

**AS EXPOBANK
PUBLIC QUARTERLY REPORT
JANUARY - JUNE 2022**

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 June 2022, Signet Bank AS was the sole shareholder of AS Expobank (hereinafter – the Bank) with 100% of the Bank’s paid-in share capital.

As at 30 June 2022, 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 26 January 2022, when the transfer of the shares and respective changes were made by Bank in the Register of shareholders, Signet Bank AS became the owner of the 100% shares of the Bank, as the result of the share disposal agreement signed between Igor Kim and Signet Bank AS.

On 16 March 2022 the Bank changed its legal address from Krišjāņa Valdemāra Street 19, Riga to Antonijas Street 3, Riga.

On 30.06.2022 the structure of the Board of Directors of the Bank was as follows:		
Name, surname	Position	Date of appointment
Roberts Idelsons	Chairman of the Board of Directors	15.02.2022
Sergejs Zaicevs	Deputy Chairman of the Board of Directors	15.02.2022
Tatjana Drobina	Member of the Board of Directors	15.02.2022
Jānis Solovjakovs	Member of the Board of Directors	15.02.2022

On 30.06.2022 the structure of the Management Board of the Bank was as follows::		
Name, surname	Position	Date of appointment
Rolands Legzdiņš	Chairman of the Management Board	05.04.2017
Evija Sloka	Deputy Chairperson of the Management Board	02.11.2012
Reinis Zauers	Member of the Management Board	26.01.2022
Valda Knauere	Member of the Management Board	15.07.2019

On July 11, 2022, after receiving the approval of the Financial and Capital Market Commission and the European Central Bank, the merger transaction between Signet Bank AS and AS Expobank was completed.

The merged institution operates under the brand of Signet Bank, implementing the Signet Bank’s strategy – servicing Latvian entrepreneurs and their companies, with an emphasis on providing financing and investment management solutions.

FINANCIAL POSITION AND PERFORMANCE

BALANCE SHEET

EUR'000	Bank 30.06.2022 <i>Unaudited</i>	Bank 31.12.2021 <i>Audited*</i>
Assets		
Cash and demand deposits with central banks	13,226	10,127
Due on demand from credit institutions	238	1,764
Financial assets designated at fair value through profit or loss	-	5,992
Financial assets at fair value through other comprehensive income	12	26,833
Financial assets at amortised cost	30,829	32,008
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	157	370
Intangible assets	519	584
Tax assets	-	-
Other assets	234	951
Non-current assets and disposal groups classified as held for sale	-	-
Total assets	45,215	78,629
Liabilities		
Due to central banks	-	-
Due on demand to credit institutions	-	1,327
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	23,652	43,875
Derivatives – Hedge accounting	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	159	177
Tax liabilities	119	120
Other liabilities	87	520
Liabilities included in disposals groups classified as held for sale	-	-
Total liabilities	24,017	46,019
Shareholders' equity and reserves	21,198	32,610
Total liabilities, shareholders' equity and reserves	45,215	78,629
Off-balance sheet items		
Contingent liabilities	-	-
Off-balance sheet commitments to customers	4,064	7,313
Assets under management	5,263	-

* Auditor: PricewaterhouseCoopers SIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR'000	Bank For 6 months 2022 Unaudited	Bank For 6 months 2021 Unaudited
Interest income	728	978
Interest expense (-)	(172)	(204)
Dividends received	3	40
Commission and fee income	277	677
Commission and fee expense (-)	(69)	(133)
Gains/ losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (+/-)	(472)	398
Gains / losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	(218)	104
Gains/ losses from hedge accounting, net (+/-)	-	(42)
Result from foreign exchange trading and revaluation, net (+/-)	(11)	(1)
Gains/ losses on derecognition of non-financial assets, net	-	-
Other operating income	22	35
Other operating expense (-)	(387)	(374)
Administrative expense (-)	(1,585)	(1,870)
Depreciation (-)	(201)	(207)
Gains / losses recognized in the contractual cash flows of a financial asset (+/-)	-	-
Provisions or reversal of provisions (+/-)	(18)	-
Impairment or reversal of impairment (+/-)	537	(232)
Negative goodwill recognised in profit or loss	-	-
Share of the profit/ loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method (+/-)	-	-
Gains/ loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/-)	-	-
Profit/(loss) before corporate income tax (+/-)	(1,566)	(831)
Corporate income tax	-	(2)
Net profit/(loss) for the period (+/-)	(1,566)	(833)
Other comprehensive income for the period (+/-) *	570	(1,087)

* 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:

Issuer`s country	Value, EUR '000
Other countries	12
Value, EUR '000	12

PERFORMANCE INDICATORS IN ACCORDANCE WITH FCMC REGULATIONS

Key ratios	Bank For 6 months 2022	Bank For 6 months 2021
Return on equity (ROE)* (%)	-11.67 %	-4.80 %
Return on assets (ROA)** (%)	-5.40 %	-2.24 %

* **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	EUR'000	EUR'000
	Stage 1²	Stage 2³	Stage 3⁴
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	(179)	(11)	-
Other assets	-	-	-
Value, EUR'000	(179)	(11)	-

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.signetbank.com/en/about-us/signet-bank-financial-information/> and on 30.06.2022 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.signetbank.com/en/about-us/signet-bank-financial-information/>.

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.

SSUMMARY STATEMENT OF CALCULATION OF EQUITY AND CAPITAL ADEQUACY RATIOS

N.p.k.	EUR'000	Bank 30.06.2022
1.	Own funds (1.1.+1.2.)	20,679
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	20,679
1.1.1.	Common equity Tier 1 capital	20,679
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.)	34,149
2.1.	Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries	28,379
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	5,770
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)	60.56%
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	19,142
3.3.	T1 Capital ratio (1.1./2.*100)	60.56%
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	18,630
3.5.	Total capital ratio (1./2.*100)	60.56%
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	17,947
4.	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	854
4.1.	Capital conservation buffer	854
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	60.56%
5.3.	Tier 1 capital ratio including Pillar II adjustments	60.56%
5.4.	Total capital ratio including Pillar II adjustments	60.56%

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 30.06.2022
1.	Liquidity buffer	13,179
2.	Total net cash outflows	463
3.	Liquidity coverage ratio (%)	2849 %