

Public  
quarterly report  
january - september  
2021

## 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 30 September 2021, Igor Kim was the sole shareholder of AS Expobank (hereinafter – the Bank) with 100% of the Bank's paid-in share capital.

As at 30 September 2021, 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 30.09.2021 the structure of the Board of Directors of the Bank was as follows:

Name, surname	Position	Date of appointment
Iya 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 30.09.2021 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 13 August, 2021 the Board of Directors of the Bank re-elected to the Management Board of the Bank Evija Sloka and appointed as the Deputy Chairperson 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 30.09.2021 Unaudited	Bank 31.12.2020 Audited*
<b>Assets</b>		
Cash and demand deposits with central banks	14,025	7,169
Due on demand from credit institutions	2,509	1,231
Financial assets designated at fair value through profit or loss	7,167	-
Financial assets at fair value through other comprehensive income	29,130	29,059
Financial assets at amortised cost	31,277	21,898
<i>Term deposits due from credit institutions</i>	-	-
<i>Loans to customers</i>	31,277	21,898
Derivatives – Hedge accounting	40	-
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	579	717
Intangible assets	563	568
Tax assets	-	41
Other assets	827	862
<b>Total assets</b>	<b>86,117</b>	<b>61,545</b>
<b>Liabilities</b>		
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	51,568	25,483
<i>Term deposits due to credit institutions</i>	-	-
<i>Deposits from customers</i>	51,568	25,483
Derivatives – Hedge accounting	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	153	148
Tax liabilities	115	65
Other liabilities	530	564
<b>Total liabilities</b>	<b>52,367</b>	<b>26,261</b>
Shareholders' equity and reserves	33,750	35,284
<b>Total liabilities, shareholders' equity and reserves</b>	<b>86,117</b>	<b>61,545</b>
Assets and liabilities under trust management	-	18,777
<b>Off-balance sheet items</b>	<b>7,137</b>	<b>11,288</b>
Contingent liabilities	-	-
Off-balance sheet commitments to customers	7,137	11,288

\* Auditors: PricewaterhouseCoopers SIA

**INCOME STATEMENT**

EUR'000	Bank For 9 months 2021 Unaudited	Banka For 9 months 2020 Unaudited
Interest revenue	1,525	857
Interest expense	(309)	(158)
Dividend income	109	-
Fee and commission income	851	1,422
Fee and commission expenses	(168)	(94)
Gains or losses on financial assets & liabilities not measured at fair value through profit or loss, net	406	-
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	33	-
Gains or losses from hedge accounting, net	(45)	-
Exchange differences (gain or loss), net	(1)	234
Gains or losses on derecognition of non financial assets other than held for sale, net	-	-
Other operating income	47	71
Other operating expenses	(556)	(543)
Administrative expense	(2,705)	(2,339)
Depreciation	(308)	(307)
Modification gains or losses, net	-	-
Provisions or reversal of provisions	-	-
Impairment or reversal of impairment on financial assets	(133)	(120)
<b>Profit or loss before tax from continuing operations</b>	<b>(1,254)</b>	<b>(977)</b>
Tax Expenses related to profit or loss from continuing operations	(3)	(1)
<b>Profit or loss after tax from continuing operations</b>	<b>(1,257)</b>	<b>(978)</b>
<b>Other comprehensive income for reporting period (+/-)*</b>	<b>(1,535)</b>	<b>(976)</b>

\* 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	5,212
<i>incl. central governments</i>	5,212
Poland	5,224
<i>incl. central governments</i>	5,224
Russia	12,248
United Kingdom	4,741
Ireland	4,584
<b>Value, EUR'000</b>	<b>32,009</b>

**Performance indicators in accordance with FCMC regulations\***

Key ratios	Bank	Bank
	For 9 months 2021	For 9 months 2020
Return on equity (ROE)*, (%)	-4,86	-3,60
Return on assets (ROA)**, (%)	-2,27	-1,84

\* **return on equity (ROE)**. The return on equity ratio is calculated as the ratio of profit/loss<sup>1</sup> 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/loss<sup>1</sup> 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 <sup>2</sup>	EUR'000 Stage 2 <sup>3</sup>	EUR'000 Stage 3 <sup>4</sup>
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	323	375	-
Other assets	3	-	-
<b>Value, EUR`000</b>	<b>326</b>	<b>375</b>	<b>-</b>

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:

<https://www.expobank.eu/en/information-disclosure>, and on 30.09.2021 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:

<https://www.expobank.eu/en/financial-statements>

<sup>1</sup> 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.

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

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

<sup>4</sup> 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**

<b>N.p.k.</b>	<b>EUR'000</b>	<b>Bank 30.09.2021.</b>
<b>1.</b>	<b>Own funds (1.1.+1.2.)</b>	<b>33,151</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	33,151
1.1.1.	Common equity Tier 1 capital	33,151
1.1.2.	Additional Tier 1 capital	-
1.2.	Tier 2 capital	-
<b>2.</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>85,564</b>
2.1.	Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries	64,807
2.2.	Total settlement / delivery risk exposure amount	-
2.3.	Total risk exposure amount for position, foreign exchange and commodity risks	12,993
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	-
<b>3.</b>	<b>Capital ratios and capital levels</b>	
3.1.	CET1 Capital ratio (1.1.1./2.*100)	38,74
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	29,300
3.3.	T1 Capital ratio (1.1./2.*100)	38,74
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	28,017
3.5.	Total capital ratio (1./2.*100)	38,74
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	26,306
<b>4.</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>2,139</b>
4.1.	Capital conservation buffer	2,139
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	-
<b>5.</b>	<b>Capital ratios due to Pillar II adjustments</b>	
5.1.	Own funds requirements related to Pillar II adjustments	-
5.2.	CET1 capital ratio including Pillar II adjustments	<b>38,74</b>
5.3.	Tier 1 capital ratio including Pillar II adjustments	<b>38,74</b>
5.4.	Total capital ratio including Pillar II adjustments	<b>38,74</b>

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

<b>N.p.k.</b>	<b>EUR'000</b>	<b>Bank 30.09.2021.</b>
1.	Liquidity buffer	26,272
2.	Total net cash outflows	7,503
3.	Liquidity coverage ratio (%)	350%