



ABLV

BANKING / INVESTMENTS \ ADVISORY

ABLV Bank, AS

Public Quarterly Report
January – September 2017

Bank's Management Report

Dear shareholders of ABLV Bank, AS,

ABLV Bank, AS and the Group's Q3 2017 performance is evaluated positively. All of the most significant indicators are at high levels. The bank's profit amounted to EUR 40.8 million.

Global economy has been demonstrating various trends, yet they were mostly positive, especially in the developed countries. Given the achievements of the world's leading countries in economy growth, OECD has decided to increase global GDP forecast for 2017 from 3.3% to 3.5%, while in euro area — from 1.8% to 2.1%.

Latvian economy also demonstrates optimism. According to data of the Central Statistical Bureau, Latvian economy has grown by 4% in Q2 2017, which is the most rapid growth during the last four years. It was triggered both by external factors and by internal turnover — more intensive inflow of EU funds into the economy, recovery of lending, growth of employment and remuneration level.

ABLV Bank, AS has continued bond issues. Under the Seventh Bond Offer Programme that took place from July to October there were four new coupon bond issues held of total size of USD 150 million and EUR 40 million at face value, as well as one subordinated bond issue of EUR 25 million. Including the redeemed bonds, we have performed 46 public bond issues so far amounting to EUR 1.45 billion.

On 29 September 2017, a meeting of ABLV Bank shareholders was held, at which the Council of the Bank was elected for a 5-year term of office, and the number of the Members of the Council was increased to five. Four current Members of the Council Oļegs Fiļš, Jānis Krīgers, Jānis Butkevičs, and Aivis Ronis were re-elected, and Aleksandrs Rjabovs became the fifth Member of the Council.

Financial Results

In the first nine months of 2017, ABLV Bank, AS profit amounted to EUR 40.8 million.

- In the first nine months of 2017, the bank's operating income¹ totalled EUR 84.5 million;
- As at 30 September 2017, the amount of deposits in the bank equalled EUR 2.67 billion, while the amount of the bank's assets totalled EUR 3.63 billion;
- The bank's loan portfolio equalled EUR 1.01 billion, whereas amount of commercial loans grew up to EUR 638.4 million as at 30 September 2017;
- The bank's capital and reserves amounted to EUR 341.2 billion;
- As at 30 September 2017, the bank's total capital ratio was 22.94%, whereas liquidity ratio equalled 75.87%;
- ROE reached 16.68%, and ROA — 1.44%.

As at 30 September 2017, the total amount of the bank's securities portfolio was equal to EUR 1.66 billion. The bank's securities portfolio is mostly composed of fixed-income debt securities, and 66.2% of the portfolio is constituted by securities having credit rating AA- and higher. In terms of major countries, the securities are allocated as follows: USA — 32.6%, Germany — 14.3%, Latvia — 13.3%, Russia — 10.9%, Sweden — 6.2%, Canada — 4.6%, Finland — 3.6%, Austria — 2.2%, China — 1.7%, Norway — 1.2%, Poland — 1.1%. Whereas 1.8% is constituted by securities issued by international institutions. In the reporting period, annual yield² of the securities portfolio amounted to 2.46%.

In order to make the bank's payment card offer more transparent and concise, as from 1 December 2017, we will issue VISA payment cards only. Thus, it will be easier for clients to choose the card of the class corresponding to their needs, and we will be able to pay more attention to improvement of services related to payment cards. Moreover, we will switch to issuing credit cards only, therefore VISA Classic or VISA Business will be offered instead of Cirrus, Maestro, and VISA Electron debit cards. As far as MasterCard Classic, Business, Gold, Gold Business, and American Express Platinum and Centurion cards are concerned, we will offer the clients the possibility to obtain corresponding VISA cards instead of those.

Considering the clients' demand and the importance of Ukrainian market for further development of trade finance, in the reporting period we began offering transactional commodity trade finance involving the goods exported from Ukraine and stored at the territory of Ukrainian ports for a short time. Ukraine is one of the major grain products exporting countries in the world, and therefore grains and grain products have been included in the range of financed goods. The range of ABLV financed goods exported from Ukraine includes metal industry products as well.

¹ Operating income is calculated as the total of net interest income, net commission and fee income, net gain from transactions with financial instruments and foreign exchange, dividend income, net other income and expense, minus expenses of impairment of financial assets.

² Yield of the securities portfolio is calculated as the ratio of income gained from the securities to the average securities balance in the reporting period. The result is annualized and expressed as a percentage. The income gained from the securities is constituted by coupon income, securities revaluation reserve, securities trading result, and changes in the allowances.

Developing the remote account management tools, we have made mobile Digipass for devices with Android operating system. The application has been made considering the peculiarities of using Android, and it has self-intuitive design. Mobile Digipass ensures the highest safety level and convenience of use. It can be acquired in the Internetbank and then activated on the mobile device.

To ensure convenient use of other services provided by Latvian state and local authorities, our Internetbank users having Latvian identity numbers will be able to perform authentication at www.latvija.lv portal via ABLV Bank Internetbank. Currently, ABLV logo and link to our Internetbank homepage appears on the authentication page of www.latvija.lv portal. Also, there will be a new section 'E-services' added to our Internetbank, containing the subsection 'Partners', in which links to the most useful services of www.latvija.lv will be provided, including, for example, the application for changing the second pillar plan and other applications to the State Social Insurance Agency of Latvia, residential address declaration, etc.

Investments

The first nine months of 2017 were successful for ABLV Capital Markets, IBAS, which executes clients' instructions for purchasing and selling all types of financial instruments. The profit of ABLV Capital Markets, IBAS amounted to EUR 1.8 million. As at 30 September 2017, total assets of the company's clients invested in financial instruments equalled to EUR 1.42 billion.

Improving our securities custody service, from October this year we offer the opportunity to open individual financial instruments accounts with central depositories (CSD) to our clients. Individual accounts will be of interest for institutional clients, which have many financial instruments. Those accounts ensure additional safety of holding the clients' assets, and their management will be easier.

Whereas, as at the end of September 2017, total assets under ABLV Asset Management, IPAS management amounted to EUR 115.9 million, which are invested in mutual funds managed by the company.

In the reporting period, ABLV Asset Management, IPAS has engaged into managing the funds of second pension pillar in Latvia. From 2 October 2017, new pension plan — ABLV Active Investment Plan — is available to all Latvian residents participating in the second pension pillar. The manager of it is the Deputy Chairman of the Board of ABLV Asset Management, IPAS Jevgenijs Gžibovskis, who has more than 15-year experience of managing various investment portfolios and funds, including ABLV Emerging Markets USD Bond Fund and ABLV Emerging Markets EUR Bond Fund management during last 10 years.

Active strategy has been chosen for our second pension pillar investment plan, which enables the return exceeding the inflation level. According to this strategy, the objective of ABLV Active Investment Plan is to preserve and increase the value of contributions made to the investment plan in the long term, by making investments in the financial and capital market. To achieve the objective, at least half of the investment plan funds will be invested in fixed-income financial instruments and term deposits with credit institutions, which ensures stable increase in the investment plan value, protecting it against short-term fluctuations. To gain higher return in the long term, the other part of the investment plan funds may be invested in capital securities and other financial instruments equivalent in terms of risk, as well as invested in venture capital market and alternative investment funds.

Following the assessment of performance of open-end mutual funds managed by ABLV Asset Management, IPAS and the situation in financial markets, the decision on reorganization of corporate bond fund ABLV High Yield CIS Bond Fund has been made. The fund was established in June 2007 for the sake of offering the investors an opportunity to make diversified investments in the debt securities (denominated in USD) issued or guaranteed by the commercial companies registered in the CIS countries, those securities having relatively high expected return. In January 2012, the fund was split into two subfunds — ABLV High Yield CIS USD Bond Fund and ABLV High Yield CIS RUB Bond Fund — so that investors could make investments in Russian roubles as well. However, unfavourable taxation regime applicable to the securities of the Russian issuers denominated in Russian roubles (up to 30% tax on interest income) precludes expected return of ABLV High Yield CIS RUB Bond Fund from meeting the investors' interests in terms of the risk-return ratio. Therefore, the decision on terminating the operations of this subfund was made, enabling the fund manager to use the resources more efficiently, entirely focusing on the USD subfund management.

Real Estate

Within nine months of 2017, good performance was demonstrated by our subsidiary for investments in commercial properties — New Hanza Capital that was working at a profit of EUR 173.4 thousand, which is by 512% more in comparison to the same period of 2016. It can be explained with the increase in earnings from renting the properties managed by the company. The income of the group within nine months of 2017 equalled EUR 893.6 thousand.

In September, in cooperation with one of Germany's leading alternative investment fund management service providers IntReal, New Hanza Capital Fund 2017, an alternative real estate investment fund, was established in Germany. The fund will focus on the acquisition of commercial real estate in Germany — on cash flow generating office assets. The manager of the alternative real estate investment fund "New Hanza Capital Fund 2017" is IntReal

that focuses exclusively on the issuance and administration of property funds. The acquisition and management of the assets of this fund shall be provided by New Hanza Capital, AS in accordance with the cooperation agreement.

During the reporting period, New Hanza Capital has also performed its first bond issue in order to attract additional funds for its operative needs. The total size of the bond issue is EUR 10 million. In the New Hanza Capital bond issue, ABLV Bank has been the arranger of the issue ensuring the necessary documents for it, as well as performing the initial placement of the bonds. The public offer was closed on 6 October 2017 and during the offer, there were applications received for a sum almost twice as big as the issue size. On 19 October 2017, the bonds were admitted to Nasdaq Riga regulated market – the Baltic Bond List of Nasdaq Riga.

Meanwhile Pillar Group companies continued the development of the large-scale project New Hanza. This September the construction of infrastructure stage 1 of New Hanza was completed. During this stage of works, a unique rainwater collection and accumulation system with a huge reservoir for it was build, as well as water supply, sewage systems, heating and electricity supply systems along Mihaila Tāla Street and the neighbouring one were laid. There was asphalt and traffic marking put on the driveway, separating it from the pedestrian paths, as well as the lawn was renewed after all the works. The first construction works were started here in July 2016, and their total costs have reached EUR 8.4 million.

Pillar has started the construction of ABLV Bank headquarters. The first construction works comprise the so-called zero earthworks, which include installation of piles, excavation and placement of concrete for the underground parking. The general contractor of this massive project is Pillar Contractor, SIA. It is planned that the earthworks will take up to 18 months and the costs of this construction may amount to EUR 17.8 million.

In September, development of the technical project of reconstruction of Riga Cargo Railway Station located at New Hanza was completed; there was a construction permit obtained and the reconstruction works were started. The former station warehouse will become a multi-functional venue for concerts, exhibitions, conferences and private events “Hanzas perons”, able to host up to 1000 people. This is going to be a significant object in the upcoming New Hanza district and a new landmark on Riga’s culture map. It is planned to complete the reconstruction works by December 2018.

Beyond business

On 22 July, among other ABLV summer events, there was annual ABLV Invitational Golf Tournament traditionally held at Ozo Golf Club. Each year our tournaments attracts more and more players — this time the number of applicants went far beyond the number of places available. The list of the participants included Latvian and foreign clients, business partners, ABLV employees, as well as a few members of the Ozo Golf Club.

In August, with our support an exhibition arranged by the world-famous fashion historian Alexandre Vassiliev “Children’s World. 18th–20th Century” was held. This is the ninth project implemented by the Latvian National Museum of Art in cooperation with ABLV Bank and Alexandre Vassiliev Foundation. This time the exhibition was about the children’s clothes and accessories not only owned by Alexandre Vassiliev, but also picked from Latvian museums and private collections. The exhibition was following the history of times step by step revealing typical children’s clothes, household, daily life and walks outdoors, school time, family festivities, leisure time and other activities.

We express our gratitude to our shareholders and clients for their loyalty and to the employees for their contribution to the bank’s and the group’s growth!



Chairman of the Board
Ernests Bernis



Member of the Board
Māris Kannenieks

Riga, 29 November 2017

General Information

ABLV Bank, AS reg. No. 50003149401 (hereinafter - the bank) was registered in Aizkraukle, Republic of Latvia, on 17 September 1993, as a joint stock company. At present, the legal address of the bank is Elizabetes Street 23, Riga, LV - 1010, Latvia.

The bank operates in accordance with the laws and regulations of the Republic of Latvia and the licence issued by the Financial and Capital Market Commission that allows the bank to render all the financial services specified in the Law on Credit Institutions. The bank was issued licence on 9 September 1993 by the Bank of Latvia, it was later re-registered with the Financial and Capital Market Commission under No. 06.01.05.001/313.

The bank operates the central office and one lending centre in Riga.

The most important subsidiaries of the bank are: ABLV Bank, Luxembourg S.A. (Luxembourg), ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, Pillar Holding Company, KS.

The Group operates foreign territorial structural units in Azerbaijan (Baku), in Belarus (Minsk), in Kazakhstan (Almaty), in Cyprus (Limassol), in Russia (Moscow, St. Petersburg and Vladivostok), in Ukraine (office in Kyiv and a separate office in Odessa), in Uzbekistan (Tashkent), United States of America (New York) and Hong Kong.

The organizational structure of the bank is shown on page 6 of this public quarterly report.

This public quarterly report is prepared in accordance with the Regulations No 145 on Preparation of Public Quarterly Reports of Credit Institutions approved by the Financial and Capital Market Commission for providing information on the financial standing and performance indicators of the bank for the period from 1 January 2017 until 30 September 2017.

This public quarterly report is non-audited.

Financial statements are reported in thousands of euros (EUR'000), unless otherwise stated. Information given herein in brackets represents comparative figures for the period ended 31 December 2016 or for the nine-month period ended 30 September 2016 respectively.

Shareholders and Groups of Related Shareholders of the Bank

	30.09.2017.		31.12.2016.	
	Par value of shares EUR	Amount of voting shares amount	Par value of shares EUR	Amount of voting shares amount
Shareholders				
Ernests Bernis and Nika Berne (direct and indirect interest)	1	16,644,999	1	14,918,210
Oļegs Fiļs (indirect interest)	1	16,644,998	1	14,918,210
Other shareholders total	1	4,960,003	1	4,633,580
Total shares with voting rights	x	38,250,000	x	34,470,000
Shares without voting rights (personnel)	1	3,830,000	1	3,830,000
Paid-in share capital total	x	42,080,000	x	38,300,000

Performance Indicators*

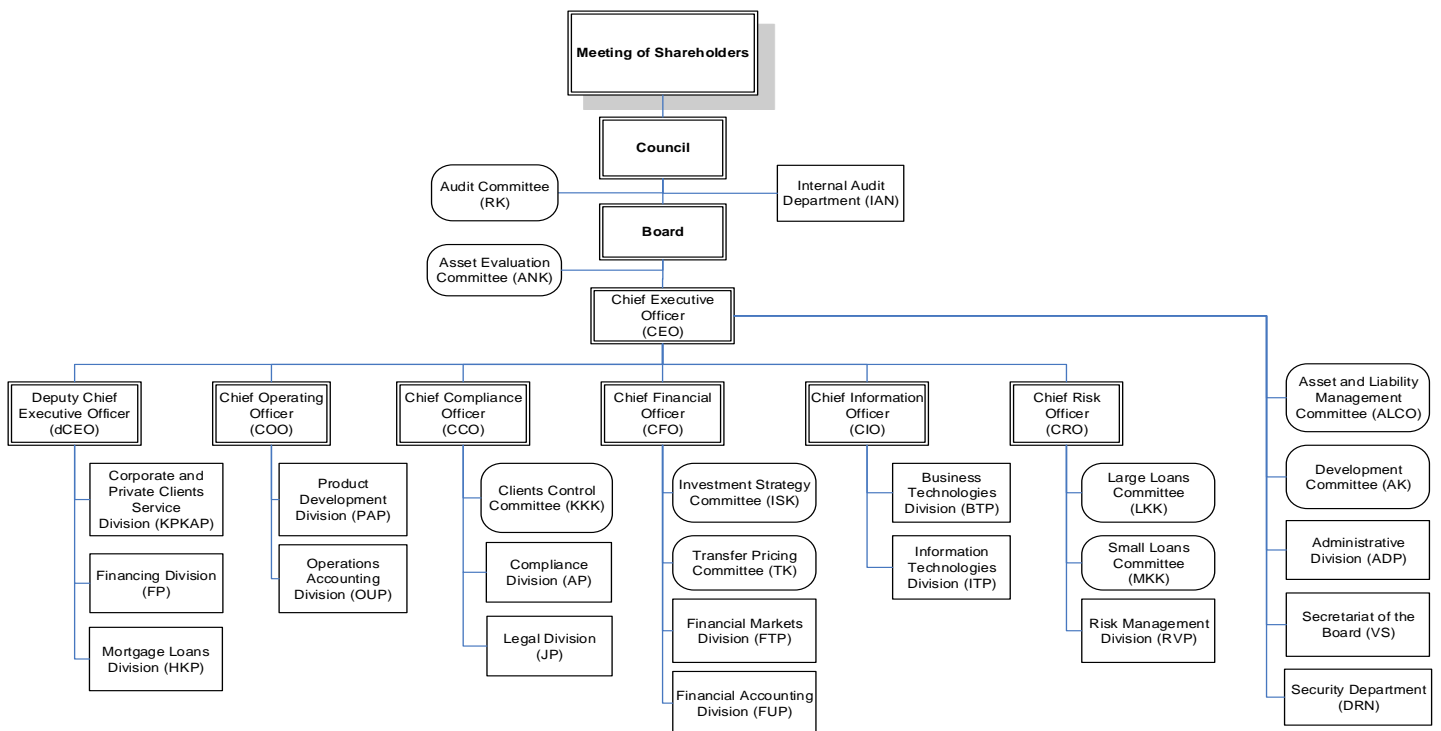
Title of entry	01/01/2017– 30/09/2017	01/01/2016– 30/09/2016
	(non-audited)	(non-audited)
Return on equity (ROE) (%)	16.68	28.94
Return on assets (ROA) (%)	1.44	1.86

* - indicators are calculated according to principles of the Regulations on Preparation of Public Quarterly Reports of Credit Institutions approved by the Financial and Capital Market Commission.

Risk Management

The information about Capital and Risk management is available in the 2016 Annual Report from Note 33 to Note 37 on the ABLV Bank, AS website <http://www.ablv.com/en/about/financial-reports>.

Bank's Structure*



* - More detailed information about the customer's service offices are available on the bank's website <http://www.ablv.com/en/about/offices>.

The Council and the Board

The Council of the Bank:	Term of office:
Chairman of the Council: Oļegs Fiļs	29/09/2017 – 28/09/2022
Deputy Chairman of the Council: Jānis Krīgers	29/09/2017 – 28/09/2022
Council Member: Jānis Butkevičs	29/09/2017 – 28/09/2022
Council Member: Aivis Ronis	29/09/2017 – 28/09/2022
Council Member: Aleksandrs Rjabovs	29/09/2017 – 28/09/2022
Council Member: Igoris Rapoport	Term of office has expired: 02/05/2016 – 15/06/2017

During the reporting period, the Council of the Bank elected anew on 15 June 2017 for the term of office from 15 June 2017 to 14 June 2022 as following: Oļegs Fiļs, Jānis Krīgers, Jānis Butkevičs and Aivis Ronis, whereas Igoris Rapoport ceased his duties on 15 June 2017.

On 29 September 2017 the Council of the Bank elected for the term of office from 29 September 2017 to 28 September 2022 as following: Oļegs Fiļs, Jānis Krīgers, Jānis Butkevičs, Aivis Ronis and Aleksandrs Rjabovs.

Oļegs Fiļs has been elected as the Chairman of the Council also in the new Council of the Bank, but Jānis Krīgers - as the Deputy Chairman of the Council.

The Board of the Bank:	Term of office:
Chairman of the Board: Ernests Bernis - Chief Executive Officer (CEO)	02/05/2017 – 01/05/2022
Deputy Chairman of the Board: Vadims Reinfelds – Deputy Chief Executive Officer (dCEO)	02/05/2017 – 01/05/2022
Board Members:	
Aleksandrs Pāže – Chief Compliance Officer (CCO)	02/05/2017 – 01/05/2022
Edgars Pavlovičs – Chief Risk Officer (CRO)	02/05/2017 – 01/05/2022
Māris Kannenieks – Chief Financial Officer (CFO)	02/05/2017 – 01/05/2022
Rolands Citajevs – Chief IT Officer (CIO)	02/05/2017 – 01/05/2022
Romans Surnačovs – Chief Operating Officer (COO)	02/05/2017 – 01/05/2022

During the reporting period, the Board of the Bank has been elected as mentioned above, setting a new term of office.

Strategy and Aim of the Bank's Activities

The bank's main scope of activity are investment services, settlement products, asset management, financial consultations, and real estate management. The business model is aimed at supplying individual services to wealthy individuals and their businesses.

Bank's Vision

The bank's vision is to become the bank of preferred choice for entrepreneurs in the Baltics and CIS countries, combining traditional banking services, asset management and advisory in a single service offering tailored to the needs of our clients.

Our goal is for the medium large private companies in our target markets as well as their owners and executives to choose us as their primary financial partner and adviser.

We offer a personalized approach to client servicing with our valuable experience in banking services and asset management that is based on a unique understanding of our clients and their changing needs at different stages of life.

Bank's Mission

Our mission is to preserve and increase capital of our clients by providing them financial and advisory services necessary for achieving this.

Bank's Values

Collaborative

We listen attentively and respond intelligently. We are always ready for change. We don't rest, we act.

Intuitive

We know what is important to our clients. We understand the peculiarities of their business, the law and culture of their countries, and offer tailored solutions.

Valued

We work to bring success to our clients. Our key objective is to be useful and add value for our clients.

Consolidation Group

The information disclosed in the report is prepared in accordance with the principles of the Regulations No 145 on Preparation of Public Quarterly Reports of Credit Institutions approved by the Financial and Capital Market Commission. ABLV Bank, AS is the parent entity of the group.

Members of the consolidation group* as at 30 September 2017:

No	Name of the company	Registration number	Code of country of incorporation and address	Type of activities ¹	Interest in share capital (%)	Share of voting rights (%)	Motivation for inclusion in the group ²
1	ABLV Bank, AS	50003149401	LV, Elizabetes iela 23, Rīga, LV-1010	BNK	100	100	MT
2	ABLV Bank Luxembourg, S.A.	B 162048	LU, Boulevard Royal, 26a, L-2449, Luxembourg	BNK	100	100	MS
3	ABLV Capital Markets, IBAS	40003814705	LV, Elizabetes iela 23, Rīga, LV-1010	IBS	90	100	MS
4	ABLV Capital Markets USA LLC	6399457	US, 52 Vanderbilt Avenue, Suite 1501, New York, NY 10017	IBS	90	100	MMS
5	ABLV Asset Management, IPAS	40003814724	LV, Elizabetes iela 23, Rīga, LV-1010	IPS	90	100	MS
6	PEM, SIA	40103286757	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	51	51	MS
7	PEM 1, SIA	40103551353	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	51	51	MMS
8	New Hanza Capital, AS	50003831571	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	PLS	88	88	MS
9	ABLV Corporate Services Holding Company, SIA	40103799987	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
10	Pillar, SIA	40103554468	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS
11	Pillar Holding Company, KS	40103260921	LV, Elizabetes iela 23, Rīga, LV-1010	CFI	100	100	MS
12	Pillar 3, SIA	40103193067	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
13	Pillar 4 & 6, SIA	40103210494	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
14	Pillar 7 & 8, SIA	40103240484	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
15	Pillar 9, SIA	40103241210	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
16	Pillar 11, SIA	40103258310	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
17	Pillar 2, 12 & 14, SIA	50103313991	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
18	Pillar 18, SIA	40103492079	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
19	Pillar 19, SIA	40103766952	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
20	Pillar 20, SIA	40103903056	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
21	Pillar 21, SIA	40103929286	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
22	Pillar 22, SIA	50103966301	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MMS
23	Pillar Development, SIA	40103222826	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	PLS	100	100	MS
24	Pillar Utilities, SIA	40103693339	LV, Pulkveža Brieža iela 28A, Rīga, LV-1045	PLS	100	100	MMS
25	ABLV Building Complex, SIA	40203037667	LV, Elizabetes iela 23, Rīga, LV-1010	PLS	100	100	MS

¹ - BNK – bank, IBS – investment brokerage company, IPS – asset management company, CFI – other financial institution, PLS – ancillary subsidiary company.

² - MS – subsidiary company, MMS – subsidiary company of subsidiary company, MT – parent company.

*- The consolidation group conform to Regulation (EU) No 575/2013 requirements, differences with IFRS are set out in Statement of Information Disclosure on bank's website www.ablv.com.

Income Statements

Title of entry	EUR'000	
	01/01/2017– 30/09/2017 (non-audited)	01/01/2016– 30/09/2016 (non-audited)
Interest income	59,093	63,705
Interest expense	(14,375)	(17,209)
Dividends received	3,433	5,383
Commission and fee income	27,198	34,487
Commission and fee expense	(8,744)	(9,820)
Net realised gain/ (loss) from financial assets and liabilities at amortised cost	29	-
Net realised gain/ (loss) from available-for-sale financial assets	557	21,765
Net realised gain/ (loss) from financial assets and liabilities held for trading	1,065	1,055
Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss	-	-
Changes in fair value hedge accounting	-	-
Net result from foreign exchange trading and revaluation	11,502	15,131
Gain/ (loss) from sale of tangible and intangible fixed assets	3,624	4
Other income	2,797	2,731
Other expense	(1,115)	(1,159)
Administrative expense	(39,344)	(43,833)
Depreciation	(2,332)	(2,381)
Provisions	-	-
Impairment on financial assets	(577)	(7,041)
Profit/ (loss) before corporate income tax	42,811	62,818
Corporate income tax	(1,974)	(1,461)
Net profit/ (loss) for the period	40,837	61,357

Balance Sheet

	EUR'000	
	30/09/2017	31/12/2016
	(non-audited)	(audited)*
Assets		
Cash and demand deposits with central banks	405,885	413,047
Demand deposits from credit institutions	201,893	191,551
Financial assets held for trading	14,707	21,090
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	832,825	957,094
Loans and receivables	1,178,262	1,102,099
<i>Loans</i>	1,006,411	1,001,929
<i>Loans to credit institutions</i>	163,994	89,953
<i>Debt securities</i>	7,857	10,217
Held to maturity investments	806,430	989,710
Change of fair value of hedge portfolio	-	-
Prepaid expense and accrued income	1,859	1,636
Tangible fixed assets	9,236	9,461
Investment properties	15,223	25,058
Intangible fixed assets	5,103	5,826
Investments in subsidiaries	151,239	128,580
Tax assets	1,209	2,360
Other assets	2,306	2,074
Total assets	3,626,177	3,849,586
Liabilities		
Liabilities due to central banks	50,000	50,000
Demand deposits from credit institutions	28,251	20,375
Financial liabilities held for trading	286	441
Financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortised cost	3,169,527	3,444,938
<i>Deposits</i>	2,667,582	2,901,824
<i>Issued ordinary bonds</i>	367,431	398,385
<i>Issued subordinated bonds</i>	120,072	129,919
<i>Subordinated deposits</i>	12,451	14,810
<i>Term deposits from credit institutions</i>	1,991	-
Financial liabilities arising from financial asset transfer	-	-
Change of fair value of hedge portfolio	-	-
Deferred income and accrued expense	10,513	7,068
Provisions	-	-
Tax liabilities	1,425	1,346
Other liabilities	24,956	3,616
Total liabilities	3,284,958	3,527,784
Total shareholders' equity	341,219	321,802
Total liabilities and shareholders' equity	3,626,177	3,849,586
Memorandum items		
Contingent liabilities	15,707	9,928
Financial commitments	123,306	126,632

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2016 audited by SIA KPMG Baltics (No 40003235171).

Own Funds and Capital Adequacy Ratios Summary

		EUR'000	
		30/09/2017	31/12/2016
Code	Title of entry	(non-audited)	(audited)*
1.	Own funds	404,569	366,651
1.1.	Tier 1 capital	294,155	241,588
1.1.1.	Common equity Tier 1 capital	294,155	241,588
1.1.2.	Additional Tier 1 capital	-	-
1.2.	Tier 2 capital	110,414	125,063
2.	Total risk exposure amount	1,763,839	1,872,174
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risk	1,469,274	1,561,043
2.2.	Total risk exposure amount for settlement/ delivery	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risk	66,233	91,111
2.4.	Total risk exposure amount for operational risk (OpR)	228,308	220,011
2.5.	Total risk exposure amount for credit valuation adjustment	24	9
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-
2.7.	Other risk exposure amounts	-	-
3.	Capital ratio and capital levels		
3.1.	CET1 Capital ratio	16.68%	12.90%
3.2.	Surplus(+)/Deficit(-) of CET1 capital	214,782	157,341
3.3.	T1 Capital ratio	16.68%	12.90%
3.4.	Surplus(+)/Deficit(-) of T1 capital	188,325	129,258
3.5.	Total capital ratio	22.94%	19.58%
3.6.	Surplus(+)/Deficit(-) of total capital	263,462	216,877
4.	Total capital buffers	3.50	2.50
4.1.	Capital conservation buffer (%)	2.50	2.50
4.2.	Institution specific countercyclical capital buffer (%)	0.00	0.00
4.3.	Systemic risk buffer (%)	-	-
4.4.	Systemically important institution buffer (%)	-	-
4.5.	Other Systemically Important Institution buffer (%)	1.00	-
5.	Capital ratio including adjustments		
5.1.	Own funds adjustments related to Pillar II	-	-
5.2.	Common equity Tier 1 capital ratio including Pillar II adjustments mentioned in line	16.68%	12.90%
5.3.	Tier 1 capital ratio including Pillar II adjustments mentioned in line 5.1.	16.68%	12.90%
5.4.	Total capital ratio including Pillar II adjustments mentioned in line 5.1.	22.94%	19.58%

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2016 audited by SIA KPMG Baltics (No 40003235171).

Liquidity Ratio Calculation

	EUR'000	
	30/09/2017	31/12/2016
	(non-audited)	(audited)*
Liquid assets		
Cash	14,573	14,328
Deposits with central banks	362,008	365,041
Deposits with credit institutions	346,848	260,342
Liquid securities	1,356,850	1,630,479
Total liquid assets	2,080,279	2,270,190
Current liabilities (with maturity no more than 30 days)		
Deposits from credit institutions	28,209	20,271
Deposits	2,619,226	2,843,435
Issued debt securities	40,073	-
Cash in transit	3,757	5,920
Other current liabilities	41,869	18,660
Off-balance liabilities	8,927	7,499
Total current liabilities	2,742,061	2,895,785
Liquidity ratio (%)	75.87	78.40
Minimum liquidity ratio (%)	30.00	30.00

* - Information has been prepared based on data that are available in the annual report for the year ended 31 December 2016 audited by SIA KPMG Baltics (No 40003235171).

The Bank's Investments in Financial Instruments, Except Derivatives

The bank's investments in financial instruments break downs by countries and types of issuers as at 30 September 2017, except derivatives:

	EUR'000			
Issuer state	Securities of central governments	Securities of other issuers	Total	% of shareholders' equity
United States of America	530,552	11,411	541,963	134.0
Germany	234,799	2,548	237,347	58.7
Latvia	186,717	35,029	221,746	54.8
Russia	23,041	157,949	180,990	44.7
Sweden	84,835	18,046	102,881	25.4
Canada	46,661	29,779	76,440	18.9
Finland	42,193	16,941	59,134	14.6
Securities of other countries*	138,472	73,103	211,575	52.3
Securities of international organizations	-	29,702	29,702	7.3
Total securities, net	1,287,270	374,508	1,661,778	

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

As at 30 September 2017, the securities portfolio weighted average modified duration³ was 2.8 (2.5).

For available-for-sale financial instruments, an impairment has not been recognized during the reporting period, but during the nine months of 2016, an impairment of available-for-sale financial instruments was recognized at EUR 96.4 thousand.

³ Average weighted modified duration of the securities portfolio is calculated as the total of modified duration of each security multiplied by this security position and divided by total amount of the whole securities portfolio. Modified duration is only calculated for securities sensitive to interest rate risk. Modified duration represents changes in the securities market value in case of market interest rates decreasing by one percentage point.

In the reporting period, collective impairment were decreased by EUR 153.4 thousand for the financial instruments measured at amortized cost, whereas in the first nine months of 2016 collective impairment was made amounting to EUR 946.0 thousand.

In the reporting period, the individual impairment made for the financial instruments at amortized cost increased to EUR 24.2 thousand, whereas in the first nine months of 2016 – decreased by EUR 172.1 thousand.

As at the end of the reporting period, collective impairment made for the financial instruments at amortized cost was EUR 392.1 (946.0) thousand, and the market value of these financial instruments was EUR 129.0 (187.4) million as at 30 September 2017. Whereas the individual impairment for the financial instruments at amortized cost amounted to EUR 725.2 thousand (1.3 million) as at the end of the reporting period, and the market value of these financial instruments was EUR 683.8 thousand (2.6 million) as at 30 September 2017.

The bank's investments in financial instruments break downs by countries and types of issuers as at 31 December 2016, except derivatives:

Issuer state				EUR'000
	Securities of central governments	Securities of other issuers	Total	% of shareholders' equity
United States of America	309,550	14,767	324,317	88.5
Germany	4,924	294,829	299,753	81.8
Latvia	227,400	42,556	269,956	73.6
Russia	26,081	198,292	224,373	61.2
Canada	99,770	119,533	219,303	59.8
Sweden	87,253	46,391	133,644	36.4
Netherlands	-	73,750	73,750	20.1
Finland	37,878	14,155	52,033	14.2
Norway	33,154	9,566	42,720	11.7
Austria	-	41,497	41,497	11.3
Securities of other countries*	112,879	88,047	200,926	54.8
Securities of international organizations	-	95,759	95,759	26.1
Total securities, net	938,889	1,039,142	1,978,031	

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

Litigation and Claims

In the ordinary course of business, the bank has been involved in a number of legal proceedings to recover outstanding credit balances and maintain collateral, as well as other proceedings related to specific transactions. The management believes that any legal proceedings pending as at 30 September 2017 will not result in material losses for the bank and/ or the group.

Events after the Reporting Date

As of the signing date of these statements, there have been no events since the last day of the reporting period requiring adjustment of or disclosure in this Public Quarterly Report, except those stated below.

From the end of 2016 to October 2017, FCMC was carrying out an offsite target inspection in ABLV Bank. In the result of this inspection, on 24 May 2017 the FCMC initiated an administrative matter. Yet on 24 November 2017, the FCMC and ABLV Bank concluded an administrative agreement, in which the parties agreed to dismiss the matter.

With the conclusion of the administrative agreement, the initiated matter was dismissed without drafting an administrative act and imposing any monetary fines or applying any other sanctions to ABLV Bank. In the inspection, FCMC has not detected any violations of international sanctions, including sanctions of the European Union, or national sanctions of the Republic of Latvia, or other violations subject to which a fine could be imposed. ABLV Bank shall continue improving its internal control system, inter alia its work in sanctions and money laundering and terrorism financing risk management, including activities under the said agreement.