

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

This document contains amendments to ABLV Bank, AS, Base Prospectus of the Second Bond Offer Programme, which was approved by decision of ABLV Bank, AS, Board dated 31 May 2012 and registered with the Financial and Capital Market Commission on 7 June 2012 (hereinafter referred to as the amendments to the Base Prospectus).

The amendments to the Base Prospectus have been produced taking into account the requirements of REGULATION (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, in particular, the requirements of Article 63 applied to the bonds intended for raising subordinated capital and recognized as Tier 2 instruments, as well as requirements of 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.

On 22 May 2014, ABLV Bank, AS, Board approved (Minutes No. V-31, paragraph 6) the following amendments to ABLV Bank, AS, Base Prospectus of the Second Bond Offer Programme:

1. The term 'Applicable legal acts' in clause 1 'Explanation of the terms and abbreviations used' of the Base Prospectus shall read as follows:  
"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."
2. After the term 'FCMC' in clause 1 'Explanation of the terms and abbreviations used' of the Base Prospectus, new term 'ECB' shall be added, which shall read as follows:  
"ECB – the European Central Bank, address: Kaiserstrasse 29, D-60311 Frankfurt am Main, Germany.  
Pursuant to 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."
3. The second sentence in the fourth paragraph of subclause 2.1 of clause 2 'Issue of the Bonds' of the Base Prospectus shall read as follows:  
"For example, the Issuer, without limitation, may state that the acquired funds will be used for increasing the ABLV Bank subordinated capital, pursuant to 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."
4. The second paragraph of subclause 4.3 of clause 4 'Summary' of the Base Prospectus shall read as follows:  
"ABLV Bank, AS, carries out its operations in accordance with the Republic of Latvia and the European Union normative acts and the licence issued by the Bank of Latvia, which allows rendering the financial services stated in the Credit Institution Law."
5. The second paragraph of the section 'Notice' of clause 5 'Risk factors associated with the Issuer and the type of securities being issued' of the Base Prospectus shall be supplemented with the new sentence (following the second sentence of the paragraph), which shall read as follows:  
"Pursuant to provisions of 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."

6. Subclause 5.2.1 'Credit risk' of clause 5 of the Base Prospectus shall read as follows:  
"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 customer's solvency and provided collateral.
- 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."
7. The fourth sentence in subclause 5.3.1 'Liquidity risk' of clause 5 of the Base Prospectus shall read as follows:  
"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.",  
as well as fifth sentence in subclause 5.3.1 'Liquidity risk' shall be deleted.
8. The second sentence in the third paragraph of the introductory part of clause 6 of the Base Prospectus shall read as follows:  
"For example, the Issuer, without limitation, may state that the acquired funds will be used for increasing the ABLV Bank subordinated capital, pursuant to 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."
9. After the fifth paragraph of subclause 6.8 of clause 6 of the Base Prospectus, new paragraph shall be added, which shall read as follows:  
"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."
10. The second paragraph of subclause 6.13 'Subordination of the Bonds' of clause 6 of the Base Prospectus shall read as follows:  
"Pursuant to Article 63 of REGULATION (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, the following requirements apply to the bonds intended for raising subordinated capital and recognized as Tier 2 instruments:
- original maturity of at least 5 (five) years;
  - the claim on the principal amount of the bonds under the provisions governing the instruments is wholly subordinated to claims of all non-subordinated creditors;
  - where the bonds include one or more call options, the options are exercisable at the sole discretion of the Issuer;
  - such bonds may not be called, redeemed or repurchased by the Issuer before the minimum period of 5 (five) years elapses, except in case of the Issuer's insolvency or liquidation;
  - the bonds intended for raising subordinated capital may be called, redeemed, or repurchased before maturity only given a prior permission of the FCMC and not before 5 (five) years after the date of issue;
- as well as other requirements pursuant to Article 63 of REGULATION (EU) No 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012."

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

ABLV Bank, AS, will publish the amendments to the Base Prospectus at its Internet home page [www.ablv.com](http://www.ablv.com) after those are registered with the Financial and Capital Market Commission.

The amendments were approved at ABLV Bank Board session on 22 May 2014.

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