

## ABLV Bank, AS

registration No.:	50003149401
legal address:	23 Elizabetes Street, Riga, Latvia
Internet address:	<a href="http://www.ablv.com">www.ablv.com</a>
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## Base Prospectus of the Fifth Bond Offer Programme

Securities:	Bonds
Amount of the offer programme:	EUR 400 000 000.00 (four hundred million euro) or equivalent in USD
Maturity period:	from 1 to 12 years

23 April 2015

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## 1. Explanation of the terms and abbreviations used

**Issuer** – pursuant to the Financial Instrument Market Law, a person transferrable securities of which are admitted to a regulated market, as well as a person which issues or plans to issue transferrable securities or other financial instruments in this person's own name.

In this Base Prospectus – ABLV Bank, AS, registration No.: 50003149401, legal address: 23 Elizabetes Street, Riga, Latvia, or also **ABLV Bank**.

**ABLV Group** – ABLV Group consists of ABLV Bank, AS; ABLV Luxembourg, S.A.; ABLV Capital Markets, IBAS; ABLV Asset Management, IPAS; Pillar Holding Company, KS; ABLV Consulting Services, AS; ABLV Corporate Services, SIA; New Hanza City, SIA, and other companies.

**Base Prospectus of the Fifth Bond Offer Programme** or the **Base Prospectus** – this prospectus, which contains detailed information on the Issuer and the Bonds that will be offered to the public under the Fifth Programme. The Base Prospectus has been produced to make a public offer of the Bonds and admit those to trading on a regulated market. The Issuer has not included the information on the Final Terms of offer of each particular Bond Issue Series in this Base Prospectus.

**Bonds** – debt securities issued by ABLV Bank, which enable their owners to receive Interest Income and Face Value following the procedure and within the term set in this Base Prospectus, those securities being issued in accordance with provisions of this Base Prospectus and the Final Terms.

**Face Value** – value of a single Bond set by the Issuer and stated in the Final Terms of each particular Bond Issue Series.

**Fifth Offer Programme** or the **Fifth Programme** – a set of activities intended for repeated issue of the Bonds within the period of this Base Prospectus being effective.

**Final Terms** – terms of offer of each particular Bond Issue Series under the Fifth Programme described in this Base Prospectus.

**Bond Issue Series** or the **Series** – an issue of securities of the same class, which are issued by performing at least two separate issues within 12 months after the public offer start date, where single Final Terms apply to the Series. Separate Final Terms are approved and published for each Series.

**Annual Interest Rate** – annual rate of the Bonds' yield in percentage terms, which the Issuer shall calculate and determine on the dates and according to the procedures set in this Base Prospectus and the Final Terms.

**Interest Income** – interest income under the Bonds, which the Issuer shall pay to the owner of the Bonds on the dates and according to the procedures set in the Final Terms.

**Investor** – an individual or a legal entity that expressed a wish or plans to acquire the Bonds in accordance with the procedures set in the Base Prospectus and the Final Terms.

**Investment Company** – a credit institution or investment brokerage company that is duly licensed to render investment services and related services, and where the Investor has a financial instruments account opened with the same.

**DVP** – settlement principle *Delivery vs Payment*.

**Financial Statements** – ABLV Bank audited annual reports 2013 and 2014.

**ISIN** – *International Securities Identification Number* assigned to the Bonds, issued under the programme described in the Base Prospectus, by the Latvian Central Depository as a member of the Association of National Numbering Agencies.

**Applicable Legal Acts** – normative acts of the European Union, legal acts of the Republic of Latvia, regulations published by the Bank of Latvia, FCMC, LCD.

**FCMC** – the Financial and Capital Market Commission, registration No. 40003167049, legal address: 1 Kungu Street, Riga, Latvia. Pursuant to the Law on the Financial and Capital Market Commission, FCMC shall enjoy full rights of an independent autonomous public institution and, in compliance with its goals and objectives, shall regulate and monitor the functioning of the financial and capital market and its participants.

**ECB** – the European Central Bank, address: Kaiserstrasse 29, D-60311 Frankfurt am Main, Germany.  
Pursuant to the COUNCIL REGULATION (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, the ECB will perform the tasks stated in the Regulation within the single supervisory mechanism composed by the ECB and national competent authorities. The ECB shall assume the tasks conferred on it by the said Regulation on 4 November 2014.

**Stock Exchange or Nasdaq Riga** – joint stock company Nasdaq Riga, registration No. 40003167049, legal address: 1 Valņu Street, Riga, Latvia.

**LCD** – joint stock company Latvian Central Depository, registration No. 40003242879, legal address: 1 Valņu Street, Riga, Latvia.

## 2. Issue of the Bonds

### 2.1. Fifth Programme description

Under the Fifth Offer Programme, the Issuer will issue one or several Series of the Bonds.

Issue of the Bonds shall be regulated by the Financial Instrument Market Law, the Base Prospectus, and the Final Terms.

Objective of each Bond Issue Series shall be raising of funds that the Issuer will use for financing its operating activities, including without limitation:

- improvement of the ABLV Bank assets' and liabilities' distribution into maturity bands;
  - increase and maintenance of the liquidity level required for activities of ABLV Bank;
- or
- raising of funds for formation or increase of the ABLV Bank subordinated capital.

Objective of each Bond Issue Series shall be stated in the Final Terms applicable to the particular Series. For example, the Issuer, without limitation, may state that the acquired funds will be used for increasing the ABLV Bank subordinated capital, pursuant to the REGULATION (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

The Base Prospectus shall be effective for 12 months after registration of the same with the FCMC.

### 2.2. Final Terms

Before issuing each Bond Issue Series, the Issuer shall publish the Final Terms of the respective issue, providing the following information therein:

- public offer start and end date;
- information on the Bonds' ISIN;
- number of issued Bonds;
- Face Value of issued Bonds;
- total value of issued Bonds;
- currency of issued Bonds;
- Annual Interest Rate;
- frequency and dates of Interest Income payments to be made within the Series;
- maturity date of the Bonds.

Information on the Annual Interest Rate of the Bond issue, provided in the Final Terms, shall contain the following data:

- rate type (fixed or floating):
  - in case of fixed rate set, the rate value;
  - in case of floating rate set, the base rate and risk premium;
- method of calculating accrued interest.

Several rates (fixed and/or floating) may be set within single Bond Issue Series, where each of those shall be applicable to particular period of the Bond term.

In the Final Terms, the Issuer shall also state its right of premature redemption of the Bonds issued within the Series (*call option*).

It will be stated in the Final Terms whether the Investor is entitled to claim the Face Value and accrued interest to be repaid by the Issuer before maturity (*put option*) within the Series.

Before the end of the public offer period, but not later than 4 (four) working days prior to the public offer end date, the Issuer may increase the Issue Series size. Changes in the Series Final Terms shall be approved by the Board, and those shall be submitted to the FCMC together with the order to the LCD for posting additional number of the Bonds applying the ISIN code previously used for posting initial Bonds. After the public offer end date, the Issuer may not increase the Issue Series size. If amendments to the Final Terms are made, those shall be published in the same way as the Final Terms.

In case of issuing new Series under the Fifth Programme, the Issuer shall state in the Final Terms the main terms and conditions of public placement of previous Bond Issue Series performed under the Fifth Programme, namely:

- the Bonds' ISIN;
- number of issued Bonds;
- Face Value of issued Bonds;
- total value of issued Bonds;
- currency of issued Bonds;

- Annual Interest Rate;
- frequency and dates of Interest Income payments to be made within the Series;
- maturity date of the Bonds;
- other terms and conditions, provided those do not contradict the Base Prospectus and Applicable Legal Acts.

To make a new common Series, the Issuer may produce new Final Terms and issue additional Bonds under the terms and conditions equal to those of some of the previous Bond Series issued within the Fifth Programme described in this Base Prospectus. A different ISIN code shall be assigned to such new Series.

### 2.3. Methods of publishing the Final Terms

The Final Terms of the Bond issues shall be published by the Issuer on its Internet home page **www.ablv.com** at least 4 (four) working days before starting the initial public offering.

Changes related to increase of the Issue Series size may be published by the Issuer within the public offer period, but not later than 4 (four) working days prior to the public offer end date.

### 3. Responsible persons

#### 3.1. Representations of the responsible persons

We, ABLV Bank

Chairman of the Board Ernests Bernis,

Deputy Chairman of the Board Vadims Reinfelds,

Member of the Board Māris Kannenieks,

Member of the Board Edgars Pavlovičs,

Member of the Board Aleksandrs Pāže,

Member of the Board Rolands Citajevs, and

Member of the Board Romans Surnačovs,

hereby confirm the information provided in the Base Prospectus and represent that according to the data available to us the information provided in the Base Prospectus is true and there are no concealed facts that might affect meaning of the information provided in the Base Prospectus .

#### 3.2. Information about the responsible persons

Name, surname	Position held	Signature
Ernests Bernis	Chairman of the Board, Chief Executive Officer (CEO)	
Vadims Reinfelds	Deputy Chairman of the Board, Deputy Chief Executive Officer (dCEO)	
Māris Kannenieks	Member of the Board, Chief Financial Officer (CFO)	
Edgars Pavlovičs	Member of the Board, Chief Risk Officer (CRO)	
Aleksandrs Pāže	Member of the Board, Chief Compliance Officer (CCO)	
Rolands Citajevs	Member of the Board, Chief Information Officer (CIO)	
Romans Surnačovs	Member of the Board, Chief Operating Officer (COO)	

#### 3.3. Auditors

Consolidated financial statements of ABLV Bank and its affiliate companies for the years 2013 and 2014, included in this Base Prospectus, have been audited by:

SIA Ernst & Young Baltic (licence No. 17)  
 registration No.: 40003593454  
 legal address: 1A Muižas Street, Riga, Latvia

Member of the Board, LR certified auditor: Iveta Vimba (certificate No. 153) for the years 2013 and 2014

#### 4. Summary

##### Section A. Introduction and warnings

The summary shall be deemed the introduction of the Base Prospectus.

Any decision on investing in the Bonds shall be based on the Investor's judgement on the whole Base Prospectus.

Should any claim be lodged to a court regarding the information provided in the Base Prospectus, if necessary, the Investor lodging the claim to a court in accordance with normative acts of the respective member state shall cover the costs of translating the Base Prospectus before the proceedings are initiated.

- A.1 The persons responsible for the information provided in the Base Prospectus, including persons that translated the same and applied for its notification, may be held civilly liable only where the summary is misleading, inaccurate, or inconsistent with other sections of the Base Prospectus, or fails to provide the most essential information that would aid the Investors when considering whether to invest in the Bonds.

##### Section B. Issuer

B.1	Legal and commercial name of the Issuer	ABLV Bank, AS.
B.2	The domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation	ABLV Bank is a joint stock company registered in the Republic of Latvia, which carries out its operations in accordance with the Republic of Latvia legal acts, the European Union normative acts, and the issued licence that allows rendering all financial services stated in the Credit Institution Law.
B.3	Description of, and key factors relating to, the nature of the Issuer's current operations and its principal activities	Major lines of ABLV Bank business are rendering of tailored services to private and corporate customers in Latvia, as well as export of high-quality financial services to foreign customers from the EEA and CIS states. The Issuer's place of rendering the services is the Republic of Latvia.
B.4a	Description of the most significant recent trends affecting the Issuer and the industries in which it operates	As at the day of producing the Base Prospectus, there is no information on any detected trends that might have significant negative effect on operations of ABLV Bank, AS, or the banking sector in 2015. In 2015, liquidity and capitalization level in the banking sector remain high. ABLV Bank, AS, plans gradual natural growth in 2015.
B.4b	Description of any known trends affecting the Issuer and the industries in which it operates	As at the day of producing the Base Prospectus, there is no information on any detected trends, events, claims, or obligations that might have significant negative effect on further operations of ABLV Bank, AS, or the Republic of Latvia credit institution sector.

The information provided in the table below completely matches that presented in ABLV Bank consolidated report for the year 2014.

No	Company	Country of Incorporation	Registration number	Business profile	Share in the entity's capital with voting rights (%)	
					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

No	Company	Country of Incorporation	Registration number	Business profile	Share in the entity's capital (%)	Share in the entity's capital with voting rights (%)
9.	Pillar Management, SIA	LV	40103193211	Real estate management and administration	100	100
10.	Pillar 2 & 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 12, SIA	LV	40103290273	Real estate transactions	100	100
18.	Pillar 18, SIA	LV	40103492079	Real estate transactions	100	100
19.	Pillar 19, SIA	LV	40103766952	Real estate transactions	100	100
20.	Elizabetes Park House, SIA	LV	50003831571	Real estate transactions	91.6	91.6
21.	Schaller Kyncl Architekten Riga, SIA	LV	40103437217	Designing and designer's supervision	100	100
22.	Pillar Parking, SIA	LV	40103731804	Parking management	100	100
23.	New Hanza City, SIA	LV	40103222826	Real estate transactions	100	100
24.	GP Electro, SIA	LV	40103693339	Real estate management and administration	100	100
25.	ABLV Asset Management, IPAS	LV	40003814724	Financial services	90	100
26.	ABLV Capital Markets, IBAS	LV	40003814705	Financial services	91.8	100
27.	ABLV Private Equity Management, SIA	LV	40103286757	Investment project management	100	100
28.	ABLV Private Equity Fund 2010, KS	LV	40103307758	Investment activities	100	100
29.	AmberStone Group, AS	LV	40103736854	Holding company	40.9	40.9
30.	Vaiņode Agro Holding, SIA	LV	40103503851	Holding company	28.6	28.6
31.	Vaiņodes Agro, SIA	LV	40103484940	Agriculture	28.6	28.6
32.	Vaiņodes Bekons, SIA	LV	42103019339	Agriculture	28.6	28.6
33.	Gas Stream, SIA	LV	42103047436	Electricity generation	28.6	28.6
34.	Bio Future, SIA	LV	42103047421	Electricity generation	28.6	28.6

No	Company	Country of Incorporation	Registration number	Business profile	Share in the entity's capital (%)	Share in the entity's capital with voting rights (%)
35.	IZ SPV, SIA	LV	40103551480	Electricity generation	28.6	28.6
36.	NR SPV, SIA	LV	40103551353	Electricity generation	28.6	28.6
37.	Orto klīnika, SIA	LV	40103175305	Medical services	24.5	24.5
38.	Orto māja, SIA	LV	40103446845	Real estate transactions	24.5	24.5

**Interest in ABLV Bank, in percentage terms of the voting shares, as at 31 March 2015**

B.6	Issuer's shareholders	Ernests Bernis and Nika Berne (direct and indirect interest)	43.11%
		Oļegs Fiļs (indirect interest)	43.12%
		14 legal entities and 110 individuals	13.77%

Shareholders of ABLV Bank, AS, voting shares have no different voting rights.  
 ABLV Bank, AS, is controlled by its shareholders pursuant to the procedures set forth in the Commercial Law.

**Statements of financial position as at 31 December 2014 and 31 December 2013**

	31.12.2014	31.12.2013
<b>Assets</b>	EUR '000	EUR '000
Cash and deposits with central banks	258 908	356 747
Balances due from credit institutions	795 282	619 037
Derivatives	4 079	451
Financial assets at fair value through profit or loss	14 884	16 766
Available-for-sale financial assets	1 209 073	731 687
Loans	790 247	761 268
Held-to-maturity investments	930 579	651 411
Investments in subsidiaries and associates	115 099	132 829
Investment properties	25 033	24 330
Tangible fixed assets	10 606	9 745
Intangible fixed assets	5 700	5 016
Current corporate income tax receivables	3 257	–
Deferred corporate income tax	1 457	–
Non-financial assets held for sale	–	622
Other assets	5 640	5 457
<b>Total assets</b>	<b>4 169 844</b>	<b>3 315 366</b>
<b>Liabilities</b>		
Derivatives	5 630	2 046
Demand deposits from central banks	16 797	–
Demand deposits from credit institutions	28 962	14 491
Term deposits from credit institutions	2 971	–
Deposits	3 406 032	2 776 457
Current corporate income tax liabilities	–	5 125
Other liabilities	13 205	11 098
Deferred corporate income tax	–	169
Provisions	352	408
Issued securities	454 581	308 386
Subordinated deposits	14 413	10 149
<b>Total liabilities</b>	<b>3 942 943</b>	<b>3 128 329</b>
<b>Shareholders' equity</b>		
Paid-in share capital	32 650	30 003
Share premium	66 270	41 485
Reserve capital and other reserves	2 134	2 134
Fair value revaluation reserve of available-for-sale financial assets	(1 427)	983
Retained earnings brought forward	68 600	68 756
Retained earnings for the period	58 674	43 676
Attributable to the equity holders of the Bank	<b>226 901</b>	<b>187 037</b>
Non-controlling interests	–	–
<b>Total shareholders' equity</b>	<b>226 901</b>	<b>187 037</b>
<b>Total liabilities and shareholders' equity</b>	<b>4 169 844</b>	<b>3 315 366</b>
<b>Memorandum items</b>		
Contingent liabilities	9 444	7 689
Financial commitments	60 228	61 008

B.7 Financial information

		<p>Planning growth, increase of profitability and overall income in 2015, ABLV Bank pays great attention to assessing and reducing possible impact of negative factors, as well as to risk management and compliance with regulatory requirements.</p>
B.8	Key pro forma financial information	<p>The amount of net fee income and net profit in 2015 are expected to remain at the level of 2014. The average increase of deposits in 2015 is planned to reach 10%, and thus the total amount of deposits might exceed EUR 4 billion by the end of 2015. We plan to grant new commercial loans for financing large business projects, the total amount of those loans constituting about EUR 130 million. In 2015, net profit is planned to be approximately the same as that in 2014.</p> <p>The above information addresses a hypothetical situation and, therefore, does not represent the Issuer's actual financial position or results.</p>
B.9	Profit forecast	ABLV Bank made no profit forecasts for the following periods of operations.
B.10	Qualifications in the audit report on the financial information	ABLV Bank audited financial report for the year 2014 contains no auditors' qualifications or disclaimers.
B.11	Issuer's equity	<p>ABLV Bank meets equity requirements set forth in the legal acts.</p> <p>As at 31 March 2015, ABLV Bank equity equalled EUR 318.8 million.</p>
B.12	Forecasts regarding the Issuer	<p>ABLV Bank forecasts contain no adverse changes since the date of its last published audited financial statements.</p> <p>There are no significant changes in the financial or trading position of ABLV Bank detected subsequent to the period covered by the historical financial information.</p>
B.13	Events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	Recently there were no events particular to ABLV Bank which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14	Issuer's position within the group	ABLV Bank is not dependent upon other entities within the ABLV Bank group.
B.15	Issuer's principal activities	ABLV Bank principal activities are rendering of financial services.
B.16	Control over the Issuer	N/A
B.17	Credit ratings assigned to the Issuer's debt securities	ABLV Bank, AS, is not assigned credit ratings by credit rating agencies registered and / or certified in accordance with Regulation No 1060/2009 on credit rating agencies.
B.18 – B.50		N/A

#### Section C. Securities

C.1	Bond details	Bond details will be provided in the Final Terms of the Bond issue.
C.2	Currency of the Bond issue	The Bonds are supposed to be issued in EUR and USD, pursuant to the Final Terms of the Bond issue.
C.3	Information about shares issued	N/A
C.4	Rights attached to the shares issued	N/A
C.5	Restrictions on the free transferability of the Bonds	The Bonds are freely transferrable securities that represent the Issuer's debt to the owners of the Bonds without additional collateral. The Bonds are dematerialized bearer securities without restraint on alienation – transferrable securities.
C.6	Admission of the issued shares to trading on a regulated market	N/A
C.7	Dividend policy	N/A

Division of the Bonds into categories

Under the Bond issue, both straight Bonds and subordinated Bonds intended for raising subordinated capital are supposed to be issued. The Bonds are not supposed to be divided into categories according to other characteristics.

Limitations to the rights attached to the Bonds

The Bonds are freely transferrable securities without restraint on their alienation.

The Issuer draws the Investor's attention to the fact that where the objective of the Bond Issue Series is raising of funds that the Issuer will use as subordinated capital, in case of the Issuer's insolvency the Investor's claims to the Issuer arising out of the Bonds will be satisfied after claims of all other creditors, but before satisfying claims of the shareholders.

Interest Rate

Annual Interest Rate of each Bond Issue Series under the Fifth Programme shall be specified in the Final Terms. Rates of different types may be set within single Bond Issue Series, where each of those shall be applicable to particular period of the Bond term. The Annual Interest Rate may be fixed or floating. The Issuer may issue the Bonds at a discount from the Face Value, meaning that no interest income will be paid during some period (no coupon payment).

The date from which interest becomes payable and the due dates for interest

The dates of calculating and paying the Interest Income accrued under the Bonds shall be stated in the Final Terms of each Series. Since it may be possible that tax should be withheld from the Interest Income, the Issuer shall determine the payment date to be not earlier than the second working day and not later than the fifth working day after the calculation date.

C.8, Rights attached to the  
C.9 Bonds

Setting of the floating interest rate

In case of floating interest rate set for the Bonds, variable money market index (base rate) and risk premium used in floating interest rate calculation shall be stated in the Final Terms of the Bond Issue Series.

Bond maturity date and repayment procedures

The Investor shall be entitled to receive the Face Value of the Bonds. The Face Value of the Bonds shall be repaid at the Bonds maturity by making a lump-sum payment. For each Bond Issue Series under the Fifth Programme, the Face Value and maturity of the Bond shall be set forth in the Final Terms, but the latter shall not exceed 12 (twelve) years.

Bond yield

The Bond yield depends on the changes in the base interest rate in the interbank market. Where fixed rate is applied, the Bonds' yield will remain constant, regardless fluctuations in financial markets.

Representatives of debt security holders

Holders of the debt securities may freely determine representatives for exercising the rights attached to the Bonds.

C.10	Interest payments under securities involving derivative components	N/A
C.11	Admission of the Bonds to the regulated market	All Bonds issued under the Fifth Programme are supposed to be admitted to trading on the Stock Exchange.
C.12	Minimum face value of the issue	In the Final Terms of each series, the Issuer shall state the particular series size and the number of offered Bonds. The size of a single Bond Issue Series may not be lower than EUR 1 000 000.00 (one million euro) or equivalent in USD, at the euro reference rate published by the European Central Bank as at the day of the Financial and Capital Market Commission making the decision to allow public offering.
C.13 – C.22		N/A

Section D. Risks

<p>D.1, Key information on D.2 the key risks</p>	<p>In carrying out its operating activities, ABLV Bank is subject to various risks. Most significant risks that may decrease the Issuer's ability to perform its obligations are stated below.</p> <ol style="list-style-type: none"> <li>1. Credit risk Credit risk is exposure to potential losses in case of ABLV Bank counterparty or debtor being unable to pay the contractual obligations to ABLV Bank.</li> <li>2. Liquidity risk Liquidity is ABLV Bank ability to maintain or ensure sufficient cash flow to meet the expected (everyday) or sudden (critical) need for the same in order to provide financing for asset growth or discharge the financial obligations in a due time. This means the ability to turn assets into cash with minimal loss or ensure reasonably priced credit facilities.</li> <li>3. Currency exchange rate fluctuation risk ABLV Bank is exposed to negative effects of fluctuations in the foreign currency exchange rates on its financial position and cash flow.</li> <li>4. Interest rate risk Interest rate risk represents the adverse effect of the market interest rate fluctuations on ABLV Bank financial performance.</li> <li>5. Non-financial risks During the course of its operations, ABLV Bank encounters also non-financial risks (including operational risk, reputational risk, etc.) with exposure to sudden loss. The cause of such risks may be, for instance, clerical errors or fraud, break-downs in information systems, insufficient internal control and procedures, etc.</li> <li>6. Competition risk As at the end of 2014, 88% of total deposits with ABLV Bank were the deposits placed by foreign customers. Consequently, operations of the Issuer are only partly subject to competition risk in the local market.</li> </ol>
<p>D.3 Information on the risks specific to the Bonds</p>	<p>Risk factors associated with the Bond issue:</p> <ol style="list-style-type: none"> <li>1. Liquidity risk Listing of the Bonds in the Stock Exchange Nasdaq Riga List of Debt Securities does not guarantee liquidity of the Bonds, and therefore the Investor should assess potential risk of limited possibilities of selling the Bonds in the secondary market due to insufficient interest of other market players. If there is no sufficient interest in the secondary market (liquidity shortfall), it may be difficult for the Investor to sell the Bonds at adequate market price.</li> <li>2. Price risk Price of the Bonds in the secondary market may fluctuate in accordance with the Investors' interest, which can be affected by macroeconomic processes, events concerning one or several Investors, and also, inter alia, events concerning the Issuer. The Investors' opportunities of gaining profit may vary accordingly from time to time.</li> <li>3. Interest rate fluctuation risk Within single Bond Issue Series, rates of different types may be set. The rate may be fixed or floating, and each of those shall be applicable to particular period of the Bond term. Where calculation of the Annual Interest Rate under the offered Bonds involves floating rate, the Investor shall take into account that the Bonds' yield will be floating, depending on changes in the base interest rate in the interbank market. Where fixed rate is applied, the Bonds' yield will remain constant, regardless fluctuations in financial markets.</li> <li>4. Legislative risk The risk related to amendments in legislation, regulations and other legal acts, or to implementation of new legal acts, which may cause additional expenses or reduce return on investment. This risk also covers possible changes in applicable tax assessment and withholding procedures.</li> </ol>
<p>D.4 – D.6</p>	<p>N/A</p>

Section E. Offer

E.1 – E.2a		N/A
E.2b	Reasons for the Bond offer	<p>Objective of offering each Bond Issue Series shall be raising of funds that the Issuer will use for financing its operating activities, including without limitation:</p> <ul style="list-style-type: none"> <li>• improvement of the ABLV Bank assets' and liabilities' distribution into maturity bands;</li> <li>• increase and maintenance of the liquidity level required for activities of ABLV Bank;</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>• raising of funds for formation or increase of the ABLV Bank subordinated capital.</li> </ul>
E.3	Terms and conditions of the offer	Terms and conditions of the Bond offer will be stated in the Final Terms of the Bond issue.
E.4	Possible conflicts of interests	ABLV Bank has no information on possible conflicts of interests related to the Bond issue.
E.5 – E.6		N/A
E.7	Expenses	Pursuant to the Bond issue rules, no additional expenses are supposed to be charged to the Bond holders.

## 5. Risk factors associated with the Issuer and the type of securities being issued

### Notice

The Investor shall thoroughly assess risks listed in this section of the Base Prospectus. Those may decrease the Issuer's ability to perform its obligations or affect the possibility of executing transactions in the Bonds. The Base Prospectus may contain incomplete list of all possible risks that might affect the Issuer's operations or trading of the Bonds.

Normative acts of the European Union and the Republic of Latvia provide for strong supervision of credit institutions that minimizes the Investor's risk compared with investing in securities issued by companies operating in other sectors. In the Republic of Latvia, such supervision is performed by the FCMC. Pursuant to provisions of the COUNCIL REGULATION (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, the ECB together with the FCMC will perform such supervision in the Republic of Latvia within the single supervisory mechanism starting from 4 November 2014.

Nevertheless, before making a decision on investing in the Bonds, any Investor should independently assess risks associated with the investment, engaging an advisor, if necessary.

Risks that might adversely affect the Issuer and cause the Issuer's insolvency at worst are mentioned and described below.

### 5.1. Overall risk factors

#### 5.1.1. Macroeconomic risks associated with Latvia

Rapid changes that made global corrections after the end of 2008 were concurrent with economic crisis in the Republic of Latvia. Both processes had negative effect on the banking sector, including the Issuer. Investors also became less active, due to declining availability of funds in both individual and corporate customers' sector.

As at the moment of producing this Base Prospectus, the situation in Latvian banking sector has improved significantly, the state economy has stabilized, and international rating agencies appreciated those achievements by gradually increasing the country's ratings, following their rapid drop in 2009.

Agency	Rating	Date of last changes	Last changes made
Standard & Poor's	A- / stable	30 May 2014	Rating: from BBB+/positive to A-/stable
Fitch	A- / stable	5 December 2014	Rating: the current rating A-/stable has been confirmed
Moody's	A3 / stable	13 February 2015	Rating: from Baa1/stable to A3/stable

Based on evaluations given by rating agencies and macroeconomic indicators, it can be said that growth is observed in the Republic of Latvia economy currently. Nevertheless, the Investors should take into account the experience gained in previous years, which evidences that global economic processes may have considerable effect on the state economy, including banking sector.

Implementation of single European currency, the euro, at the beginning of 2014 was important for Latvian economy and financial market. This will make Latvian economy more attractive for investors from both the West and the East.

The stability of the largest Latvian commercial banks is evidenced by joining the single supervisory mechanism on 4 November 2014, when the eurozone largest banks came under supervision of the ECB. In Latvia, the three largest banks in terms of the amount of assets, including ABLV Bank, AS, are subject to joint supervision by the ECB and the FCMC. The ECB single supervision ensures better availability of information on the banks' situation and thus boosts confidence in the financial sector.

#### 5.1.2. Political risks

- The Republic of Latvia is a unitary multiparty republic, placing high value on democracy principles.
- The Republic of Latvia is a member of the European Union since May 2004.
- The Republic of Latvia joined NATO in March 2004.

Based on the above facts, it can be concluded that the possibility of significant changes in political risks is relatively small. Following elections, parties present in the parliament may change, as well as composition of the government, though it has no significant effect neither on operations of the banking sector set in compliance with the European Union law and banking traditions, nor on the securities market.

### 5.2. Risk factors associated with the Issuer

In carrying out its operating activities, ABLV Bank is subject to various risks. The Base Prospectus does not list all of those, but mentions most significant ones that may decrease the Issuer's ability to perform its obligations.

#### 5.2.1. Credit risk

Credit risk is exposure to potential losses in case of ABLV Bank counterparty or debtor being unable to pay the contractual obligations to ABLV Bank.

ABLV Bank has developed a credit risk management system suitable to its operations, taking into account the overall credit amount, credit types, characteristics of business partners, number of structural units involved in credit risk management, and other factors that have material effect on the Bank's credit risk level.

The Bank ensures credit risk management considering interaction of the same with other risks associated with the Bank's operations.

ABLV Bank ensures credit risk management according to its Credit Policy. Before entering into any cooperation with a prospective partner, ABLV Bank performs a comprehensive review of the solvency and collateral provided.

ABLV Bank has set up the permanent Asset Evaluation Committee, which performs a regular analysis of assets and memorandum items, i.e., determines their recoverability. Depending on the results of such analysis, the amount of the allowance for credit losses (impairment) is determined.

#### 5.2.2. Liquidity risk

Liquidity is ABLV Bank ability to maintain or ensure sufficient cash flow to meet the expected (everyday) or sudden (critical) need for the same in order to provide financing for asset growth or discharge the financial obligations in a due time. This means the ability to turn assets into cash with minimal loss or ensure reasonably priced credit facilities.

As at 31 December 2014, the bank's liquidity ratio was 74.74% (79.20%). The FCMC stipulates that the bank has to maintain the sufficient amount of liquid assets to meet its contractual liabilities, but no less than 60% of the bank's total current liabilities.

#### 5.2.3. Currency exchange rate fluctuation risk

ABLV Bank is exposed to negative effects of fluctuations in the foreign currency exchange rates on its financial position and cash flow. The exposure to currency risk is calculated for each separate currency and includes assets and liabilities denominated in foreign currencies, as well as cash flows arising from derivatives.

ABLV Bank has major open positions in EUR and USD. From 1 January 2014, Latvia became a member of the European Monetary Union, and therefore position in EUR is not subject to currency risk.

The ABLV Bank open currency position in USD is rather small as it is hedged by using currency forwards/futures. As at 31 December 2014, ABLV Bank open currency position in USD was 2.7% (3.0%) of ABLV Bank equity, and therefore the effect of changes in the USD exchange rate is insignificant, and ABLV Bank does not conduct more detailed sensitivity analysis, only controlling this risk by applying the limits specified in the Limits Policy of ABLV Bank. As at 31 December 2014, all the above limits were met.

#### 5.2.4. Interest rate risk

Interest rate risk represents the adverse effect of the market interest rate fluctuations on ABLV Bank financial performance. ABLV Bank performs assessment of interest rate risk to cover, to the maximum extent possible, all risk elements – repricing risk, yield curve risk, basis risk, and option risk. Interest rate risk is assessed both in terms of income and economic value. The term 'economic value' means the equity's economic value that is the difference between the economic value of assets and that of liabilities.

For the purposes of hedging interest rate risk, ABLV Bank sets limits of acceptable reduction in economic value and weighted average modified duration of the available for sale portfolio. Derivative financial instruments may be utilised to hedge interest rate risk.

#### 5.2.5. Non-financial risks

During the course of its operations, ABLV Bank encounters also non-financial risks (including operational risk, reputational risk, etc.) with exposure to sudden loss. The cause of such risks may be, for instance, clerical errors or fraud, break-downs in information systems, insufficient internal control and procedures, etc. ABLV Bank makes every effort to maintain the lowest possible risk level, meanwhile striving at not exceeding a reasonable level of expense. Internal control within ABLV Bank structural units and the control exercised by the Risk Management Division are one of the measures taken to prevent the potential loss.

Since ABLV Bank is actively engaged in rendering services to foreign customers, the Issuer thoroughly adheres to "Know Your Customer" principle and abides by requirements of the Law on the Prevention of Money Laundering and Terrorism Financing. Direct duties of more than 70 officers involve customer acceptance and control over customers' transactions. Moreover, ABLV Bank ensures regular trainings for all officers on anti-money laundering requirements and practices.

#### 5.2.6. Competition risk

There are 17 banks operating in the Republic of Latvia, as well as 11 branches of foreign banks are registered, and most of those are actively rendering services to customers in the local market.

According to data of the Association of Commercial Banks of Latvia, as at 31 December 2014, ABLV Bank is ranked 2nd in terms of the amount of assets, following the Latvian banks. Therefore, ABLV Bank is the largest commercial bank with local capital.

88% of total deposits with ABLV Bank are placed by foreign customers. Consequently, operations of the Issuer are only partly subject to competition risk in the local market. The banks that have larger amount of assets than the Issuer are not actively offering services to foreign customers. Nevertheless, the Issuer recognizes the competition risk and is continuously improving quality of services rendered to the customers.

#### 5.3. Risk factors associated with the type of securities being issued

##### 5.3.1. Liquidity risk

The Bonds will be placed by means of public offering and will be included in the Stock Exchange Nasdaq Riga List of Debt Securities, which is an official listing. Nevertheless, listing of the Bonds does not guarantee liquidity of the Bonds, and the Investor should assess potential risk of limited possibilities of selling the Bonds in the secondary market due to insufficient interest of other market players. If there is no sufficient interest in the secondary market (liquidity shortfall), it may be difficult for the Investor to sell the Bonds at adequate market price. At the same time, ABLV Bank may acquire the Bonds in the secondary market, provided those Bonds are not issued for the sake of raising subordinated capital.

##### 5.3.2. Price risk

Price of the Bonds in the secondary market may fluctuate in accordance with the Investors' interest, which can be affected by macroeconomic processes, events concerning one or several Investors, and also, inter alia, events concerning the Issuer. The Investors' opportunities of gaining profit may vary accordingly from time to time.

##### 5.3.3. interest rate fluctuation risk

Within single Bond Issue Series, rates of different types may be set. The rate may be fixed or floating, and each of those shall be applicable to particular period of the Bond term. Where calculation of the Annual Interest Rate under the offered Bonds involves floating rate, the Investor shall take into account that the Bonds' yield will be floating, depending on changes in the base interest rate in the interbank market. Where fixed rate is applied, the Bonds' yield will remain constant, regardless fluctuations in financial markets.

##### 5.3.4. Legislative risk

The Investor shall also take into account the risk of possible losses due to amendments in legislation, regulations and other legal acts or due to implementation of new legal acts, which may cause additional expenses or reduce return on investment. This risk also covers possible changes in applicable tax assessment and withholding procedures.

## 6. Information on offered securities

This section of the Base Prospectus contains information on the Bonds that will be issued under the single Fifth Programme described in this Base Prospectus. For each Bond Issue Series performed under the Fifth Programme, there will be the Final Terms produced, providing comprehensive information on terms of the particular Bond Issue Series.

Objective of each Bond Issue Series shall be raising of funds that the Issuer will use for financing its operating activities, including without limitation:

- improvement of the ABLV Bank assets' and liabilities' distribution into maturity bands;
  - increase and maintenance of the liquidity level required for activities of ABLV Bank;
- or
- raising of funds for increase of the ABLV Bank subordinated capital.

Objective of each Bond Issue Series shall be stated in the Final Terms applicable to the particular Series. For example, the Issuer, without limitation, may state that the acquired funds will be used for increasing the ABLV Bank subordinated capital, pursuant to the REGULATION (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

### 6.1. Issue size and securities identification number

Under the Fifth Programme described in this Base Prospectus, the Issuer may issue the Bonds the total value of which amounts to EUR 400 000 000.00 (four hundred million euro) or equivalent in USD (US dollars), at the euro reference rate published by the European Central Bank as at the day of the FCMC making the decision to allow public offering.

In the Final Terms of each Bond Issue Series, the Issuer shall set forth the particular issue size and number of the Bonds. The size of a single Bond Issue Series may not be lower than EUR 1 000 000.00 (one million euro) or equivalent in USD (US dollars), at the euro reference rate published by the European Central Bank as at the day of the Financial and Capital Market Commission making the decision to allow public offering.

Before initial public offering of the respective issue is started and after the documents stipulated in the LCD rules are received from the Issuer, the LCD will register each Bond Issue Series performed under the Fifth Programme and assign ISIN to the Bonds, as well as will ensure posting and accounting of the outstanding Bonds.

For clear identification of each new Bond Issue Series, the title of the Final Terms will contain the sequence number of the programme, as well as sequence number and currency of the series. Under each Bond Issue Series, securities of only one category may be issued. Therefore, each Series will have one single ISIN, different from that of other Bond Issue Series.

The Issue Series size may be increased before the public offer end date, but not later than 4 (four) working days prior to the public offer end date, by amending the Series Final Terms and submitting the order to the LCD for posting additional number of the Bonds applying the ISIN code previously used for posting initial Bonds. After the public offer end date, the Issuer may not increase the Issue Series size. If amendments to the Final Terms are made, those shall be published in the same way as the Final Terms.

### 6.2. Securities details, type and form

Under the Fifth Programme described in this Base Prospectus, the Issuer will issue the Bonds.

The Bonds are freely transferrable securities that represent the Issuer's debt to the owners of the Bonds without additional collateral. All Bonds issued under the Fifth Programme are supposed to be admitted to the regulated market, ensuring their public trading.

The Bonds are dematerialized bearer securities without restraint on alienation – transferrable securities.

According to the Financial Instrument Market Law, in the Republic of Latvia, posting and accounting of dematerialized securities admitted to trading on a regulated market shall be ensured by the LCD.

Pursuant to the Financial Instrument Market Law, the Bonds are held by credit institutions and investment brokerage companies. The LCD performs accounting of financial instruments, including the Bonds, owned by a credit institution or an investment brokerage company, as well as overall accounting of financial instruments owned by customers of the respective credit institution or investment brokerage company and held thereby.

### 6.3. Issue currency

Under the Fifth Programme, the Bonds may be issued in EUR or USD. Currency of each Bond Issue Series under the Fifth Programme shall be specified in the Final Terms.

#### 6.4. Issue and single Bond face value

Size of each Bond Issue Series is equal to the total number of Bonds issued within the particular series multiplied by face value of a single Bond. The number and Face Value of the Bonds shall be stated in the Final Terms accordingly.

#### 6.5. Legal acts regulating the issue

Issue of the Bonds shall be performed in accordance with the following:

- the Commercial Law;
  - the Financial Instrument Market Law;
  - the LCD rules;
- and other effective applicable legal acts.

#### 6.6. Annual Interest Rate

Annual Interest Rate of each Bond Issue Series under the Fifth Programme shall be specified in the Final Terms.

Rates of different types may be set within single Bond Issue Series, where each of those shall be applicable to particular period of the Bond term. The Annual Interest Rate may be fixed or floating.

In case of fixed rate set, the Interest Income shall be determined and stated in the Final Terms of each Bond Issue Series. Several fixed rates may be set within single Bond Issue Series, where each of those shall be applicable to particular period of the Bond term.

In case of floating rate set, variable money market index (base rate) and risk premium shall be stated in the Final Terms of the Bond Issue Series. Interest Income for the following periods shall be calculated in accordance with the formula provided in paragraph 6.9 of the Base Prospectus. The base rate: EURIBOR (EUR) or LIBOR (USD) is published at the Bank of Latvia home page. The Interest Income rate for the following interest income period shall be set 5 (five) working days prior to the next date of the Interest Income payment, and this rate shall be effective throughout the following Interest Income period. The Interest Income rate shall be rounded off to two decimal places applying the following principle:

- if the third decimal digit is equal to or smaller than 4, the value is rounded down;
- if the third decimal digit is from 5 to 9, the value is rounded up.

In case of floating rate set, the Issuer shall publish a notice on the Interest Income rate set for the following period at the home page [www.ablv.com](http://www.ablv.com) at least 4 (four) working days prior to the next date of the Interest Income payment. This Interest Income rate shall also be published in the Stock Exchange Nasdaq Riga information system.

#### 6.7. Conditions of the Interest Income payment

The Investor shall be entitled to receive the Interest Income.

The dates of calculating and paying the Interest Income accrued under the Bonds shall be stated in the Final Terms of each Series. Since it may be possible that tax should be withheld from the Interest Income, the Issuer shall determine the payment date to be not earlier than the second working day and not later than the fifth working day after the calculation date.

The Issuer may issue the Bonds at a discount from the Face Value, meaning that no interest income will be paid during some period (no coupon payment).

The procedure of paying the Interest Income is stipulated by the LCD rules No. 8 On Payment of Dividends, Coupons, Principal, and Other Cash Proceeds. When paying the interest income, ABLV Bank shall credit all payable amount to the LCD cash account. The LCD shall transfer the funds to the account holders on the Interest Income payment date in accordance with the number of the Bonds present in correspondent accounts on the Interest Income calculation date. The Interest Income amount shall be credited to the cash accounts of the Bond owners by the account holder (that the securities account of the Bond owner is opened with) within one working day after the funds are received.

Should the Interest Income payment date appear to be a holiday, the Issuer shall pay the Interest Income on the next working day following the holiday.

#### 6.8. Redemption of the Bonds

The Investor shall be entitled to receive the Face Value of the Bonds. The Face Value of the Bonds shall be repaid at the Bonds maturity by making a lump-sum payment.

For each Bond Issue Series under the Fifth Programme, the Face Value and maturity of the Bond shall be set forth in the Final Terms, but the latter shall not exceed 12 (twelve) years.

The Issuer shall pay the Face Value on the Bonds maturity date in accordance with the LCD rules No. 8 On Payment of Dividends, Coupons, Principal, and Other Cash Proceeds.

Should the Bonds maturity date appear to be a holiday, the Issuer shall pay the Face Value of the Bonds on the next working day following the holiday. Should the Issuer fail to make settlement under redemption of the Bonds on the date set forth in the Final Terms, the Investor shall be entitled to lodge a claim to the Issuer demanding payment of the Face Value not earlier than in 4 (four) working days after the set Bonds maturity date.

The Issuer shall be entitled to prematurely redeem the part of the Bond issue the initial placement of which was not performed, as well as the Bonds that the Issuer purchased in the secondary securities market or acquired otherwise in compliance with provisions of the normative acts, provided that normative acts contain no limitations with regard to such redemption.

The Bonds intended for raising subordinated capital may be called, redeemed, or repurchased by the Issuer before maturity only given a prior permission of the FCMC and not before 5 (five) years after the date of issue.

The Issuer shall not be entitled to prematurely redeem the Bonds owned by the Investor, unless the Final Terms of the Bond Issue Series provide otherwise.

It will be stated in the Final Terms whether the Investor is entitled to claim the Face Value and accrued interest to be repaid by the Issuer before maturity (*put option*) within the Series.

Should the Bonds, or a part of those, be redeemed prematurely, the Issuer shall make a corresponding notice in the Stock Exchange Nasdaq Riga information system, the Central Storage of Regulated Information (ORICGS), and at home page [www.ablv.com](http://www.ablv.com) at least 4 (four) working days in advance, stating the number of the Bonds being redeemed, their amount at face value, the date of premature redemption, and the issue size that remains outstanding in the secondary market.

Other rights and obligations of the Investors arising out of the Bonds and not mentioned in this Base Prospectus shall be exercised in accordance with effective laws of the Republic of Latvia and subordinate legislation.

#### 6.9. Method of calculating accrued Interest Income under interest-bearing Bonds

Interest Income under a single Bond for each interest income period is calculated considering the following:

- the Face Value of the Bond;
- the Annual Interest Rate in the corresponding Interest Income period;
- number of days in the Interest Income period.

It is assumed that a single Interest Income period consists of 180 (one hundred eighty) days, and one year consists of 360 (three hundred sixty) days (30E/360 principle, where E – number of full months).

The Interest Income amount shall be calculated as follows:

$CPN = F * C / 2$ , where

CPN – the amount of accrued Interest Income payable in the issue currency per one Bond;

F – face value of a single Bond;

C – Annual Interest Rate.

Between the payment dates, the amount of Interest Income shall be calculated as follows:

$AI = F * C / 360 * D$ , where

AI– accrued interest;

F – face value of a single Bond;

C – Annual Interest Rate;

D – number of days since the beginning of the interest accrual period.

#### 6.10. Method of calculating the Bond price of the Bonds issued at a discount from the Face Value

The Bond price shall be calculated as discounted price to the Bond Face Value, using the following formula:

$$P = \frac{F}{\left(1 + \frac{Y}{2}\right)^{\frac{D_2}{2}}}, \text{ where}$$

P – Bond price;

F – Bond Face Value;

Y – yield expressed as interest rate p.a. till the end date of the period during which the Interest Income is not supposed to be paid;

D1 – number of days from the settlement day till the end date of the period during which the Interest Income is not supposed to be paid;

D2 – number of days in a year.

After the end of the period during which the Interest Income is not supposed to be paid, the Interest Income shall be calculated according to the formula provided in paragraph 6.9 of the Base Prospectus.

According to the Day Count Convention, a year is assumed to consist of 360 days.

#### 6.11. Decisions on the Bond issue

The Bonds are issued and public offering is performed pursuant to the following decisions of ABLV Bank:

- decision on the bond issue of the extraordinary meeting of shareholders, dated 31 March 2015 (Minutes No. 1, paragraph 5.11), pursuant to which public offering, issue, and admission to the regulated market of the Bonds the total amount of which is up to EUR 400 000 000 (four hundred million euro) or equivalent in USD (US dollars), at the euro reference rate published by the European Central Bank as at the day of the FCMC making the decision to allow public offering, is supposed to be performed before 1 May 2016, allowing the possibility that the total amount of the Bonds may be issued within one issue or divided into several issues, provided the maturity period of any single issue does not exceed 12 (twelve) years after the respective issue;
- decision of the Board on approving the Base Prospectus of the Fifth Bond Offer Programme, dated 23 April 2015 (Minutes No. V–26, paragraph 7), pursuant to which terms and conditions of the Fifth Bond Offer Programme are approved, which, inter alia, stipulate the total amount of the Bonds to be issued being up to EUR 400 000 000 (four hundred million euro) or equivalent in USD (US dollars), at the euro reference rate published by the European Central Bank as at the day of the FCMC making the decision to allow public offering, provided the maturity period of any single issue does not exceed 12 (twelve) years after the respective issue, and the terms and conditions of each particular issue are set forth in the final terms, stating the precise issue size, currency, face value and coupon rate of the bonds, issue period and procedures therein.

The Final Terms of each Bond Issue Series shall be approved by a decision of ABLV Bank Board.

#### 6.12. Restrictions on free transferability of the bonds

The Bonds are freely transferrable securities. Therefore, there are no restrictions on transferability of securities.

#### 6.13. Subordination of the Bonds

Objective of each Bond Issue Series shall be stated in the Final Terms.

If objective of the Bond Issue Series is raising of funds that the Issuer will use as subordinated capital, the Investor shall be informed that in case of the Issuer's insolvency the Investor's claims to the Issuer arising out of the Bonds will be satisfied after claims of all other creditors, but before satisfying claims of the shareholders.

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

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

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

For the purposes of this Base Prospectus, the Issuer shall be an institution that borrows funds by issuing the Bonds. If provided for in the Final Terms of the Issue Series, the Issuer also may borrow funds by issuing the Bonds for the sake of raising subordinated capital.

#### 6.14. Representation of the Investors

This Base Prospectus of the Fifth Programme has no provisions for, or restrictions on, the rights to establish an organization of the Investors' representatives. In case of the Issuer's insolvency, each Investor shall be entitled to represent its interests at the meetings of creditors. In case of the Issuer's insolvency, any Investor's rights to get back its investment shall be equal to those of other similar creditors.

## 7. Taxation of income derived from the Bonds

### Notice

- The information provided in this Base Prospectus section represents the general information and does not refer to special conditions about which the Issuer has no precise data. Therefore, the information provided in this Base Prospectus section shall not be treated as legal or tax advice.
- This Base Prospectus section does not contain complete information on all taxes applicable to the Investor and investment in the Bonds.
- The provided summary is based on the normative acts of the Republic of Latvia effective as at the moment of approving the Base Prospectus. Tax rates and payment conditions may change during the period from approval of this Base Prospectus till the moment of gaining the income. The Issuer has no obligation to inform the Investors on changes in the tax rates and payment conditions.
- Before making a decision on investing in the Bonds, the Investor should independently and, if necessary, engaging a tax advisor, estimate taxes applicable to the investment, pursuant to the provisions of both the Republic of Latvia legal acts and foreign legal acts, in case the Investor is not a resident of the Republic of Latvia.

### 7.1. Determination of the Investor's residence for tax purposes

For tax purposes, an individual shall be considered a resident of the Republic of Latvia where:

- the declared place of residence of this person is the Republic of Latvia, or
- it stays in the Republic of Latvia for 183 days or more within any 12-month period beginning or ending in the year of taxation, or
- it is a citizen of the Republic of Latvia employed abroad by the Republic of Latvia government.

If an individual does not meet the above criteria, it shall not be considered a resident of the Republic of Latvia for tax purposes.

A legal entity shall be considered a resident of the Republic of Latvia for tax purposes where it is or should have been established and registered in the Republic of Latvia pursuant to laws of the Republic of Latvia. Other legal entities shall be considered non-residents of the Republic of Latvia for tax purposes.

If there is a tax treaty made with the residence country of a non-resident, the tax reliefs set in the treaty shall be complied with. The procedures for application of reliefs are set in the Republic of Latvia Cabinet Regulations No. 178 of 30 April 2001 the Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion.

### 7.2. Tax amount

Pursuant to the normative acts effective as at the moment of approving the Base Prospectus, the tax rate of 10% of the amount of interest income shall be applied to the interest income paid to an individual.

Regarding the interest income paid to a legal entity, no tax will be withheld at source, except where the legal entity is registered in the low-tax or tax-free countries or territories listed in the Republic of Latvia Cabinet Regulations No. 276 of 26 June 2001 (the Regulations on Low-Tax or Tax-Free Countries and Territories). This being the case, the payer of interest shall withhold the tax at the rate of 5%. A non-resident legal entity that receives interest payments shall pay taxes in accordance with effective legislation of its country.

### 7.3. Responsibility of the Issuer

The Issuer shall be responsible for withholding and payment of taxes in compliance with the procedures and amount stated in the Republic of Latvia normative acts. The Issuer shall not be responsible for payment of taxes where the Republic of Latvia normative acts do not stipulate the Issuer's duty to assess and withhold the tax amount before making Interest Income payments.

## 8. Terms and conditions of the offer

Under the Fifth Bond Offer Programme, the Issuer will issue one or several Series of the Bonds. The Investors are offered to acquire the Bonds denominated in EUR or USD. The Bonds are bearer debt securities without restraint on alienation. The Face Value of a single Bond and the total face value of a single Series shall be stated in the Final Terms, whereas overall face value of the Bonds issued under the Fifth Programme described in this Base Prospectus will not exceed EUR 400 000 000.00 (four hundred million euro) or equivalent amount in USD, at the euro reference rate published by the European Central Bank as at the day of the FCMC making the decision to allow public offering.

### 8.1. Issue size

Issue size of each Bond Issue Series shall be stated in the Final Terms. Each issue of the Bonds shall be deemed performed to the amount of the placed Bonds. Not placed Bonds will be redeemed before being admitted to trading on the regulated market. Only Bonds actually placed will be admitted to trading on the regulated market. The Issuer will inform on the total amount of actually placed Bonds by publishing this information at the home page [www.ablv.com](http://www.ablv.com) within 10 (ten) working days after the public offer end date.

### 8.2. Determination of the securities' price for initial placement transactions

During the initial placement, the Bonds will be sold at the price determined by decision of ABLV Bank Board at least 4 (four) working days prior to the start date of the Bonds' initial placement, and this price will be stated in the Final Terms and at ABLV Bank home page [www.ablv.com](http://www.ablv.com). The information will be also published in the Central Storage of Regulated Information (ORICGS).

ABLV Bank Board will determine the Bonds' price depending on the situation in secondary market of similar securities then present and, in particular, based on evaluation of the demand in the securities market and yield of comparable market instruments. The price determined by ABLV Bank for the Bond Issue Series will be the same for all Investors and will remain constant throughout the whole initial placement period.

ABLV Bank Board shall determine the Face Value and the price of the Bonds' initial placement expressed as percentage of the Face Value.

Purchasing the Bonds during the initial placement period, the Investor will have to transfer just set Bond sale price to the Issuer for each Bond unit being purchased.

Additional expenses under the transaction, which might include, without limitation, fees for account opening, for transaction conclusion and execution, may vary in different Investment Companies, and the Investor can find those out in the respective Investment Company engaged by the Investor in concluding the Bonds' purchase transaction as intermediary. ABLV Bank will not receive the said additional payments and shall not be responsible for those additional expenses.

### 8.3. Term of the public offering and application process

The public offer start date shall be the next day after receiving the FCMC permission for making public offer or the date specifically stated in the Final Terms of the Bond Issue Series under the Fifth Programme.

The public offer end date shall be stated in the Final Terms of each Bond Issue Series under the Fifth Programme. Initially planned public offer period is a period of time within which the Investor or the Investment Company may submit an order for purchasing the Bonds, and it will be stated in the Final Terms of the Bond Issue Series.

The Issuer shall perform initial placement of the Bonds by means of their direct sale.

### 8.4. Procedure of the Bonds' initial placement

Under initial placement, the Issuer sells the Bonds to the Investors, following the procedure indicated below.

- The transactions shall be executed at the price set forth in the Final Terms of the Bond Issue Series, which will be expressed as percentage of the Face Value.
- The transactions shall be concluded during the initial distribution period stated in the Final Terms of offer of the Bond Issue Series and within size of the Bond Issue Series.
- The Investor shall submit an order for purchasing the Bonds to the chosen Investment Company.
- Representative of the Investment Company or the Investor itself, if it has a financial instruments account opened with ABLV Bank, shall contact the Issuer. The time of executing the transaction, phone number and contact person shall be stated in the Final Terms of the Bond Issue Series.
- The date or dates of selling the Bonds shall be stated in the Final Terms of the Bond Issue Series.
- The Final Terms of the Bond Issue Series shall state the date or dates on which ABLV Bank Board shall make a decision on concluding the transactions in accordance with the sequence in which orders have been submitted, although ABLV Bank shall retain the right to partly execute an order or to deny conclusion of the transaction, also for the sake of limiting possible reputational risk.

- The transactions shall be concluded pursuant to the order completed by the Investor or the Investment Company. The order form will be provided as appendix to the Final Terms of the Bond Issue Series.

There are no restrictions on applying for purchase of the Bonds.

Maximum number of the Bonds that a single Investor may apply for is not set. The Investor may not apply for purchasing less than 1 (one) Bond.

#### 8.5. Settlement under initial placement transactions

Settlement under the Bonds' initial placement transactions shall be performed applying the DVP principle, regulated by the corresponding LCD rules of DVP settlement, or not applying the DVP principle, if agreed so by the underwriter and the other party to the transaction. If the transaction parties agree on not applying the DVP principle, the moment of the Bonds' delivery and the moment of payment may be different, but not exceeding T+10, where 'T' stands for the day of concluding the Bond purchase transaction, and '10' is the 10th (tenth) working day after the day of concluding the Bond purchase transaction.

Unless stated otherwise in the final terms, DVP shall be executed on the T+3 day, where 'T' stands for the day of concluding the Bond purchase transaction, and '3' is the 3rd (third) working day after the day of concluding the Bond purchase transaction. In case of applying the DVP principle, on the 3rd (third) working day after the day of concluding the Bond purchase transaction, the Investor shall ensure funds necessary for paying for purchase of the Bonds in the Investor's account opened with the Investment Company that acted as intermediary in concluding the Bond purchase transaction. On this day, executing DVP, the purchased Bonds shall be credited to the Investor's account provided that the Investor ensured the required amount of funds for paying for the Bonds.

If the parties agree on not applying the DVP principle, the Investor shall ensure funds in the respective account on the day agreed upon by the transaction parties, whereas the Bonds shall be credited to the Investor's account on the day agreed upon by the transaction parties.

The settlement method chosen by the Issuer to be applied to initial placement transactions shall be specifically stated in the Final Terms of each Bond Issue Series.

#### 8.6. Information on the initial placement results

The information on the initial placement results will be published at the Issuer's home page [www.ablv.com](http://www.ablv.com) not later than within 10 (ten) working days after the public offer end date, stated in the Final Terms of the offer. Information on results of the initial placement of the Bond Issue Series will be also published in the Central Storage of Regulated Information (ORICGS).

#### 8.7. Placement of the Bonds

Under the Fifth Programme, placing of the Bonds shall be performed by the Issuer in accordance with the Bonds' selling procedure during the initial placement.

#### 8.8. Depository

Functions of the depository shall be performed by the LCD.

## 9. Admission to the market

### 9.1. Application for admitting the Bonds to the regulated market

The regulated market maker to which application for including debt securities in the official listing will be submitted is:

Stock Exchange Nasdaq Riga

registration No.:

40003167049

legal address:

1 Valņu Street, Riga, Latvia

The application shall be submitted for including respective Bonds in the Nasdaq Riga List of Debt Securities, which is an official listing pursuant to the Financial Instrument Market Law. The application for admitting the Bonds to the regulated market shall be prepared in accordance with the Stock Exchange requirements and submitted not later than within 3 (three) months after completion of the initial placement, and there will be all documents and information on the Bond issue attached thereto, as set forth in the Financial Instrument Market Law.

### 9.2. Previous issues performed by the Issuer and admitted to the regulated market

As at the day of registering the Base Prospectus of the Fifth Bond Offer Programme, the following issues by ABLV Bank are included in the securities lists of Nasdaq Riga regulated market:

Bond type	ISIN/ Issue name	Issue size	Discount rate (p.a.)	Coupon rate (p.a.)	Current interest income period	Issue date	Maturity date
<b>Under the First Bond Offer Programme:</b>							
Subordinated discount bonds in EUR	LV0000800936/ ABLV SUB EUR 221221	EUR 15 000 000	Fixed; 4.80% (till 22.12.2016)	Fixed; 8.00% <sup>1</sup>		22.12.2011	22.12.2021 (the right to prematurely redeem bonds starting from 22.12.2016)
<b>Under the Second Bond Offer Programme:</b>							
Subordinated discount bonds in EUR	LV0000800977/ ABLV SUB EUR 250622	EUR 5 000 000	Fixed; 4.50% (till 25.06.2017)	Fixed; 6.00% <sup>1</sup>		25.06.2012	25.06.2022 (the right to prematurely redeem bonds starting from 25.06.2017)
Subordinated coupon bonds in USD	LV0000800985/ ABLV SUB USD 270622	USD 20 000 000		Fixed; 4.50% (till 27.06.2017)	27.12.2014 – 26.06.2015	27.06.2012	27.06.2022 (the right to prematurely redeem bonds starting from 27.06.2017)
Subordinated discount bonds in USD	LV0000801124/ ABLV SUB USD 180323	USD 20 000 000	Fixed; 4.50% (till 18.03.2018)	Fixed; 6.00% <sup>1</sup>		18.03.2013	18.03.2023 (the right to prematurely redeem bonds starting from 18.03.2018)
<b>Under the Third Bond Offer Programme:</b>							
Subordinated discount bonds in USD	LV0000801173/ ABLV SUB USD 270623	USD 20 000 000	Fixed; 4.25% (till 27.06.2018)	Fixed; 6.00% <sup>1</sup>		27.06.2013	27.06.2023 (the right to prematurely redeem bonds starting from 27.06.2018)
Subordinated discount bonds in EUR	LV0000801181/ ABLV SUB EUR 270623	EUR 20 000 000	Fixed; 4.25% (till 27.06.2018)	Fixed; 6.00% <sup>1</sup>		27.06.2013	27.06.2023 (the right to prematurely redeem bonds starting from 27.06.2018)
Straight coupon bonds in USD	LV0000801199/ ABLV FXD USD 210615	USD 50 000 000		Fixed; 1.725%	21.12.2014 – 20.06.2015	21.06.2013	21.06.2015
Straight coupon bonds in EUR	LV0000801207/ ABLV FXD EUR 210615	EUR 20 000 000		Fixed; 1.725%	21.12.2014 – 20.06.2015	21.06.2013	21.06.2015
Straight coupon bonds in USD	LV0000801215/ ABLV FXD USD 161015	USD 50 000 000		Fixed; 1.90%	16.04.2015 – 15.10.2015	16.10.2013	16.10.2015
Subordinated coupon bonds in USD	LV0000801223/ ABLV SUB USD 231023	USD 15 000 000		Fixed; 4.25% (till 23.10.2019)	23.04.2015 – 22.10.2015	23.10.2013	23.10.2023 (the right to prematurely redeem bonds starting from 23.10.2018)
Straight coupon bonds in USD	LV0000801298/ ABLV FXD USD 170216	USD 75 000 000		Fixed; 1.975%	17.02.2015 – 16.08.2015	17.02.2014	17.02.2016
Straight coupon bonds in EUR	LV0000801306/ ABLV FXD EUR 170216	EUR 20 000 000		Fixed; 1.975%	17.02.2015 – 16.08.2015	17.02.2014	17.02.2016
<b>Under the Fourth Bond Offer Programme:</b>							
Straight coupon bonds in USD	LV0000801421/ ABLV FXD USD 080716	USD 75 000 000		Fixed; 2.00%	08.01.2015 – 07.07.2015	08.07.2014	08.07.2016
Straight coupon bonds in EUR	LV0000801439/ ABLV FXD EUR 080716	EUR 20 000 000		Fixed; 2.05%	08.01.2015 – 07.07.2015	08.07.2014	08.07.2016

Bond type	ISIN/ Issue name	Issue size	Discount rate (p.a.)	Coupon rate (p.a.)	Current interest income period	Issue date	Maturity date
Straight coupon bonds in USD	LV0000801504/ ABLV FXD USD 281016	USD 75 000 000		Fixed; 2.10%	28.10.2014 – 27.04.2015	28.10.2014	28.10.2016
Straight coupon bonds in EUR	LV0000801512/ ABLV FXD EUR 281016	EUR 20 000 000		Fixed; 1.90%	28.10.2014 – 27.04.2015	28.10.2014	28.10.2016
Subordinated discount bonds in EUR	LV0000801520/ ABLV SUB EUR 271024	EUR 20 000 000	Fixed; 4.05% (till 27.10.2019)	Fixed; 6.00% <sup>1</sup>		27.10.2014	27.10.2024 (the right to prematurely redeem bonds starting from 27.10.2019)
Straight coupon bonds in USD	LV0000801645/ ABLV FXD USD 230217	USD 75 000 000		Fixed; 2.20%	23.02.2015 – 22.08.2015	23.02.2015	23.02.2017
Straight coupon bonds in EUR	LV0000801652/ ABLV FXD EUR 230217	EUR 20 000 000		Fixed; 1.80%	23.02.2015 – 22.08.2015	23.02.2015	23.02.2017

<sup>1</sup> Starting from the 6th year, unless the Bank exercises its premature redemption right.

<sup>2</sup> Starting from the 7th year, unless the Bank exercises its premature redemption right.

## 10. Basic information about the issuer

### 10.1. Basic information about the issuer

10.1.1. Issuer's name  
ABLV Bank, AS

10.1.2. Issuer's place of registration and registration number  
ABLV Bank, AS  
registration No.: 50003149401  
place of registration: Riga, the Republic of Latvia Register of Enterprises  
registration date: 17 September 1993

10.1.3. Issuer's address, type of business, country of incorporation, and legal acts pursuant to which issuer operates  
ABLV Bank, AS  
legal address: 23 Elizabetes Street, Riga, Latvia  
type of business: joint stock company  
country of incorporation: the Republic of Latvia

The Issuer operates pursuant to the following legal acts:

- the Credit Institution Law;
  - the Commercial Law;
- and other Applicable Legal Acts.

### 10.1.4. Issuer's history and development

The Bank was founded on 17 September 1993. In 1995, there were changes made to the Bank's shareholding structure. Ernests Bernis and Oļegs Fiļs became the Bank's shareholders and executives, and have been working solely in this field since then.

In 1995, the Bank started expanding its activities and founded a branch in Riga. In the following years, the Bank actively worked in the field of providing services to foreign customers, offering them various bank products, mainly related to making payments, and became a notable player in the financial market. The Bank was one of the first to start development of different remote service channels, thus improving service level and ensuring rapid growth.

In 2004, the Bank focused on developing a second line to its primary activities – investment management. There were two affiliate companies founded: ABLV Asset Management, IPAS, dealing with investment management, and ABLV Capital Markets, IBAS, which provided brokerage services.

In 2008, the Bank adopted new strategy, emphasizing the development of bespoke financial solutions for customers.

Since 2009, the Bank offers a third line of services – advisory on asset protection and structuring.

In 2011, the Bank's name was changed to ABLV Bank, AS.

Alongside with the change of name and visual identity, the Issuer has completed the process of changing its business line, which is aimed at rendering tailored financial services in accordance with the highest standards.

In 2012, ABLV Bank, AS, established a subsidiary bank in Luxembourg, ABLV Bank Luxembourg, S.A., in order to develop the existing customer base and strengthen their loyalty, providing larger range of investment and fiduciary services, as well as to attract new customers. ABLV Bank is the first bank from the Baltic countries to establish a subsidiary bank in Luxembourg.

ABLV Bank Luxembourg, S.A., started rendering services to customers in September 2013. Alongside traditional banking products, customers are also offered services, developed especially for customers of the Luxembourg bank: fiduciary deposits, overnight deposits, advisory investment management, etc. ABLV Bank Luxembourg, S.A., combines the high level of ABLV customer service and traditions of the largest European investment centre.

In September 2013, ABLV Bank celebrated its 20-year anniversary. ABLV Bank started operations being one of the smallest banks, and due to the steadily pursuing elaborated strategy the bank managed to successfully overcome all crisis situations, meanwhile retaining its independence, and became the largest private bank in Latvia and one of the three biggest Latvian banks in terms of the amount of assets.

One of the most influential publications in the field of global capital and financial markets, Euromoney, named ABLV Bank, AS the best bank in Latvia under Euromoney Awards for Excellence 2013. During the research, Euromoney examined banking markets of about a hundred countries of the world and granted awards for

excellence to leading financial institutions. The best banks within a region were chosen by Euromoney expert commission that carried out detailed analysis of the companies' performance.

According to the strategy adopted in 2014, ABLV Bank is supposed to become the leading independent private bank in the region and to be the first bank combining traditional banking services, asset management and advisory services in a single client-tailored service offer.

On 4 November 2014, the European single supervisory mechanism became effective, and the eurozone largest banks came under supervision of the ECB. In Latvia, ABLV Bank, AS, which is one of the three largest banks in terms of the amount of assets, is also subject to joint supervision by the ECB and the FCMC. Before the ECB started performing supervisory functions, the banks underwent in-depth review of their balance sheets and stress testing – the comprehensive assessment, in which local supervisory authorities of each country and the European Banking Authority (EBA) were involved. Under the assessment, the ECB also applied correlation between asset quality review and stress test results to ensure even more critical assessment of the banks' risky assets. ABLV Bank has successfully passed the comprehensive assessment. The ECB single supervision ensures better availability of information on the banks' situation and thus boosts confidence in the financial sector.

ABLV Bank started performing public bond issues in 2011. The issues of the bonds are performed in accordance with the bank's strategic objectives – to raise sufficient financial resources available in the long term. Diversification of the sources of funding is considered to be an efficient way of achieving this objective, and this means raising financial resources not just in the form of the customers' deposits, but also by issuing the bank's debt securities – bonds. 27 public bond issues have been performed and included in Nasdaq Riga list of debt securities since 2011, including the new ones and those already redeemed. Currently, 19 bond issues are included in the Nasdaq Riga list of debt securities.

10.1.5. Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency

Since the day of publishing the last audited financial report, the Issuer has no available information on events that might significantly affect the Issuer's solvency in the current or the following financial periods.

10.2. Business overview

10.2.1. Issuer's principal activities

Alongside implementation of the new brand and change of the legal name performed on 23 May 2011, ABLV Bank focuses on the following lines of business:

- financial services;
- investments;
- advisory.

The structure of the Issuer's group is presented in paragraph 10.3.

10.2.2. Financial services

Major services related to ABLV Bank operating activities are the following:

- **Settlements**
  - ABLV Bank target is to ensure efficient settlements. Therefore, funds in major currencies are credited to a customer's account on the day of their receipt. Whereas processing of outgoing payments is performed in the shortest possible time.
  - Most customers of ABLV Bank submit payment orders using rational and convenient Internetbank solution.
  - To ensure faster processing of payments, ABLV Bank maintains well-considered wide correspondent network.
  - ABLV Bank customers are also offered regular automatic payments, which allow saving time when preparing payment orders and facilitate settlements control, enabling monitoring of execution dates and customer's account balance.
- **Currency exchange**
  - Alongside payments in EUR and USD, ABLV Bank also offers payments in RUB and other currencies.
  - Due to continual execution of currency exchange transactions and wide partner network, ABLV Bank can ensure favourable exchange rates.
- **Payment cards**
  - Wide choice of payment cards provided by the world's largest payment systems – VISA and MasterCard – enables the customer to obtain proper set of cards.
  - Besides common credit and debit cards, ABLV Bank also offers its customers premium cards VISA Platinum and VISA Infinite.
- **Loans**

Depending on the customer's needs, business and income peculiarities, ABLV Bank offers suitable type of financing and corresponding repayment schedule.

ABLV Bank offers the following:

- overdrafts – for short-term financing, including that secured by pledge of investment portfolio;
- credit lines – for increasing current assets of the company;
- trade finance opportunities – for export and import transactions;
- long-term loans – for purchasing real estate, acquiring fixed assets, or developing business.
- **Documentary operations**  
To increase safety of customers' export and import transactions, ABLV Bank offers using the following documentary operations:
  - letters of credit;
  - documentary collection;
  - bank guarantees;
  - escrow account.
- **Fiduciary transactions**  
By fiduciary transactions ABLV Bank means agreements on management of customer's funds performed by ABLV Bank pursuing the customer's interests and following the customer's instructions.
- **Safe deposit boxes**  
ABLV Bank offers individual safe deposit box rental for ensuring safe storage of important documents, jewellery, or other valuables of businessmen and wealthy persons. A safe deposit box can only be accessed after mandatory customer identification. Just one person at a time can stay in the vault. Thus, the highest level of security and confidentiality is ensured.

### 10.2.3. Investment services

ABLV Group companies provide services for preserving and increasing customers' capital.

- **Deposits and bonds**  
For accrual of savings and capital growth, ABLV Bank offers the following options to conservative investors:
  - savings accounts;
  - term deposits;
  - bonds.
- **Asset management**  
If customer is ready to assume reasonable risk in order to receive additional profit, ABLV Group companies offer the following:
  - investments in open-end mutual funds;
  - investments in private capital of non-public companies;
  - brokerage services.

ABLV investment management services are applicable, if the customer considers its background to be not sufficient for making independent decisions on purchasing and selling securities in stock markets, and the customer plans long-term investment of assets and is willing to delegate their management to experts. Brokerage services are applicable, if the customer has sufficient background for making independent decisions when operating in stock markets and is ready to assume reasonable risk, and the customer is able and ready to actively engage in investment management.
- **Brokerage services**  
Brokerage services ensure the following for the customer:
  - possibility to develop individual investment strategies;
  - trading in financial instruments from any place in the world;
  - performing transactions in precious metals held in precious metals accounts;
  - investment gold safe custody;
  - using electronic trading platforms to independently make transactions in stock markets;
  - opportunities to receive financing secured by pledge of investment portfolio.
- **Securities custody**
  - ABLV Bank provides opportunities of safe financial instruments custody to its customers. Securities owned by the customers are kept separately from those belonging to ABLV Bank. When opening accounts with cooperation partners, ABLV Bank ensures clear identification of the accounts in which customers' securities are held.
  - For customers' convenience, they are offered to hold all types of financial instruments in a single account. Record-keeping of all financial instruments, regardless their type, currency, or country of the issuer, ensures that comprehensive information on investments is available at any time.
  - Besides safe and convenient custody of financial instruments, customers are also offered an opportunity to receive financing secured by pledge of investment portfolio.

#### 10.2.4. Advisory services

Based on the experience gained from customer service in Latvia and abroad during the period since 1993, ABLV Group companies offer their customers advice on the following issues:

- **Asset protection**  
Asset protection is a complex solution primarily intended for securing family wealth against business and political risks. This kind of protection can be ensured by using special structures and solutions, alongside establishing proper accounting of assets within those structures. Customers are offered such solutions as trusts or foundations, also for the sake of investments and charity.
- **Legal advice**  
Experience of ABLV Group lawyers, as well as wide network of cooperation partners worldwide, allows offering different solutions to customers, from drawing up of simple agreements to complex project management. Availability of professional advice on international law issues together with strong confidentiality maintained ensure necessary comfort level for the customers.
- **Tax advice**  
For providing tax advice, ABLV Group recommends specialists that are experts in both local regulatory requirements and those of other countries. This service rendered by ABLV Group companies covers the following issues:
  - change of tax residence;
  - tax planning;
  - accounting services;
  - and others.
- **Administrative services**  
Business administration is a service that is interesting for customers needing a fully featured office abroad, e.g., a representative office, holding company, or a support centre for company's partners.

#### 10.2.5. Major markets

Target markets of ABLV Bank, AS, are the Baltic countries and member states of the European Economic Area (EEA) and the Commonwealth of Independent States (CIS). The residents of these countries are offered traditional banking services, asset management, and advisory by ABLV Bank, AS. There are medium-sized private companies and wealthy individuals from the abovementioned countries among customers of the Bank.

As at the end of 2014, deposits of the companies constituted more than 85% of the total deposits with the Bank.

Operations of ABLV Bank, AS, in the target markets is also facilitated by wide network of representative offices and agents.

#### 10.3. Structure of the Issuer's group

The information provided in the table below completely matches that presented in ABLV Bank consolidated report for the year 2014.

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 & 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

No	Company	Country of Incorporation	Registration number	Business profile	Share in the entity's capital (%)	Share in the entity's capital with voting rights (%)
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 12, SIA	LV	40103290273	Real estate transactions	100	100
18.	Pillar 18, SIA	LV	40103492079	Real estate transactions	100	100
19.	Pillar 19, SIA	LV	40103766952	Real estate transactions	100	100
20.	Elizabetes Park House, SIA	LV	50003831571	Real estate transactions	91.6	91.6
21.	Schaller Kyncl Architekten Riga, SIA	LV	40103437217	Designing and designer's supervision	100	100
22.	Pillar Parking, SIA	LV	40103731804	Parking management	100	100
23.	New Hanza City, SIA	LV	40103222826	Real estate transactions	100	100
24.	GP Electro, SIA	LV	40103693339	Real estate management and administration	100	100
25.	ABLV Asset Management, IPAS	LV	40003814724	Financial services	90	100
26.	ABLV Capital Markets, IBAS	LV	40003814705	Financial services	91.8	100
27.	ABLV Private Equity Management, SIA	LV	40103286757	Investment project management	100	100
28.	ABLV Private Equity Fund 2010, KS	LV	40103307758	Investment activities	100	100
29.	AmberStone Group, AS	LV	40103736854	Holding company	40.9	40.9
30.	Vaiņode Agro Holding, SIA	LV	40103503851	Holding company	28.6	28.6
31.	Vaiņodes Agro, SIA	LV	40103484940	Agriculture	28.6	28.6
32.	Vaiņodes Bekons, SIA	LV	42103019339	Agriculture	28.6	28.6
33.	Gas Stream, SIA	LV	42103047436	Electricity generation	28.6	28.6
34.	Bio Future, SIA	LV	42103047421	Electricity generation	28.6	28.6
35.	IZ SPV, SIA	LV	40103551480	Electricity generation	28.6	28.6
36.	NR SPV, SIA	LV	40103551353	Electricity generation	28.6	28.6
37.	Orto klīnika, SIA	LV	40103175305	Medical services	24.5	24.5
38.	Orto māja, SIA	LV	40103446845	Real estate transactions	24.5	24.5

10.4. Issuer's administrative, management and supervisory bodies

The information provided below completely matches that presented in ABLV Bank consolidated report for the year 2014.

**Bank's structure**

- **Council**
  - **Board**
  - **Chief Executive Officer**
    - Administrative Division
    - Secretariat of the Board
    - Security Department
  - **Deputy Chief Executive Officer**
    - Corporate and Private Clients Service Division
    - Financing Division
  - **Chief Operating Officer**
    - Product Development Division
    - Operations Accounting Division
  - **Chief Compliance Officer**
    - Compliance Division

- **Chief Financial Officer**
  - Financial Market Division
  - Financial Accounting Division
- **Chief Information Officer**
  - Business Technologies Division
  - Information Technologies Division
- **Chief Risk Officer**
  - Risk Management Division
  - Mortgage Loans Division

10.4.1. ABLV Bank Board:

<b>Name, surname</b>	<b>Position held</b>
Ernestis Bernis	Chairman of the Board, Chief Executive Officer (CEO); Date of re-election: 01.05.2014
Vadims Reinfelds	Deputy Chairman of the Board, Deputy Chief Executive Officer (dCEO); Date of re-election: 01.05.2014
Māris Kanneņieks	Member of the Board, Chief Financial Officer (CFO); Date of re-election: 01.05.2014
Edgars Pavlovičs	Member of the Board, Chief Risk Officer (CRO); Date of re-election: 01.05.2014
Aleksandrs Pāže	Member of the Board, Chief Compliance Officer (CCO); Date of re-election: 01.05.2014
Rolands Citajevs	Member of the Board, Chief Information Officer (CIO); Date of re-election: 01.05.2014
Romans Surnačovs	Member of the Board, Chief Operating Officer (COO); Date of re-election: 01.05.2014

10.4.2. ABLV Bank Council:

<b>Name, surname</b>	<b>Position held</b>
Oļegs Fiļs	Chairman of the Council; Date of re-election: 01.04.2013
Jānis Krīģers	Deputy Chairman of the Council; Date of re-election: 01.04.2013
Igors Rapoportis	Member of the Council; Date of re-election: 01.04.2013

10.4.3. Heads of ABLV Bank divisions:

<b>Name, surname</b>	<b>Position held</b>
Aija Daugavvanaga	Head of Financial Accounting Division
Oļegs Siroņins	Head of Financing Division
Sandra Korna	Head of Operations Accounting Division
Aleksejs Savko	Head of Corporate and Private Clients Service Division
Jeļena Kasatkina	Head of Risk Management Division
Igors Rogovs	Head of Compliance Division
Jurijs Dorofejevs	Head of Information Technologies Division
Sergejs Mazurs	Head of Product Development Division
Zigmārs Bērziņš	Head of Mortgage Loans Division
Aleksandrs Teplīhs	Head of Business Technologies Division
Armands Rozenbahs	Head of Administrative Division
Jānis Brūveris	Head of Financial Market Division

Members of ABLV Bank Council and Board, as well as heads of ABLV Bank divisions do not engage in operations outside ABLV Group that are material with relation to the Issuer.

Members of ABLV Bank Council and Board, as well as heads of ABLV Bank divisions have no conflicts of interests between their personal interests and their duties performed with relation to the Issuer.

10.5. Issuer's shareholding structure

ABLV Bank majority shareholders:

**Interest in ABLV Bank, in percentage terms of the voting shares, as at 31 March 2015**

Ernests Bernis and Nika Berne (direct and indirect interest)	43.11%
Oļegs Fiļs (indirect interest)	43.12%
14 legal entities and 110 individuals	13.77%

Share capital of ABLV Bank equals 32.650 million EUR.

10.6. Information about operations development trends

10.6.1. Significant changes in the Issuer's financial position

Since ABLV Bank consolidated annual report 2014 has been published, there were no significant changes in ABLV Bank financial indicators. The Issuer decided not to include profit forecasts or estimates in the Base Prospectus.

10.6.2. Legal and arbitration proceedings

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

10.6.3. Material contracts

ABLV Bank and other companies comprising ABLV Group have not entered into any material contracts stipulating such responsibilities or liabilities of ABLV Group members which might affect ABLV Bank ability to meet its liabilities to Investors under the Bond issue described in this Base Prospectus.

The Issuer is not assigned credit ratings by credit rating agencies registered and / or certified in accordance with Regulation No 1060/2009 on credit rating agencies.

10.7. Available documents of the Issuer

The following documents of the Issuer are available to the Investors:

- ABLV Bank incorporation documents and articles of association – at the Republic of Latvia Register of Enterprises, in 2 Pērses Street, Riga, Latvia;
- the Bank's financial information for two financial years preceding publishing of the Base Prospectus – at ABLV Bank Internet home page [www.ablv.com](http://www.ablv.com).

Appendixes:

Financial information on the Issuer's assets and liabilities, financial position, profits or losses

Appendix 1: ABLV Bank, AS consolidated annual report 2013

Appendix 2: ABLV Bank, AS consolidated annual report 2014