

Public  
quarterly report  
january–december  
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 31 December 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 31 December 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 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 31.12.2021 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 15 February 2022 the Extraordinary Shareholders' Meeting recalled Ilya Mitelman, Kirill Nifontov, Igor Kim and Gints Chakans from the position of Member of the Board of the Directors and elected to the Board of the Directors of the Bank a new Members of the Board of the Directors – Roberts Idelsons, Sergejs Zaicevs, Tatjana Drobina and Jānis Solovjakovs

#### As at the date of signing these statements, the Members of the Board of Directors of the Bank were 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 31.12.2021 the structure of the Management Board of the Bank was as follows:**

<b>Name, surname</b>	<b>Position</b>	<b>Date of appointment</b>
Rolands Legzdiņš	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.

On 26 January 2022 the Board of the Directors of the Bank recalled Vasilijs Karpovs from the position of Member of the Management Board and elected to the Management Board of the Bank a new Member of the Management Board - Reinis Zauers.

**As at the date of signing these statements, the Members of the Management Board of the Bank were as follows:**

<b>Name, surname</b>	<b>Position</b>	<b>Date of appointment</b>
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

## 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 31.12.2021 Unaudited	Bank 31.12.2020 Audited*
<b>Assets</b>		
Cash and demand deposits with central banks	10,127	7,169
Due on demand from credit institutions	1,764	1,231
Financial assets designated at fair value through profit or loss	5,992	-
Financial assets at fair value through other comprehensive income	26,833	29,059
Financial assets at amortised cost	32,008	21,898
<i>Term deposits due from credit institutions</i>	-	-
<i>Loans to customers</i>	32,008	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	370	717
Intangible assets	584	568
Tax assets	-	41
Other assets	951	862
<b>Total assets</b>	<b>78,629</b>	<b>61,545</b>
<b>Liabilities</b>		
Due to central banks	-	-
Due on demand to credit institutions	1,327	1
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	43,875	25,483
<i>Term deposits due to credit institutions</i>	-	-
<i>Deposits from customers</i>	43,875	25,483
Derivatives – Hedge accounting	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	177	148
Tax liabilities	120	65
Other liabilities	520	564
<b>Total liabilities</b>	<b>46,019</b>	<b>26,261</b>
Shareholders' equity and reserves	32,610	35,284
<b>Total liabilities, shareholders' equity and reserves</b>	<b>78,629</b>	<b>61,545</b>
Assets and liabilities under trust management	-	18,777
<b>Off-balance sheet items</b>	<b>7,313</b>	<b>11,288</b>
Contingent liabilities	-	-
Off-balance sheet commitments to customers	7,313	11,288

\* Auditors: PricewaterhouseCoopers SIA

## Income Statement

EUR'000	Bank For 12 months 2021 <i>Unaudited</i>	Banka For 12 months 2020 <i>Audited*</i>
Interest revenue	2,118	1,229
Interest expense	(423)	(210)
Dividend income	148	-
Fee and commission income	1,024	1,809
Fee and commission expenses	(205)	(123)
Gains or losses on financial assets & liabilities not measured at fair value through profit or loss, net	453	-
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	(174)	335
Gains or losses from hedge accounting, net	(39)	-
Exchange differences (gain or loss), net	2	242
Gains or losses on derecognition of non financial assets other than held for sale, net	-	-
Other operating income	108	148
Other operating expenses	(753)	(705)
Administrative expense	(3,806)	(3,134)
Depreciation	(422)	(403)
Modification gains or losses, net	-	-
Provisions or reversal of provisions	-	-
Impairment or reversal of impairment on financial assets	(139)	(509)
<b>Profit or loss before tax from continuing operations</b>	<b>(2,108)</b>	<b>(1,321)</b>
Tax Expenses related to profit or loss from continuing operations	(5)	(3)
<b>Profit or loss after tax from continuing operations</b>	<b>(2,113)</b>	<b>(1,324)</b>
<b>Other comprehensive income for reporting period (+/-)*</b>	<b>(2,674)</b>	<b>(1,410)</b>

\* Auditors: PricewaterhouseCoopers SIA

\*\* 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	5,201
<i>incl. central governments</i>	5,201
Poland	5,217
<i>incl. central governments</i>	5,217
Russia	12,665
United Kingdom	4,691
<b>Value, EUR'000</b>	<b>27,774</b>

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

Key ratios	Bank	Bank
	For 12 months 2021	For 12 months 2020
Return on equity (ROE)*, (%)	-6,22	-3,68
Return on assets (ROA)**, (%)	-3,01	-2,02

\* **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	299	405	-
Other assets	-	-	1
<b>Value, EUR`000</b>	<b>299</b>	<b>405</b>	<b>1</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 31.12.2021 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 31.12.2021.</b>
<b>1.</b>	<b>Own funds (1.1.+1.2.)</b>	<b>31,994</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	31,994
1.1.1.	Common equity Tier 1 capital	31,994
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>77,264</b>
2.1.	Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries	62,780
2.2.	Total settlement / delivery risk exposure amount	-
2.3.	Total risk exposure amount for position, foreign exchange and commodity risks	8,714
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	-
<b>3.</b>	<b>Capital ratios and capital levels</b>	
3.1.	CET1 Capital ratio (1.1.1./2.*100)	41,41
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	28,517
3.3.	T1 Capital ratio (1.1./2.*100)	41,41
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	27,358
3.5.	Total capital ratio (1./2.*100)	41,41
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	25,813
<b>4.</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>1,930</b>
4.1.	Capital conservation buffer	1,930
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>41,41</b>
5.3.	Tier 1 capital ratio including Pillar II adjustments	<b>41,41</b>
5.4.	Total capital ratio including Pillar II adjustments	<b>41,41</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 31.12.2021.</b>
1.	Liquidity buffer	22,311
2.	Total net cash outflows	3,785
3.	Liquidity coverage ratio (%)	590%