Notice summarising the decision taken in respect of ABLV Bank Luxembourg SA

On 23 February 2018, the Single Resolution Board (the “SRB”) decided not to adopt a resolution scheme in respect of ABLV Bank Luxembourg SA (the “Bank”) subsidiary of ABLV Bank, AS (the “Parent Company”). The SRB assessed that, while the conditions for resolution action of Article 18(1)(a) and (b) of Regulation (EU) No 806/2014 (the “SRMR”) are met, the condition of Article 18(1)(c) is not met.

- **Article 18(1)(a) of the SRMR: Failing or likely to fail.** On 23 February 2018, the European Central Bank (“ECB”) concluded that the Bank is failing or likely to fail on the basis of Article 18(1)(a) in conjunction with Article 18(4)(c) of the SRMR. In particular, the ECB considered that there are objective elements to support a determination that the Supervised Entity will, in the near future, be unable to pay its debts or other liabilities as they fall due.

- **Article 18(1)(b) of the SRMR: Alternative private measures and supervisory actions.** The SRB concluded that no such measures or actions could prevent the failure of the Bank within a reasonable timeframe. The SRB reached this conclusion taking into account several elements, including the Bank’s inability to obtain financial support from the Parent Company, the lack of other implementable measures in the group recovery plan, the absence of available supervisory or early intervention measures that could restore the liquidity position of the Bank and the inability of a write-down and conversion of capital instruments to prevent the failure of the Bank.

- **Article 18(1)(c) of the SRMR: Public interest.** The SRB concluded that, given the particular characteristics of the Bank and its specific financial and economic situation, resolution action with respect to the Bank is not necessary in the public interest, in accordance with Article 18(1)(c) in conjunction with Article 18(5) of the SRMR. This conclusion is based on the following grounds:
  - The functions performed by the Bank, e.g. deposit-taking, are not critical since their discontinuance is not expected to lead to the disruption of services that are essential to the real economy of Luxembourg, nor to the disruption of financial stability in Luxembourg, or in other Member States; and
  - The failure of the Bank is not likely to result in significant adverse effects on financial stability in Luxembourg or in other Member States of the European Union considering the limited size of the Bank and the absence of ties to the Luxembourgish real economy.

Therefore, it was decided that the Bank is not put under resolution. The decision is addressed to the National Resolution Authority in Luxembourg, the Commission de Surveillance du Secteur Financier, which should implement it in accordance with the national law.