

Public
Quarterly Report
January - September
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 September 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 September 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 30.09.2020 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 30.09.2020 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 Legzdīņš 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 30.09.2020 Unaudited	Bank 31.12.2019 Audited*
Assets		
Cash and demand deposits with central banks	12,853	10,142
Due on demand from credit institutions	3,328	656
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	33,852	31,508
Financial assets at amortised cost	19,821	25,451
Term deposits due from credit institutions	-	15,159
Loans to customers	19,821	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	767	927
Intangible assets	528	468
Tax assets	1	32
Other assets	518	504
Total assets	71,668	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	35,111	32,178
Term deposits due to credit institutions	-	-
Deposits from customers	35,111	32,178
Derivatives – Hedge accounting	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	140	107
Tax liabilities	1	-
Other liabilities	697	708
Total liabilities	35,950	32,994
Shareholders' equity and reserves	35,718	36,694
Total liabilities, shareholders' equity and reserves	71,668	69,688
Assets and liabilities under trust management	18,714	24,551
Off-balance sheet items	1,892	20
Contingent liabilities	-	-
Off-balance sheet commitments to customers	1,892	20

*Auditors: PricewaterhouseCoopers SIA

Income statement

EUR'000	Bank For 9 months 2020 Unaudited	Bank For 9 months 2019 Unaudited
Interest revenue	857	726
Interest expense	(158)	(222)
Dividend income	-	-
Fee and commission income	1,422	1,902
Fee and commission expenses	(94)	(74)
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	234	147
Gains or losses on derecognition of non financial assets other than held for sale, net	-	-
Other operating income	71	68
Other operating expenses	(543)	(531)
Administrative expense	(2,339)	(2,175)
Depreciation	(307)	(322)
Modification gains or losses, net	-	-
Provisions or reversal of provisions	-	-
Impairment or reversal of impairment on financial assets	(120)	(93)
Profit or loss before tax from continuing operations	(977)	(565)
Tax Expenses related to profit or loss from continuing operations	(1)	(6)
Profit or loss after tax from continuing operations	(978)	(571)

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	5,414
incl. central governments	5,414
Poland	5,472
incl. central governments	5,472
Russia	6,752
Ireland	3,346
incl. central governments	2,024
Other	12,803
incl. central governments	2,248
Value, EUR '000	33,787

Performance indicators in accordance with FCMC regulations*

Key ratios	Bank For 9 months 2020	Bank For 9 months 2019
Return on equity (ROE)*, (%)	-3.60	-2.06
Return on assets (ROA)**, (%)	-1.84	-0.98

* **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 ¹	EUR'000 Stage 2 ²	EUR'000 Stage 3 ³
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	198	-	-
Other assets	3	-	-
Value, EUR`000	201	-	-

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 30.09.2020 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 30.09.2020	Bank 30.09.2019
1.	Own funds (1.1.+1.2.)	35,157	36,389
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	35,157	36,389
1.1.1.	Common equity Tier 1 capital	35,157	36,389
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.)	58,995	54,836
2.1.	Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries	46,271	34,857
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	-	-
3.	Capital ratios and capital levels	-	-
3.1.	CET1 Capital ratio (1.1.1./2.*100)	59.59	66.36
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	32,502	33,921
3.3.	T1 Capital ratio (1.1./2.*100)	59.59	66.36
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	31,617	33,099
3.5.	Total capital ratio (1./2.*100)	59.59	66.36
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	30,437	32,002
4.	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	1,475	1,398
4.1.	Capital conservation buffer	1,475	1,371
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	-	27
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	59.59	66.36
5.3.	Tier 1 capital ratio including Pillar II adjustments	59.59	66.36
5.4.	Total capital ratio including Pillar II adjustments	59.59	66.36

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 30.09.2020
1.	Liquidity buffer	29,141
2.	Total net cash outflows	10,947
3.	Liquidity coverage ratio (%)	266%