

Public
Quarterly Report
January - December
2020

BASIC PRINCIPLES OF THE REPORT PREPARATION

This report has been prepared in accordance with "Regulations on Preparation of Public Quarterly Reports for Credit Institutions" approved by the Financial and Capital Market Commission (FCMC).

All amounts are reported in thousands of euro (EUR'000).

OVERVIEW, OWNERSHIP AND MANAGEMENT

Shareholders

As at 31 December 2020, Igor Kim was the sole shareholder of AS Expobank (hereinafter – the Bank) with 100% of the Bank's paid-in share capital.

As at 31 December 2020, the fully paid-in share capital of the Bank was EUR 11,644 thousand and consisted of 820,000 voting ordinary registered shares with the nominal value of EUR 14,20 each.

On 31.12.2020 the structure of the Board of Directors of the Bank was as follows:

Name, surname	Position	Date of appointment
Ilya Mitelman	Chairman of the Board of Directors	01.11.2017
Kirill Nifontov	Deputy Chairman of the Board of Directors	09.02.2012
Igor Kim	Member of the Board of Directors	09.02.2012
Gints Čakāns	Member of the Board of Directors	15.07.2019

On 31.12.2020 the structure of the Management Board of the Bank was as follows:

Name, surname	Position	Date of appointment
Rolands Legzdīņš	Chairman of the Management Board	05.04.2017
Evija Sloka	Deputy Chairperson of the Management Board	02.11.2012
Vasilijs Karpovs	Member of the Management Board	15.07.2019
Valda Knauere	Member of the Management Board	15.07.2019

On 2 April, 2020 the Board of Directors of the Bank re-elected to the Management Board of the Bank Rolands Legzdins and appointed as the Chairman of the Management Board of the Bank for the next term.

MAIN ACTIVITY AND STRUCTURE

Information about Banks main Activity and Structure can be found [here](#).

VISION, MISSION, STRATEGY AND OBJECTIVES

Information about Banks Vision, Mission, Strategy and Objectives can be found [here](#).

FINANCIAL RESULTS

Balance sheet

EUR'000	Bank 31.12.2020 Unaudited	Bank 31.12.2019 Unaudited
Assets		
Cash and demand deposits with central banks	7,169	10,142
Due on demand from credit institutions	1,231	656
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	29,059	31,508
Financial assets at amortised cost	21,898	25,451
Term deposits due from credit institutions	-	15,159
Loans to customers	21,898	10,292
Derivatives – Hedge accounting	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Investments in subsidiaries, joint ventures and associates	-	-
Tangible assets and the right-of-use assets	717	927
Intangible assets	568	468
Tax assets	41	32
Other assets	862	504
Total assets	61,545	69,688
Liabilities		
Due to central banks	-	-
Due on demand to credit institutions	1	1
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	25,483	32,178
Term deposits due to credit institutions	-	-
Deposits from customers	25,483	32,178
Derivatives – Hedge accounting	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	148	107
Tax liabilities	65	-
Other liabilities	564	708
Total liabilities	26,261	32,994
Shareholders' equity and reserves	35,284	36,694
Total liabilities, shareholders' equity and reserves	61,545	69,688
Assets and liabilities under trust management	18,777	24,551
Off-balance sheet items	11,288	20
Contingent liabilities	-	-
Off-balance sheet commitments to customers	11,288	20

Income statement

EUR'000	Bank For 12 months 2020 Unaudited	Bank For 12 months 2019 Unaudited
Interest revenue	1,229	1,004
Interest expense	(210)	(287)
Dividend income	-	-
Fee and commission income	1,809	2,527
Fee and commission expenses	(123)	(101)
Gains or losses on financial assets & liabilities not measured at fair value through profit or loss, net	-	-
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	335	9
Gains or losses from hedge accounting, net	-	-
Exchange differences (gain or loss), net	242	159
Gains or losses on derecognition of non financial assets other than held for sale, net	-	-
Other operating income	148	156
Other operating expenses	(705)	(757)
Administrative expense	(3,134)	(2,953)
Depreciation	(403)	(420)
Modification gains or losses, net	-	-
Provisions or reversal of provisions	-	-
Impairment or reversal of impairment on financial assets	(509)	(85)
Profit or loss before tax from continuing operations	(1,321)	(748)
Tax Expenses related to profit or loss from continuing operations	(3)	(9)
Profit or loss after tax from continuing operations	(1,324)	(757)
Other comprehensive income for reporting period (+/-)*	(86)	463

* Reflects changes in fair value of securities (fair value revaluation reserve)

Securities investments

Investments in securities by country of the AS Expobank was as follows (exceeding 10% of equity):

Issuer`s country	Value, EUR '000
Czech Republic	5,412
incl. central governments	5,412
Poland	5,469
incl. central governments	5,469
Ireland	3,307
incl. central governments	2,025
Value, EUR '000	14,188

Performance indicators in accordance with FCMC regulations*

Key ratios	Bank For 12 months 2020	Bank For 12 months 2019
Return on equity (ROE)*, (%)	-3.68	-2.06
Return on assets (ROA)**, (%)	-2.02	-0.51

* **Return on equity (ROE)**. The return on equity ratio is calculated as the ratio of profit/loss¹ of the reporting period (after tax) to the average value of the Bank's capital and reserves;

** **Return on assets (ROA)**. The return on assets ratio is calculated as the ratio of profit/loss¹ of the reporting year (after tax) to the average value of the Bank's assets;

EXPECTED CREDIT LOSSES of FINANCIAL INSTRUMENTS IN ACCORDANCE WITH IFRS 9

Title of the position	EUR'000 Stage 1 ²	EUR'000 Stage 2 ³	EUR'000 Stage 3 ⁴
Cash and demand deposits with central banks	-	-	-
Due on demand from credit institutions	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-
Financial assets at amortised cost	148	380	-
Other assets	4	-	6
Value, EUR`000	152	380	6

AS Expobank does not apply temporary period in accordance with the Article 468 of EU Regulation No. 575/2013.

RISK AND CAPITAL MANAGEMENT

AS Expobank has provided the information about its risk and capital management policies, including management of credit risk, concentration risk, liquidity risk, foreign exchange risk and interest rate risk, as well as about compliance with capital requirements and internal capital assessment in accordance with regulatory requirements and is available at the Bank's Internet site:

[http://www.expobank.eu/eng/left/about-us/risk-management,](http://www.expobank.eu/eng/left/about-us/risk-management)

and on 31.12.2020 there has not been significant change in risk and capital management policies.

AS Expobank has provided quantitative information about risk indicators, as well as capital adequacy indicator in line with regulatory requirements and internal capital adequacy indicator for other periods at the Bank's Internet site:

<http://www.expobank.eu/eng/left/about-us/financial-statements>

¹ Profit/loss is calculated as follows: profit/loss (p/l) (after tax) as of the end of the reporting period is multiplied by the number of months of the year and related to the number of months from the beginning of the year to the end of the reporting period; for example, I quarter: $p/l * 12/3$; II quarter: $p/l * 12/6$; III quarter = $p/z * 12/9$; IV quarter: $= p/z * 12/12$.

² Includes financial instruments for which significant increase of credit risk has not been identified since its initial recognition.

³ Includes financial instruments, which after initial recognition have significantly increased credit risk (contractual maturity over 30 days).

⁴ Includes financial instruments that have objective evidence of impairment at the date of valuation, i.e. they detect default and / or non-performing transaction status.

CAPITAL ADEQUACY CALCULATION

N.p.k.	EUR'000	Bank 31.12.2020
1.	Own funds (1.1.+1.2.)	34,687
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	34,687
1.1.1.	Common equity Tier 1 capital	34,687
1.1.2.	Additional Tier 1 capital	-
1.2.	Tier 2 capital	-
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	56,407
2.1.	Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries	48,643
2.2.	Total settlement / delivery risk exposure amount	-
2.3.	Total risk exposure amount for position, foreign exchange and commodity risks	-
2.4.	Total risk exposure amount for operational risk	7,764
2.5.	Total risk exposure amount for credit valuation adjustments	-
2.6.	Total risk exposure amount related to large exposures in the trading book	-
2.7.	Other risk exposure amounts	-
3.	Capital ratios and capital levels	
3.1.	CET1 Capital ratio (1.1.1./2.*100)	61,49
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	32,149
3.3.	T1 Capital ratio (1.1./2.*100)	61,49
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	31,303
3.5.	Total capital ratio (1./2.*100)	61,49
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	30,174
4.	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	1,410
4.1.	Capital conservation buffer	1,410
4.2.	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State	-
4.3.	Institution specific countercyclical capital buffer	-
4.4.	Systemic risk buffer	-
4.5.	Other Systemically Important Institution buffer	-
5.	Capital ratios due to Pillar II adjustments	
5.1.	Own funds requirements related to Pillar II adjustments	-
5.2.	CET1 capital ratio including Pillar II adjustments	61,49
5.3.	Tier 1 capital ratio including Pillar II adjustments	61,49
5.4.	Total capital ratio including Pillar II adjustments	61,49

AS Expobank does not apply a transitional period to mitigate the effect of IFRS 9 on Equity and Capital Adequacy Indicators.

LIQUIDITY COVERAGE RATIO CALCULATION

N.p.k.	EUR'000	Bank 31.12.2020
1.	Liquidity buffer	23,417
2.	Total net cash outflows	5,174
3.	Liquidity coverage ratio (%)	452%