

Public
Quarterly Report
January - March
2015

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 March 2015, Igor Kim, citizen of the Russian Federation, was the sole shareholder of AS Expobank (hereinafter – the Bank) with 100% of the Bank's paid-in share capital.

The Bank's paid-in share capital amounts to 11 668 thousand EUR and consists of 820 000 voting ordinary registered shares with the nominal value of 14.23 EUR each.

On 31.03.2015 the structure of the Board of Directors of the Bank was as follows:

Name, surname	Position	Date of appointment
Igor Kim	Chairman of the Board of Directors	09.02.2012
Kirill Nifontov	Deputy Chairman of the Board of Directors	09.02.2012
Andrew Sergio Gazitua	Member of the Board of Directors	11.04.2013
Ingrīda Blūma	Member of the Board of Directors	01.11.2014

During the first 3 months of the year 2015 no changes have been made as to the structure of the Board of Directors of the Bank.

On 31.03.2015 the structure of the Management Board of the Bank was as follows:

Name, surname	Position	Date of appointment
Ilya Mitelman	Chairman of the Management Board	01.08.2014
Gints Čakāns	Deputy Chairman of the Management Board	01.09.2011
Sandris Straume	Member of the Management Board	02.11.2012
Evija Sloka	Member of the Management Board	02.11.2012

During the first 3 months of the year 2015 no changes have been made as to the structure of the Management Board of the Bank.

GROUP CONSOLIDATION

From 2 July 2012 the Bank has two subsidiaries:

No	Subsidiaries	Registration number	Address	Business profile*	Share	Voting power	Status**
1	SIA "Axi Invest"	40103360551	Valdemāra iela 19, Rīga, LV-1010	PUZ	100%	100%	MS
2	SIA "Kappa Capital"	40103360547	Valdemāra iela 19, Rīga, LV-1010	PUZ	100%	100%	MS

* PUZ – supporting enterprise, ** MS – subsidiary

RATINGS ASSIGNED BY RATING AGENCIES

Rating agency	Long-term rating	Short-term rating	Financial strength rating	Rating's outlook	Rating assignment date
Moody's Investors Service	B1	Not prime	E+	Stable	20.12.2013 Reapproved 27.03.2015

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	Group 31.03.2015	Bank 31.03.2015	Group 31.12.2014 Audited*	Bank 31.12.2014 Audited*
Assets				
Cash and demand deposits with central banks	3,139	3,139	2,748	2,748
Due on demand from credit institutions	227,116	227,116	314,178	314,176
Financial assets held-for-trading	8,914	8,914	28,893	28,893
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	65,003	65,003	30,886	30,886
Loans and receivables	52,979	59,736	105,132	110,580
Term deposits due from credit institutions	28,243	28,243	83,941	83,941
Loans to customers	24,736	31,493	21,191	26,639
Financial assets held-to-maturity	-	-	-	-
Changes in fair value of portfolio proportion limited to interest risk	-	-	-	-
Prepaid expense and accrued income	423	422	372	371
Fixed assets	309	309	269	269
Investment properties	6,139	-	5,999	-
Intangible assets	455	455	485	485
Investments in subsidiaries	-	-	-	-
Tax assets	19	-	70	70
Other assets	1,196	974	1,354	1,130
Total assets	365,692	366,068	490,386	489,608
Liabilities				
Due to central banks	-	-	-	-
Due on demand to credit institutions	606	606	5,086	5,086
Financial liabilities held-for-trading	-	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-	-
Financial liabilities at amortised cost	290,935	290,971	414,031	414,057
Term deposits due to credit institutions	-	-	1,001	-
Deposits from customers	290,935	290,971	414,031	414,057
Financial liabilities resulting from transfer of financial assets	-	-	-	-
Changes in fair value of portfolio proportion limited to interest risk	-	-	-	-
Deferred income and accrued expense	284	282	49	47
Provisions	243	243	135	135
Tax liabilities	278	278	40	40
Other liabilities	1,783	1,754	2,063	2,036
Total liabilities	294,129	294,134	422,405	421,401
Shareholders' equity and reserves	71,563	71,934	67,981	68,207
Total liabilities, shareholders' equity and reserves	365,692	366,068	490,386	489,608
Assets and liabilities under trust management	183,323	183,323	170,219	170,219
Off-balance sheet items				
Contingent liabilities	3	3	3	3
Off-balance sheet commitments to customers	10,223	12,242	1,315	2,036

*Auditors: KPMG Baltics SIA

The breakdown of Group's/Bank's owned financial instruments by countries:

Country	Book value, EUR '000
Russia	73,900
Others	17

Income statement

EUR'000	Group For 3 months 2015	Bank For 3 months 2015	Group For 3 months 2014	Bank For 3 months 2014
Interest revenue	1,600	1,702	752	761
Interest expense	(193)	(193)	(211)	(209)
Income from dividends	-	-	-	-
Commission and fee revenue	1,657	1,657	807	807
Commission and fee expense	(64)	(64)	(47)	(42)
Net realized profit/loss from financial assets and liabilities held at amortized cost	-	-	11	11
Net realized profit/loss from available-for-sale financial assets	(264)	(264)	21	21
Net profit/loss from financial assets and liabilities held-for-trading	564	564	(211)	(211)
Net profit/loss from financial assets and liabilities at fair value through profit or loss	-	-	-	-
Changes in fair value due to risk minimization accounting	-	-	-	-
Net profit from dealing and revaluation of foreign currencies	957	957	1,421	1 421
Profit/loss from derecognition of property, plant and equipment, investment property and intangible assets	-	-	-	-
Other revenue	52	16	10	10
Other expense	(259)	(210)	(222)	(196)
Administrative expense	(1,258)	(1,253)	(1,308)	(1,308)
Depreciation	(78)	(60)	(54)	(54)
Allowance for impairment	(1)	(1)	(3)	(3)
Impairment losses	-	-	-	-
Profit before income tax	2,713	2,851	966	1,008
Corporate income tax	(434)	(434)	(153)	(153)
Profit for the reporting period	2,279	2,417	813	855

Performance indicators in accordance with FCMC regulations*

Key ratios	Group For 3 months 2015	Bank For 3 months 2015	Group For 3 months 2014	Bank For 3 months 2014
Return on equity (ROE), (%)	13.77	14.55	4.77	4.77
Return on assets (ROA), (%)	2.22	2.36	1.03	1.03

* **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 average² 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 average² value of the Bank's assets.

¹ Profit/loss is calculated as follows: profit/loss (p/z) (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 Average value is calculated as the arithmetic mean of the balance sheet assets or residual capital and reserves of the respective months (on the last business day of the month) as from the beginning of the year to the end of the reporting period.

RISK AND CAPITAL MANAGEMENT

AS Expobank has provided the renewed information on 30.04.2015 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 at the Bank's Internet site:

<http://www.expobank.eu/eng/left/about-us/risk-management>

Since above mentioned renewal no 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>

CAPITAL ADEQUACY CALCULATION

No	EUR'000	Group	Bank	Group	Bank
		31.03.2015	31.03.2015	31.03.2014	31.03.2014
1.	Own funds (1.1.+1.2.)	67,746	68,634	68,686	68,686
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	67,496	68,384	68,686	68,686
1.1.1.	Common equity Tier 1 capital	67,496	68,384	68,686	68,686
1.1.2.	Additional Tier 1 capital	-	-	-	-
1.2.	Tier 2 capital	250	250	-	-
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	220,396	226,072	148,124	148,367
2.1.	Risk weighted exposure amount for credit, counterparty credit and dilution risks and free deliveries	192,861	198,537	106,510	106,753
2.2.	Total settlement / delivery risk exposure amount	-	-	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodity risks	11,116	11,116	-	-
2.4.	Total risk exposure amount for operational risk	16,419	16,419	15,349	15,349
2.5.	Total risk exposure amount for credit valuation adjustments	-	-	-	-
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-	26,265	26,265
2.7.	Other risk exposure amounts	-	-	-	-
3.	Capital ratios and capital levels			-	-
3.1.	CET1 Capital ratio (1.1.1./2.*100)	30.62	30.25	46.37	46.29
3.2.	Surplus(+)/Deficit(-) of CET1 capital (1.1.1.-2.*4.5%)	57,578	58,211	62,020	62,009
3.3.	T1 Capital ratio (1.1./2.*100)	30.62	30.25	46.37	46.29
3.4.	Surplus(+)/Deficit(-) of T1 capital (1.1.-2.*6%)	54,272	54,820	59,799	59,784
3.5.	Total capital ratio (1./2.*100)	30.74	30.36	46.37	46.29
3.6.	Surplus(+)/Deficit(-) of total capital (1.-2.*8%)	50,114	50,548	56,836	56,817

LIQUIDITY RATIO CALCULATION

No	EUR'000	Bank 31.03.2015
1.	Liquid assets (1.1.+1.2.+1.3.+1.4.)	327,969
1.1.	Cash	138
1.2.	Demand deposits with central banks	3,001
1.3.	Due on demand from credit institutions	252,113
1.4.	Liquid securities	72,717
2.	Current liabilities (with remaining maturity up to 30 days) (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	305,586
2.1.	Due on demand to credit institutions	606
2.2.	Deposits	285,243
2.3.	Issued debt securities	-
2.4.	Cash in transit	4,451
2.5.	Other current liabilities	3,044
2.6.	Off-balance sheet liabilities	12,242
3.	Liquidity ratio(1.:2.) (%)	107.32%
4.	Minimum liquidity ratio	30%