

Public
Quarterly Report
January - June
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 June 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 June 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 30.06.2021 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 30.06.2021 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

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 30.06.2021 Unaudited	Bank 31.12.2020 Audited*
Assets		
Cash and demand deposits with central banks	15,763	7,169
Due on demand from credit institutions	4,317	1,231
Financial assets designated at fair value through profit or loss	7,340	-
Financial assets at fair value through other comprehensive income	24,391	29,059
Financial assets at amortised cost	32,878	21,898
Term deposits due from credit institutions	-	-
Loans to customers	32,878	21,898
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	638	717
Intangible assets	565	568
Tax assets	3	41
Other assets	1,008	862
Total assets	86,903	61,545
Liabilities		
Due to central banks	-	-
Due on demand to credit institutions	1,684	1
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	50,016	25,483
Term deposits due to credit institutions	-	-
Deposits from customers	50,016	25,483
Derivatives – Hedge accounting	37	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	194	148
Tax liabilities	111	65
Other liabilities	662	564
Total liabilities	52,704	26,261
Shareholders' equity and reserves	34,199	35,284
Total liabilities, shareholders' equity and reserves	86,903	61,545
Assets and liabilities under trust management	19,793	18,777
Off-balance sheet items	8,439	11,288
Contingent liabilities	-	-
Off-balance sheet commitments to customers	8,439	11,288

*Auditors: PricewaterhouseCoopers SIA

Income statement

EUR'000	Bank For 6 months 2021 Unaudited	Bank For 6 months 2020 Unaudited
Interest revenue	978	516
Interest expense	(204)	(106)
Dividend income	40	-
Fee and commission income	677	979
Fee and commission expenses	(133)	(68)
Gains or losses on financial assets & liabilities not measured at fair value through profit or loss, net	398	-
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	104	-
Gains or losses from hedge accounting, net	(42)	-
Exchange differences (gain or loss), net	(1)	223
Gains or losses on derecognition of non financial assets other than held for sale, net	-	-
Other operating income	35	18
Other operating expenses	(374)	(361)
Administrative expense	(1,870)	(1,533)
Depreciation	(207)	(210)
Modification gains or losses, net	-	-
Provisions or reversal of provisions	-	-
Impairment or reversal of impairment on financial assets	(232)	(132)
Profit or loss before tax from continuing operations	(831)	(674)
Tax Expenses related to profit or loss from continuing operations	(2)	(1)
Profit or loss after tax from continuing operations	(833)	(675)
Other comprehensive income for reporting period (+/-)*	(1,087)	(688)

* 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	5,217
incl. central governments	5,217
Poland	5,232
incl. central governments	5,232
Russia	9,404
Value, EUR `000	19,853

Performance indicators in accordance with FCMC regulations*

Key ratios	Bank For 6 months 2021	Bank For 6 months 2020
Return on equity (ROE)*, (%)	-4,80	-3,71
Return on assets (ROA)**, (%)	-2,24	-2,02

* **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 1²	EUR'000 Stage 2³	EUR'000 Stage 3⁴
Cash and demand deposits with central banks	1	-	-
Due on demand from credit institutions	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-
Financial assets at amortised cost	419	375	-
Other assets	-	-	4
Value, EUR` 000	420	375	4

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,](https://www.expobank.eu/en/information-disclosure)

and on 30.06.2021 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>

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 30.06.2021
1.	Own funds (1.1.+1.2.)	33,602
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	33,602
1.1.1.	Common equity Tier 1 capital	33,602
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.)	86,311
2.1.	Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries	64,692
2.2.	Total settlement / delivery risk exposure amount	-
2.3.	Total risk exposure amount for position, foreign exchange and commodity risks	13,855
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)	38,93
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	29,718
3.3.	T1 Capital ratio (1.1./2.*100)	38,93
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	28,423
3.5.	Total capital ratio (1./2.*100)	38,93
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	26,697
4.	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	2,158
4.1.	Capital conservation buffer	2,158
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	38,93
5.3.	Tier 1 capital ratio including Pillar II adjustments	38,93
5.4.	Total capital ratio including Pillar II adjustments	38,93

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 30.06.2021
1.	Liquidity buffer	28,064
2.	Total net cash outflows	7,258
3.	Liquidity coverage ratio (%)	387%