

Signet Bank AS Public Financial Report

1st quarter 2018



SIGNET

PRIVATE
BANK



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I General Information

1. Shareholders of the Bank

31.03.2018.

Name, surname/ Company	Total EUR	% of total share capital
Signet Global Investors Limited	8 042 720	25,00 %
SIA "Hansalink"	7 174 090	22,30 %
Arkadiy Perelshtein	3 184 300	9,90 %
SIA "Fin.lv" *	2 825 200	8,79 %
Leonid Kaplan	2 184 000	6,79 %
SIA "DMD Holding"	1 895 600	5,89 %
Robert Idelson	1 579 970	4,91 %
Igor Rapoport *	1 516 480	4,71 %
Tatjana Rapoport *	1 516 480	4,71 %
Natalija Petkevicha	1 125 950	3,50 %
Soloman Rutenberg	1 125 950	3,50 %
Total	32 170 740	100,00 %

* Joint control with a shareholding of 18.21%

The paid-up share capital of the Bank was EUR 32 170 740 as of 31 March 2018 and it consisted of 459 582 registered shares with voting rights. The nominal value of each share is EUR 70. All shares of the Bank are dematerialized registered shares.

2. Supervisory Council of the Bank

Position	Name, surname
Chairman of the Supervisory Council	Serge Umansky
Deputy Chairman of the Supervisory Council	Irina Pigozne
Member of the Supervisory Council	Thomas Roland Evert Neckmar
Member of the Supervisory Council	Sergey Medvedev
Member of the Supervisory Council	Pavel Kurosh

There were no changes in the Supervisory Council of the Bank during the reporting period.

3. Management Board of the Bank

Position	Name, surname
Chairman of the Management Board	Robert Idelson
Member of the Management Board	Tatyana Drobinina
Member of the Management Board	Sergey Zaitsev

There were no changes in the Management Board of the Bank during the reporting period.



4. Strategy and Vision of the Bank

In accordance with the strategy approved by the Bank's Council, Signet Bank main segments of business are private banking and business banking.

The Bank's mission is to render a full range of wealth management services to high net worth clients, as well as to service their private and business daily banking operations.

The goals of the Bank are:

- to become one of the leading banks in the private banking segment in the Baltics;
- to develop and expand the range of top quality products and services for high net worth clients from Latvia, EEA and OESD countries;
- to develop the loyal client base and grow business volumes, in order to achieve the goals and results, defined in the Bank's strategy.

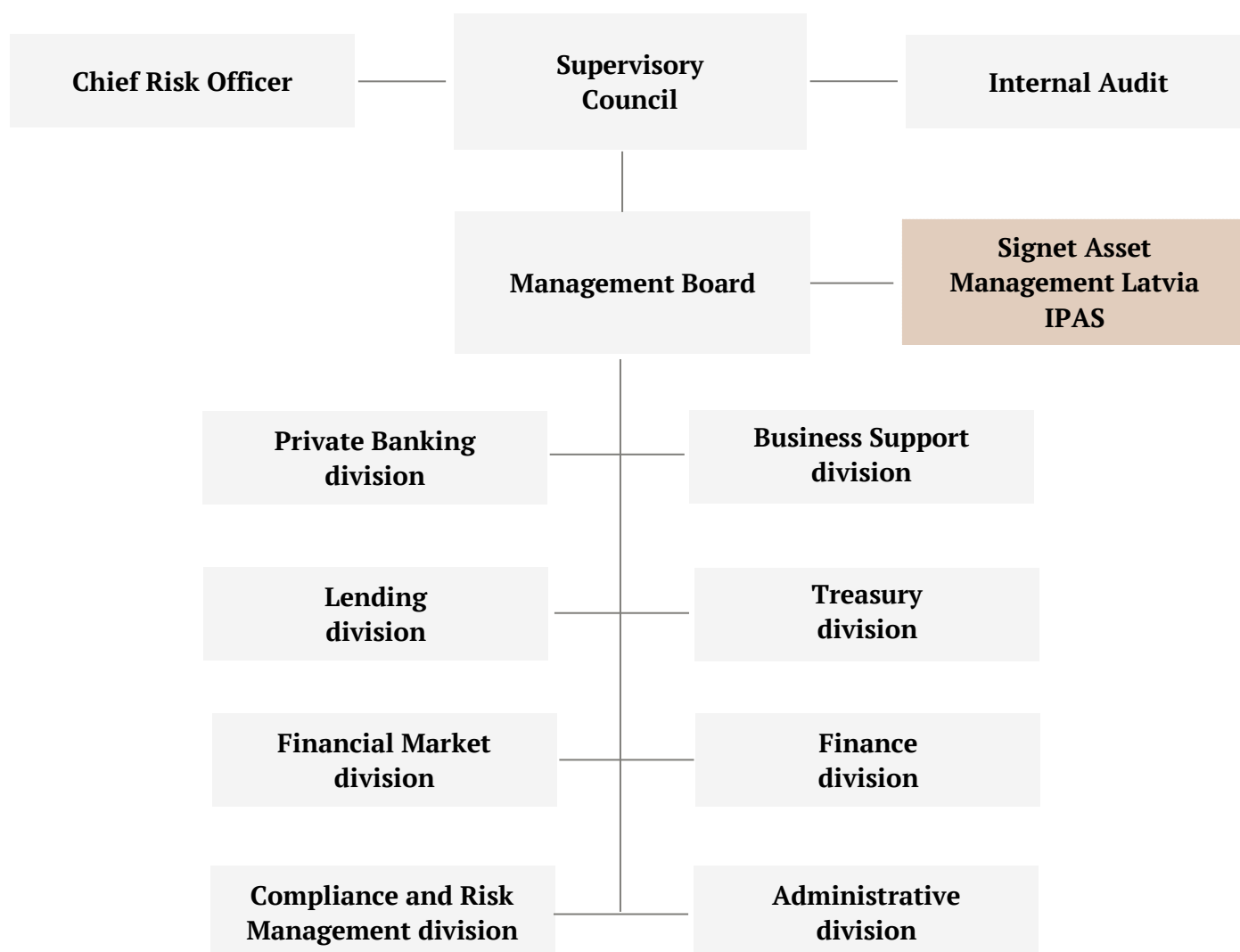
5. Consolidation Group

The Consolidation Group of Signet Bank includes its subsidiary:

Name of company, Registration number	Registration location code and address	Type of activities	% of total paid in share capital	% of total voting rights
„Signet Asset Management Latvia” IPAS 40103362872	LV, Antonijas Str. 3-1, Riga, LV 1010, Latvia	Asset management company	100	100



6. The Organization Structure of the Group



 - Subsidiary of the Bank



II Financial position and performance

1. Balance sheet Statement of Financial Position as at 31 March 2018 and 31 December 2017

(EUR 000's)

Title of entry	31.03.2018. Bank (Unaudited)	31.03.2018. Group (Unaudited)	31.12.2017. Bank (Audited)*	31.12.2017. Group (Audited)*
Assets				
Cash and demand deposits with central banks	40,196	40,196	23,923	23,923
Demand deposits with credit institutions	12,623	13,165	30,827	30,909
Financial assets designated at fair value through profit or loss	1,203	1,203	1,292	1,292
Financial assets measured at fair value with other comprehensive income	36,950	36,950	21,072	21,072
Financial assets measured at amortized cost	56,796	56,796	88,974	88,974
Debt securities	6,912	6,912	9,707	9,707
Short term deposits with credit institutions	5,915	5,915	33,881	33,881
Other deposits with financial institutions	1,358	1,358	1,304	1,304
Loans to companies and private individuals	42,611	42,611	44,082	44,082
Derivative financial instruments - hedge accounting	-	-	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-
Investments in subsidiaries, joint ventures and associates	2,028	736	1,964	635
Tangible assets	1,932	1,936	1,992	1,995
Intangible assets	264	264	313	313
Tax assets	7	7	17	22
Other assets	6,685	6,711	844	869
Non-current assets and disposal groups classified as held for sale	-	-	-	-
Total assets	158,684	157,964	171,218	170,004
Liabilities and shareholders' equity				
Liabilities due to central banks	20,000	20,000	-	-
Demand liabilities from credit institutions	170	170	1	1
Financial liabilities designated at fair value through profit or loss	152	152	304	304
Financial liabilities measured at the amortized cost	120,310	119,390	153,895	152,604
Derivative financial instruments - hedge accounting	-	-	-	-
Change in the fair value of the portfolio hedged against interest rate risk	-	-	-	-
Provisions	-	-	-	-
Tax liabilities	1	6	-	-
Other liabilities	2,416	2,446	1,320	1,264
Liabilities included in disposals groups classified as held for sale	-	-	-	-
Total liabilities	143,049	142,164	155,520	154,173
Total shareholders' equity	15,635	15,800	15,698	15,831
Total liabilities and shareholders' equity	158,684	157,964	171,218	170,004
Assets under management	87,781	145,383	82,487	140,246
Memorandum items	4,566	4,566	2,587	2,587
Contingent liabilities	-	-	-	-
Financial commitments	4,566	4,566	2,587	2,587
Custody assets	149,256	149,256	150,086	150,086

* Auditor: KPMG Baltics SIA



2. Statement of profit or loss and other comprehensive income for the 3 Month Period, ended March 31, 2018 and 2017

(EUR 000's)

Title of entry	31.03.2018. Bank (Unaudited)	31.03.2018. Group (Unaudited)	31.03.2017. Bank (Unaudited)	31.03.2017. Group (Unaudited)
Interest income	1,202	1,202	1,379	1,379
Interest expense (-)	(376)	(375)	(428)	(425)
Dividends received	6	6	1	1
Commission and fee income	837	897	659	715
Commission and fee expense (-)	(160)	(161)	(58)	(58)
Gains/ losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (+/-)	(57)	(57)	20	20
Gains / losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	(20)	(20)	(50)	(50)
Gains/ losses from hedge accounting, net (+/-)	-	-	-	-
Result from foreign exchange trading and revaluation, net (+/-)	213	208	40	38
Gains/ losses on derecognition of non-financial assets, net	-	-	-	-
Other operating income	40	40	27	27
Other operating expense (-)	(99)	(101)	(96)	(99)
Administrative expense (-)	(1,423)	(1,481)	(1,279)	(1,333)
Depreciation (-)	(121)	(122)	(116)	(116)
Gains / losses recognized in the contractual cash flows of a financial asset (+/-)	-	-	-	-
Provisions or reversal of provisions (+/-)	-	-	11	11
Impairment or reversal of impairment (+/-)	9	9	9	9
Negative goodwill recognised in profit or loss	-	-	-	-
Share of the profit/ loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method (+/-)	-	-	-	-
Gains/ loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/-)	-	-	-	-
Profit/(loss) before corporate income tax (+/-)	51	45	119	119
Corporate income tax	(18)	(18)	(14)	(14)
Net profit/(loss) for the period (+/-)	33	27	105	105
Other comprehensive income for the period (+/-)	(43)	(43)	50	50

3. Performance Indicators

Title of entry	31.03.2018. Bank (Unaudited)	31.03.2018. Group (Unaudited)	31.03.2017. Bank (Unaudited)	31.03.2017. Group (Unaudited)
Return on equity (ROE) (%)	0.82	0.68	2.12	2.15
Return on assets (ROA) (%)	0.08	0.07	0.27	0.25



4. Analysis of Concentration of the Group's Securities Portfolio

The Group's securities portfolio representation broken down by countries in which the total value of the securities exceeds 10% of the Group's own funds as at March 31, 2018. The geographical allocation is based on the credit risk of the registration countries of issuers.

(EUR 000's)

Issuer's country	Securities of central Governments	Securities of other issuers	Total	% to the Group's shareholders' equity
Sweden	7,202	1,824	9,026	37%
Belgium	5,852	-	5,852	24%
USA	8,868	295	9,163	38%
Finland	4,968	-	4,968	20%
Other countries	8,835	6,584	15,419	X
Total securities portfolio	35,725	8,703	44,428	X

5. Analysis of the Group's expected credit losses

The Group's projections of the amount of credit losses as at 31 March 2018 by stages in accordance with International Financial Reporting Standard 9 "Financial Instruments".

(EUR 000's)

Financial assets	Accumulated impairment			Total
	Assets without significant increase in credit risk since initial recognition (Stage 1)	Assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Credit-impaired assets (Stage 3)	
Due from credit institutions	1	-	-	1
Financial assets at amortised cost:	143	35	160	338
Loans and advances	135	35	160	330
Debt securities	8	-	-	8
Accumulated impairment, total	144	35	160	339

III Risk and Capital Management

1. Risk Management

Information about Risk Management is available at Signet Bank AS corporate website links <https://www.signetbank.com/financial-reports-2016/>

Liquidity Ratio Calculation

(‘000 EUR)

Title of entry	31.03.2018. Bank (Unaudited)	31.03.2018. Group (Unaudited)
Liquidity buffer	51,656	51,656
Net liquidity outflow	13,046	11,033
Liquidity coverage ratio (%)	395.95	468.20



2. Capital Adequacy

Information about Capital Management is available at Signet Bank AS corporate website <https://www.signetbank.com/financial-reports-2016/>.

The Bank's equity is higher than the total amount of capital, required for covering all the significant risks, inherent to the Bank's activity.

Own funds and capital adequacy ratios summary

(EUR 000's)

Nº	Title of entry	31.03.2018. Bank (Unaudited)	31.03.2018. Group (Unaudited)
1.	Own funds (1.1.+1.2.)*	24,104	24,277
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	14,426	14,599
1.1.1.	Common Equity Tier (CET) 1 capital	14,426	14,599
1.1.2.	Additional Tier 1 capital	-	-
1.2.	Tier 2 capital	9,678	9,678
2.	Total Risk exposure value	88,155	87,795
2.1.	Risk weighted exposure value for credit, counterparty credit and dilution risk and free deliveries	72,582	71,428
2.2.	Total risk exposure value for settlements/delivery	-	-
2.3.	Total risk exposure value for position risk, foreign exchange and commodity risks	1,043	1,272
2.4.	Total risk exposure value for operational risk	14,494	15,059
2.5.	Total risk exposure value for credit valuation adjustment	36	36
2.6.	Total risk exposure risk value related to large exposures in trading book	-	-
2.7.	Other risk exposure values	-	-
3.	Capital ratios and capital levels		
3.1.	CET 1 capital ratio (1.1.1./2.*100)	16.36%	16.63%
3.2.	Surplus (+) / deficit (-) of CET 1 capital (1.1.1.-2.*4.5%)	10,459	10,648
3.3.	Tier 1 capital ratio (1.1./2.*100)	16.36%	16.63%
3.4.	Surplus (+) / deficit (-) of Tier 1 capital (1.1.-2.*6%)	9,137	9,331
3.5.	Total capital ratio (1./2.*100)	27.34%	27.65%
3.6.	Surplus (+) / deficit (-) of total capital (1.-2.*8%)	17,052	17,253
4.	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	2,220	2,211
4.1.	Capital conservation buffer	2,204	2,195
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	16	16
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	-	-
5.	Capital adequacy ratios including adjustments		
5.1.	Adjustment for provisions or assets, applying special policy for the purpose of the own funds calculation	-	-
5.2.	Common equity tier 1 capital ratio, including adjustments in row 5.1.	16.36%	16.63%
5.3.	Tier 1 capital ratio, including adjustments in row 5.1.	16.36%	16.63%
5.4.	Total capital ratio, including adjustments in row 5.1.	27.34%	27.65%

* Equity includes a correction in the amount of excess of the estimated expected losses over the provisions calculated and made according to the accounting standards.

The Bank does not apply the transitional period for the implementation of the IFRS 9 set out in Article 473a of EU Regulation 575/2013.



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