

Public  
Quarterly Report  
January - June  
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 30 June 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 30 June 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 30.06.2020 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 30.06.2020 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 Legzdīns 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 31.06.2020 Unaudited	Bank 31.12.2019 Audited*
<b>Assets</b>		
Cash and demand deposits with central banks	14,066	10,142
Due on demand from credit institutions	2,393	656
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	29,052	31,508
Financial assets at amortised cost	16,533	25,451
Term deposits due from credit institutions	1,017	15,159
Loans to customers	15,516	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	830	927
Intangible assets	521	468
Tax assets	23	32
Other assets	568	504
<b>Total assets</b>	<b>63,986</b>	<b>69,688</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	27,124	32,178
Term deposits due to credit institutions	-	-
Deposits from customers	27,124	32,178
Derivatives – Hedge accounting	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	150	107
Tax liabilities	9	-
Other liabilities	694	708
<b>Total liabilities</b>	<b>27,978</b>	<b>32,994</b>
Shareholders' equity and reserves	36,008	36,694
<b>Total liabilities, shareholders' equity and reserves</b>	<b>63,986</b>	<b>69,688</b>
Assets and liabilities under trust management	21,569	24,551
<b>Off-balance sheet items</b>	<b>1,201</b>	<b>20</b>
Contingent liabilities	-	-
Off-balance sheet commitments to customers	1,201	20

\*Auditors: PricewaterhouseCoopers SIA

## Income statement

EUR'000	Bank For 6 months 2020 Unaudited	Bank For 6 months 2019 Unaudited
Interest revenue	516	448
Interest expense	(106)	(151)
Dividend income	-	-
Fee and commission income	979	1,176
Fee and commission expenses	(68)	(47)
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	-	9
Gains or losses from hedge accounting, net	-	-
Exchange differences (gain or loss), net	223	49
Gains or losses on derecognition of non financial assets other than held for sale, net	-	-
Other operating income	18	41
Other operating expenses	(361)	(350)
Administrative expense	(1,533)	(1,502)
Depreciation	(210)	(218)
Modification gains or losses, net	-	-
Provisions or reversal of provisions	-	(4)
Impairment or reversal of impairment on financial assets	(132)	3
<b>Profit or loss before tax from continuing operations</b>	<b>(674)</b>	<b>(546)</b>
Tax Expenses related to profit or loss from continuing operations	(1)	(6)
<b>Profit or loss after tax from continuing operations</b>	<b>(675)</b>	<b>(552)</b>

## 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	5,396
incl. central governments	5,396
Poland	5,460
incl. central governments	5,460
Russia	6,973
Other	11,159
incl. central governments	4,273
<b>Value, EUR '000</b>	<b>28,988</b>

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

Key ratios	Bank For 6 months 2020	Bank For 6 months 2019
Return on equity (ROE)*, (%)	-3.71	-3.00
Return on assets (ROA)**, (%)	-2.02	-1.48

\* **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>1</sup>	EUR'000 Stage 2 <sup>2</sup>	EUR'000 Stage 3 <sup>3</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	210	-	-
Other assets	4	-	-
<b>Value, EUR`000</b>	<b>214</b>	<b>-</b>	<b>-</b>

**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 30.06.2020 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>

<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

N.p.k.	EUR'000	Bank 30.06.2020	Bank 30.06.2019
<b>1.</b>	<b>Own funds (1.1.+1.2.)</b>	<b>35,444</b>	<b>36,169</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	35,444	36,169
1.1.1.	Common equity Tier 1 capital	35,444	36,169
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>49,720</b>	<b>47,086</b>
2.1.	Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries	36,996	27,107
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	12,724	19,979
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>	<b>-</b>	<b>-</b>
3.1.	CET1 Capital ratio (1.1.1./2.*100)	71.29	76.82
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	33,207	34,050
3.3.	T1 Capital ratio (1.1./2.*100)	71.29	76.82
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	31,461	33,344
3.5.	Total capital ratio (1./2.*100)	71.29	76.82
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	31,466	32,402
<b>4.</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>1,243</b>	<b>1,218</b>
4.1.	Capital conservation buffer	1,243	1,177
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	-	41
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	-	-
<b>5.</b>	<b>Capital ratios due to Pillar II adjustments</b>	<b>-</b>	<b>-</b>
5.1.	Own funds requirements related to Pillar II adjustments	-	-
5.2.	CET1 capital ratio including Pillar II adjustments	71.29	76.82
5.3.	Tier 1 capital ratio including Pillar II adjustments	71.29	76.82
5.4.	Total capital ratio including Pillar II adjustments	71.29	76.82

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 30.06.2020</b>
1.	Liquidity buffer	30,359
2.	Total net cash outflows	3,910
3.	Liquidity coverage ratio (%)	776%