA and OF Holding, SIA.

The registered non-voting shares (personnel shares) are as follows:

	31.12.2015		31.12.2014	
	Number of employees	Number of personnel shares	Number of employees	Number of personnel shares
Chairman of the council and council members	3	-	3	-
Chairman of the board	1	-	1	-
Board members	6	1,633,800	6	1,550,528
Heads and deputy heads of divisions	21	1,566,200	18	1,465,242
Non-distributed	-	330,000	-	249,230
Registered non-voting shares (personnel shares), total	x	3,530,000	x	3,265,000

Note 20

Funds under trust management

As at 31 December 2015, funds under trust management by the group amounted to EUR 226.3 (160.6) million, while funds under trust management by the bank amounted to EUR 39.7 (48.2) million. The bank's funds under trust management comprise loans issued from the funds specifically assigned by customers to the bank. Meanwhile, the group's funds under trust management also include funds of the customers of ABLV Asset Management, IPAS managed by the said company based on the customers' authorisation and the funds under trust management of ABLV Bank Luxembourg, S.A. More detailed information on the funds of the customers of ABLV Asset Management, IPAS is disclosed in Note 14. The related credit risk and other risks remain fully with the customer, which provided these funds to the group and/or the bank.

Note 21

Related party disclosures

Related parties of the group and the bank are defined as shareholders who have a qualifying holding in the bank, and chairman and members of the bank's council and board, staff of the Internal Audit Department, key management personnel of the group and the bank that are authorised to plan, manage and control group's/ bank's operations and are responsible for these functions, and spouses, parents and children of the individuals referred to previously, bank's subsidiaries and companies in which the group/ bank has an interest, companies in which these individuals have a qualifying holding as well as other legal entities.

Group's transactions with related parties:

	EUR'000									
	31.12.2015					31.12.2014				
	Shareholders	Management	Related companies	Associated companies	Other related individuals	Shareholders	Management	Related companies	Other related individuals	
Assets										
Loans	29	2,318	9,263	9,838	109	14	1,705	217	187	
Liabilities										
Deposits	3,111	2,255	9,988	7,737	1,884	948	2,517	7,978	1,510	
Ordinary bonds	150	45	1,139	14,063	28	-	30	411	18	
Subordinated bonds		5,081	1,096	1,748	820	43	3,219	1,156	1,004	
Memorandum items										
Undrawn credit facilities and payment card limits	-	150	198	937	29	-	149	43	20	
Guarantees	-	125	-	-	-	-	125	-	-	
	01.01.2015 - 31.12.2015					01.01.2014 - 31.12.2014				
	Shareholders	Management	Related companies	Associated companies	Other related individuals	Shareholders	Management	Related companies	Other related individuals	
Income/ expense										
Interest income	20	65	173	298	2	-	51	16	4	
Interest expense	(2)	(167)	(71)	(127)	(28)	(2)	(106)	(52)	(34)	
Commission and fee income	1	16	268	4	3	-	16	16	4	
Net result from assets held for sale	-	-	-	72	-	-	-	264	-	

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Bank's transactions with related parties:

	31.12.2015					31.12.2014				
	Shareholders	Management	Related companies	Subsidiaries	Other related individuals	Shareholders	Management	Related companies	Subsidiaries	Other related individuals
Assets										
Due from credit institutions	-	-	-	5,000	-	-	-	-	6,000	-
Loans	29	2,318	9,263	9,838	109	14	1,705	668	13,026	169
Liabilities										
Due to credit institutions	-	-	-	14,663	-	-	-	-	5,091	-
Deposits	3,111	2,245	9,988	26,317	1,884	948	2,517	7,978	14,765	1,374
Ordinary bonds	150	45	1,139	21,596	28	-	30	411	12,775	18
Subordinated bonds	-	5,081	1,096	1,748	820	43	3,219	1,156	36	564
Memorandum items										
Undrawn credit facilities and payment card limits	-	150	198	1,004	29	-	149	43	330	20
Guarantees	-	125	-	8	-	-	125	-	8	-

	01.01.2015 - 31.12.2015					01.01.2014 - 31.12.2014				
	Shareholders	Management	Related companies	Subsidiaries	Other related individuals	Shareholders	Management	Related companies	Subsidiaries	Other related individuals
Income/ expense										
Interest income	20	65	173	521	2	-	51	16	941	3
Interest expense	(2)	(167)	(71)	(207)	(28)	(2)	(106)	(52)	(438)	(20)
Income from dividends	-	-	-	9,201	-	-	-	-	5,966	-
Commission and fee income	1	16	268	853	3	-	16	16	630	4
Commission and fee expense	-	-	-	(6,651)	-	-	-	-	(6,590)	-
Other operating income	-	-	-	3,222	-	-	-	-	3,547	-
Recognised impairment, net	-	-	-	(2,840)	-	-	-	-	(7,769)	-

Information on registered non-voting shares (personnel shares) is presented in Note 19. Meanwhile, information on changes in investments in subsidiaries and associates is disclosed in Note 14.

Note 22

Segment information

The group and the bank believe that the group's operations can be organised into four segments based on the core business activities as follows: banking services, advisory services, investment management services, and management of repossessed properties and investments in real estate.

The group defines its operating segments based on its organisational structure.

The bank views its operations as one single segment, without making any separate disclosures, while at the group level the bank and all its subsidiaries are attributed to the group's operating segments as follows:

- banking services: ABLV Bank, AS, ABLV Bank Luxembourg, S.A;
- advisory services: ABLV Consulting Services, AS, ABLV Corporate Services Holding Company, SIA, ABLV Corporate Services, SIA, ABLV Corporate Services, LTD;
- investment management services: ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, ABLV Private Equity Management, SIA, ABLV Private Equity Fund 2010, KS investment funds included in the group (see Note 18).
- management of repossessed properties and investments in real estate: Pillar Holding Company, KS, Pillar, SIA, Pillar 3, SIA, Pillar 4 & 6, SIA, Pillar 7 & 8, SIA, Pillar 9, SIA, Pillar 10, SIA, Pillar 11, SIA, Pillar 2, 12 & 14 SIA, Pillar 18, SIA, Pillar 19, SIA, Pillar 20, SIA Pillar 21, SIA Pillar Investment Group, SIA, New Hanza City, SIA, NHC Utilities, SIA, Pillar Management, SIA, Pillar RE Services, SIA, Pillar Contractor, SIA, Schaller Kyncl Architekten Riga, SIA.

Operating segment information is prepared on the basis of internal reports. Part of investment management services segment over which the group has lost control (see Note 14) has been presented separately.

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Analysis of the operating segments of the group:

	EUR'000						
	01.01.2015.-31.12.2015.						
	Banking	Investment management	Investment management excluded due to loss of control	Consultation services	Management of repossessed properties and investments in real estate	Excluded or corrected on consolidation	Group, total
Net interest income	64,217	849	(46)	5	83	(149)	64,959
incl. external transactions	63,840	955	-	-	-	-	
incl. Internal transactions	377	(106)	(46)	5	83		
Net commission income	41,228	10,230	(7)	(20)	(8)	3,710	55,133
incl. external transactions	47,213	7,929	-	(9)	-		
incl. Internal transactions	(5,985)	2,301	(7)	(11)	(8)		
Net result of transactions with securities and foreign exchange	30,841	(175)	(1)	202	(15)	(9,094)	21,758
incl. external transactions	21,776	(166)	-	(38)	-		
incl. Internal transactions	9,065	(9)	(1)	240	(15)		
Net other income/expenses	2,155	(262)	1,777	6,437	(1,398)	(7,922)	787
Personnel expense and other administrative expenses	(52,457)	(3,659)	(437)	(5,932)	(3,908)	4,342	(62,051)
Depreciation	(3,606)	(52)	(860)	(101)	(400)	-	(5,019)
Impairment allowance and other provisions	(12,782)	(296)	-	-	-	5,757	(7,321)
Corporate income tax	(5,547)	(841)	(19)	(50)	85	-	(6,372)
Total segment profit/ (loss)	64,049	5,794	407	541	(5,561)	(3,356)	61,874
Total segment assets	5,047,508	22,253	-	2,961	152,743	(233,877)	4,991,588
Total segment liabilities	4,754,624	10,240	-	1,562	5,742	(57,909)	4,714,259

	EUR'000						
	01.01.2014.-31.12.2014.						
	Banking	Investment management	Investment management excluded due to loss of control	Consultation services	Management of repossessed properties and investments in real estate	Excluded or corrected on consolidation	Group, total
Net interest income	51,891	1,881	(663)	-	31	339	53,479
incl. external transactions	51,872	1,607	-	-	-		
incl. Internal transactions	19	274	(663)		31		
Net commission income	41,828	7,111	(22)	(21)	(7)	4,130	53,019
incl. external transactions	47,830	5,199	-	10	-		
incl. Internal transactions	(6,002)	1,912	(22)	(11)	(7)		
Net result of transactions with securities and foreign exchange	25,517	(189)	(39)	(30)	(23)	462	19,187
incl. external transactions	19,538	(336)	-	24	-		
incl. Internal transactions	5,979	147	(39)	(6)	(23)		
Net other income/expenses	2,766	6,847	3,370	6,769	167	(9,828)	10,091
Personnel expense and other administrative expenses	(47,079)	(3,803)	(1,134)	(6,120)	(4,803)	5,041	(57,898)
Depreciation	(3,217)	(44)	(1,696)	(103)	(250)	-	(5,310)
Impairment allowance and other provisions	(12,442)	-	-	-	-	7,769	(4,673)
Corporate income tax	(3,993)	(469)	(8)	(91)	106	367	(4,088)
Total segment profit/ (loss)	55,271	11,334	(192)	404	(4,779)	8,280	63,807
Total segment assets	4,293,942	44,014	50,869	2,702	153,154	(274,595)	4,270,086
Total segment liabilities	4,050,725	8,838	22,646	1,440	34,917	(90,522)	4,028,044

Note 23

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The group and the bank disclose the fair values of assets and liabilities in such a manner so as to be able to compare the fair values with the carrying amounts.

Fair value of financial instruments, such as available-for-sale financial assets, financial assets at fair value through profit or loss and held-to-maturity investments, is mostly defined based on quoted prices in an active market. Where no price is observable for some of these financial instruments, fair value is determined based on observable prices in a market, where no active trading is done – this is applicable to several debt securities and open-ended investment funds.

Finally, other valuation techniques are used for some financial assets which are not quoted in the market and for which no quoted prices for similar financial assets in active markets are available. Fair value of such financial instruments is estimated based on valuation models which are based on the assumptions and estimates regarding the potential future financials of the investment property, and the industry and geographical area risks in which the respective investment property operates. Fair value of derivatives is calculated based on the net present value method, where all inputs in the valuation model are observable, while exchanged traded derivatives, such as futures, are valued based on quoted prices.

The management of the bank and the group believe that the most credible market value of real estate was identified based on the evaluations presented by both external real estate appraisers and bank's real estate experts. Investment properties are valued on the basis of discounted cash flows. According to this approach, fair value is calculated based on assumptions regarding expected future cash flows from income and expense resulting from the holding of real estate during its life cycle, including the value of the property at the date of sale. These cash flows are discounted at a discount rate, which is equal to the market return from similar assets, to arrive at the present value. The selling value of the investment properties may differ from the market value as defined, if the market of such kind of properties is not properly developed in Latvia.

As regards other assets and liabilities for which fair value is disclosed and which have a short maturity (less than three months), except for loans and receivables, the group and the bank assume that the fair value approximates to their carrying amount. This assumption also applies to demand deposits and savings accounts. The fair value of loans and advances to customers is estimated by discounting the expected cash flows at a discount rate calculated according to the money market rates at the end of the year and loan interest margins.

The fair value of term deposits is estimated by discounting the expected cash flows at the average market interest rates prevailing at the end of the year.

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The carrying amounts and fair values of the group's assets and liabilities are as follows:

	EUR'000			
	31.12.2015		31.12.2014	
Assets at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives	121	121	4,079	4,079
At fair value through profit or loss				
Financial assets at fair value through profit or loss	26,121	26,121	21,165	21,165
Available-for-sale				
Available-for-sale financial assets	1,833,073	1,833,073	1,271,227	1,271,227
Total assets at fair value	1,859,315	1,859,315	1,296,471	1,296,471
Assets at amortised cost				
Cash and deposits with central banks	449,136	449,136	259,872	259,872
Balances due from credit institutions	669,980	669,980	816,936	816,936
Loans	874,003	873,744	790,113	789,850
Held-to-maturity investments	1,015,047	1,029,737	958,423	959,298
Investment properties	22,976	22,976	30,057	30,057
Other financial assets	1,465	1,465	2,374	2,374
Total assets at amortised cost	3,032,607	3,047,038	2,857,775	2,858,387
Liabilities at fair value				
Derivatives	365	365	5,630	5,630
Group's consolidated fund shares owned by 3rd parties	4,088	4,088	10,910	10,910
Total liabilities at fair value	4,453	4,453	16,540	16,540
Liabilities at amortised cost				
Financial liabilities at amortised cost	4,696,695	4,692,565	3,996,932	3,993,702
Total liabilities at amortised cost	4,696,695	4,692,565	3,996,932	3,993,702

The carrying amounts and fair values of the bank's assets and liabilities are as follows:

	EUR'000			
	31.12.2015.		31.12.2014.	
Assets at fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives	121	121	4,079	4,079
At fair value through profit or loss				
Financial assets at fair value through profit or loss	22,286	22,286	14,884	14,884
Available-for-sale				
Available-for-sale financial assets	1,780,554	1,780,554	1,209,073	1,209,073
Total assets at fair value	1,802,961	1,802,961	1,228,036	1,228,036
Assets at amortised cost				
Cash and deposits with central banks	448,187	448,187	258,908	258,908
Balances due from credit institutions	671,772	671,772	795,282	795,282
Loans	873,499	873,240	790,247	789,984
Held-to-maturity investments	965,253	980,771	930,579	929,894
Investment properties	25,069	25,069	25,033	25,033
Other financial assets	606	606	3,487	3,487
Total assets at amortised cost	2,984,386	2,999,645	2,803,536	2,802,588
Liabilities at fair value				
Derivatives	365	365	5,630	5,630
Total liabilities at fair value	365	365	5,630	5,630
Liabilities at amortised cost				
Financial liabilities at amortised cost	4,634,963	4,630,767	3,927,538	3,926,160
Total liabilities at amortised cost	4,634,963	4,630,767	3,927,538	3,926,160

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Hierarchy of input data for determining the fair value of assets and liabilities

The group and the bank use the following hierarchy of three levels of input data for determining and disclosing the fair value of assets and liabilities:

- Level 1: Quoted prices in active markets;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable;
- Level 3: Other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Level 1 instruments may contain liquid securities and exchange traded derivatives. Level 2 instruments may contain securities that do not have an active market, standardised OTC derivatives and foreign exchange transactions as well as certain open-ended investment funds. Level 3 instruments contain certificates of venture capital funds, investment properties, term deposits and loans. For valuation methods and assumptions, please see the description above.

The group's assets and liabilities according to the hierarchy of input data for determining the fair value:

	31.12.2015				31.12.2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Derivatives	4	117	-	121	5	4,074	-	4,079
Financial assets at fair value through profit or loss	19,504	6,617	-	26,121	17,318	3,847	-	21,165
Available-for-sale financial assets	1,760,689	59,687	12,697	1,833,073	1,267,246	2,859	1,122	1,271,227
Total assets at fair value	1,780,197	66,421	12,697	1,859,315	1,284,569	10,780	1,122	1,296,471
Assets at amortised cost								
Loans	-	-	874,003	874,003	-	-	790,113	790,113
Held-to-maturity investments	996,477	18,240	330	1,015,047	873,611	84,002	810	958,423
Investment properties	-	-	22,976	22,976	-	-	30,057	30,057
Total assets at amortised cost	996,477	18,240	897,309	1,912,026	873,611	84,002	820,980	1,778,593
Liabilities at fair value								
Derivatives	-	365	-	365	-	5,630	-	5,630
Group's consolidated fund shares owned by 3rd parties	-	4,088	-	4,088	-	10,910	-	10,910
Total liabilities at fair value	-	4,453	-	4,453	-	16,540	-	16,540
Liabilities at amortised cost								
Financial liabilities at amortised cost	-	741,687	68,734	810,421	-	472,332	91,459	563,791
Total liabilities at amortised cost	-	741,687	68,734	810,421	-	472,332	91,459	563,791

The bank's assets and liabilities according to the hierarchy of input data for determining the fair value:

	31.12.2015				31.12.2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Derivatives	4	117	-	121	5	4,074	-	4,079
Financial assets at fair value through profit or loss	3,545	18,741	-	22,286	2,939	11,945	-	14,884
Available-for-sale financial assets	1,718,362	49,495	12,697	1,780,554	1,205,092	2,859	1,122	1,209,073
Total assets at fair value	1,721,911	68,353	12,697	1,802,961	1,208,036	18,878	1,122	1,228,036
Assets at amortised cost								
Loans	-	-	873,499	873,499	-	-	790,247	790,247
Held-to-maturity investments	946,683	18,240	330	965,253	845,767	84,002	810	930,579
Investment properties	-	-	25,069	25,069	-	-	25,033	25,033
Total assets at amortised cost	946,683	18,240	898,898	1,863,821	845,767	84,002	816,090	1,745,859
Liabilities at fair value								
Derivatives	-	365	-	365	-	5,630	-	5,630
Total liabilities at fair value	-	365	-	365	-	5,630	-	5,630
Liabilities at amortised cost								
Financial liabilities at amortised cost	-	749,221	68,683	817,904	-	485,315	72,525	557,840
Total liabilities at amortised cost	-	749,221	68,683	817,904	-	485,315	72,525	557,840

The analysis of fair value measurement's hierarchy of assets does not include cash on hands, deposits with central banks, balances due from credit institutions and other financial assets, due to the fact that these assets have not differences between the carrying amount and fair value in terms of short residual maturity. The analysis of fair value measurement's hierarchy of liabilities, which are not recognized at fair value, does not include demand deposits amounted to 3.89 (3.43) billion EUR in the group and demand deposits amounted to 3.82 (3.4) billion EUR in the bank, as these liabilities do not have differences between carrying amount and fair value.

Analysis of changes in the group's/ bank's financial instruments of Level 3:

	31.12.2015						31.12.2014	
	31.12.2015	Redemption	Impairment	Revaluation	Reclassification	Effect of foreign exchange	31.12.2014	
Assets at fair value								
Available-for-sale financial assets	12,697	(16)	(1,053)	12,274	284	86	1,122	
Total assets at fair value	12,697	(16)	(1,053)	12,274	284	86	1,122	

Group and bank has recognized a EUR 12.3 million revaluation of Visa Europe Limited shares based on a share repurchase offer. According to the received offer, the bank should receive a cash transfer of EUR 12.3 million during 3rd quarter of 2016 and VISA Inc. shares with a nominal value of EUR 4.2 million as well as possibility to receive a share from future profit if certain prerequisites will be fulfilled. The group and bank has recognized part of repurchase offer based on the expected cash consideration.

	31.12.2014					31.12.2013	
	31.12.2014	Redemption	Impairment	Acquisition	Effect of foreign exchange	31.12.2013	
Assets at fair value							
Available-for-sale financial assets	1,122	(194)	(518)	203	83	1,548	
Total assets at fair value	1,122	(194)	(518)	203	83	1,548	

Note 23

Capital management and capital adequacy

The primary objective of the group's and bank's capital management is to ensure that the group and the bank comply with externally imposed capital requirements and maintain healthy capital ratios in order to support their business and maximise the shareholders' value.

The goals of the group's and bank's capital management are consistent with those of the previous years. According to Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit

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institutions and investment firms (hereinafter referred to as "the Regulation") the group and the bank use the Standardised Approach for credit risk and market risk capital requirements, the Basic Indicator Approach for operational risk capital requirement, and the Standardised Approach to calculate the capital requirement for credit valuation adjustment (CVA) risk of OTC derivatives.

Capital adequacy refers to the sufficiency of the group's and bank's capital resources to cover credit risk, operational risk, and market risks.

The reserve capital is the value of the group's and bank's property, which, following the defined procedure, is accrued to cover unexpected losses or for other financing needs, based on the decision of the shareholders' meeting. There are no legal restrictions on utilisation of the reserves.

Apart from the calculation of the minimum capital adequacy ratio, the bank documents and assesses internal capital adequacy. The internal capital adequacy assessment (ICAAP) procedure performed by the bank comprises both quantitative capital adequacy assessment and qualitative aspects, including long-term business planning and formulation of the development strategy, identification of material risks, determination of acceptable risk exposure, development and improvement of risk management systems, as well as identification and control of risks inherent in the bank's business (risk profile) on an ongoing basis.

The methods employed for the ICAAP purposes and the calculation procedure are detailed in the Statement on Information Disclosure published on the bank's website www.ablv.com.

It is specified in the Regulation that Common equity Tier 1 capital ratio (CET1) should be 4.5%, Tier 1 capital ratio should be 6.0% and the Total capital ratio should be at least 8%. In addition, a capital conservation buffer of 2.5% has been set which restricts dividend payment and redemption of certain Tier 1 equity instruments. The group and the bank are in compliance with the requirements of the Regulation.

Own funds and capital requirements:

	EUR'000			
	Group	Group	Bank	Bank
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Tier 1				
paid-in share capital	35,300	32,650	35,300	32,650
share premium	96,918	66,270	96,918	66,270
reserve capital and other reserves	2,134	2,134	2,134	2,134
retained earnings	72,188	68,257	68,565	68,600
current year's profit	-	32,936	-	32,936
intangible assets	(6,333)	(6,072)	(6,036)	(5,700)
revaluation reserve of available-for-sale financial assets	3,784	(1,504)	3,799	(1,427)
non-controlling interests	558	8,661	-	-
Total Tier 1	204,549	203,332	200,680	195,463
Common equity tier 1 capital (CET1)	204,549	203,332	200,680	195,463
Additional Tier 1 capital	-	-	-	-
Tier 2				
subordinated capital	120,323	114,458	120,323	114,458
Total Tier 2 capital	120,323	114,458	120,323	114,458
Total own funds	324,872	317,790	321,003	309,921
Capital requirement				
Capital requirement for credit risk	125,680	112,892	125,612	112,048
Total capital requirement for market risks	7,240	5,479	7,240	5,174
incl. capital requirement for foreign currency risk	496	1,023	496	718
incl. capital requirement for position risk	6,744	4,456	6,744	4,456
Capital requirement for counterparty credit risk	11	340	11	340
CVA	3	92	3	92
Capital requirement for operational risk	20,907	17,609	15,867	14,234
Total capital requirement	153,841	136,412	148,733	131,888
Common equity tier 1 capital ratio (CET1) (%)	10.64	11.92	10.79	11.86
Total capital ratio (%)	16.89	18.64	17.27	18.80

Note 25

Litigation and claims

In the ordinary course of business, the bank has been involved in a number of legal proceedings to recover outstanding credit balances and maintain collateral, as well as other proceedings related to specific transactions. The management believe that any legal proceedings pending as at 31 December 2015 will not result in material losses for the bank and/ or the group, excepted below mentioned.

During the reporting year, the Financial and Capital Market Commission conducted a number of reviews at the bank which resulted in initiating an administrative case on 18 December 2015. By the date of approval of the consolidated and separate financial statements, no administrative act has been issued and no decision has been taken to terminate the matter. According to the management of the bank, there have been no significant violations in the bank's activities in relation to the results of these reviews and the management believes it will be possible to enter into an administrative agreement with the Financial and Capital Market Commission. The management of the bank has not recognized any provisions in these interim condensed separate and consolidated financial statements as a material uncertainty exists regarding the potential outcome of this matter and it is not possible to estimate the amount of provision reliably. The potential irregularities may be interpreted in a number of ways and the amount of the fine to be imposed may differ accordingly depending on the provisions of the Credit Institution Law in effect at the date of the potential violation.

Note 26

Events after the reporting date

As of the last day of the reporting year until the date of signing of these interim condensed consolidated and separate financial statements there have been no events requiring adjustment of or disclosure in these interim condensed consolidated and separate financial statements or notes thereto, excepted below mentioned.

The board of the bank will recommend to the shareholder to pay dividends of EUR 69.0 million and issue new ordinary shares in April 2016 to increase equity of the bank by EUR 37.9 million.