

Signet Bank AS

Public Financial Report

1st quarter 2020

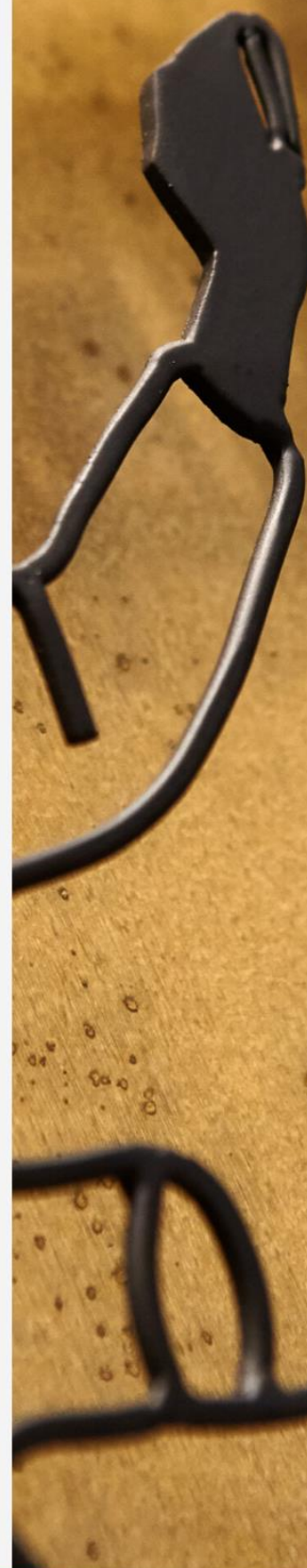




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I Management report

In 1Q 2020, Signet Bank continued to increase business volumes and expand its client base in the local market, in line with the implementation of the bank's long-term strategy of providing high quality services to high net worth and affluent clients, and to businesses owned by such clients.

As of 31 March 2020, 67% of the bank's deposit base came from tax residents of Latvia and other EU/OECD member countries, while the share of local clients in the overall revenue of the Group reached 64%.

Overall client assets under management and administration reached 1.1 bn EUR.

The Group's loan portfolio has increased by 15 % and new lending transactions in Latvia remain an important priority for Group's development. The global spread of COVID-19 has had minimum financial effect on our business so far. We have ensured that large part of our employees are working remotely, while maintaining high quality of service for our clients. As the Bank's proprietary investment portfolio is comprised almost entirely of high-quality bonds, we had only minor negative impact on our financial result from the recent turbulence in financial markets. Besides, we managed to add some positions to our investment portfolio at very attractive valuations.

In April 2020, the Group joined the Finance Latvia Association moratoriums, which enables legal entities and private persons facing short-term financial difficulties due to COVID-19 to defer their payments of loan principal. Despite the pandemic, situation we are not revising our plans for 2020, most importantly our aim to issue EUR 80mln in new loans and arrange financing through bond placements for our local clients.

Overall performance of the Group in 1Q 2020 was positive net fee income totalled EUR 1.1 mln (+24% vs 1Q 2019), while net interest income was EUR 1.3 mln (+47% vs 1Q 2019), and total operating income reached EUR 2.6 mln (+59 % vs 1Q 2019).

The Group continues to maintain a conservative risk profile: its capital adequacy ratio at the end of 1Q 2020 was 20 %, with a liquidity coverage ratio of 215%.

The Group continues to pay great attention to AML/CTPF compliance issues, constantly enhancing internal controls to be in line with the changing regulatory environment and best international practice. We are investing in IT and human resources to ensure that our risk management and controls are consistent with the chosen business model.

In 2020 Group has plans to expand and technologically improve products. In the coming months our clients will be able to test new features offered as part of servicing day-to-day operations and in investment management.

Bank management is satisfied with performance achieved in 1Q 2020 and has an optimistic outlook for the remainder of 2020.

Wishing all clients, employees and stakeholders to stay safe and healthy!

Roberts Idelsons
Chairman of the Management Board

Riga, May 29, 2020



II General Information

1. Shareholders of the Bank

31.03.2020.

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 %
Soloman Rutenberg	3 185 980	9,90 %
Natalija Petkevicha	3 171 000	9,86 %
SIA "Fin.lv" *	2 825 200	8,78 %
Leonid Kaplan	2 665 950	8,29 %
Igor Rapoport *	1 933 540	6,01 %
Robert Idelson	1 579 970	4,91 %
Tatjana Rapoport *	1 516 480	4,71 %
Rahmiels Deich	75 810	0,24 %
Total	32 170 740	100,00 %

* Joint control with a shareholding of 19.50%

The paid-up share capital of the Bank was EUR 32 170 740 as of 31 March 2020 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. There were changes in the Shareholders of the Bank during the reporting period.

2. Supervisory Council of the Bank

Position	Name, surname
Chairman of the Supervisory Council	Serge Umansky
Deputy Chairman of the Supervisory Council	Irīna Pigozne
Member of the Supervisory Council	Thomas Roland Evert Neckmar
Member of the Supervisory Council	Sergejs Medvedevs
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	Roberts Idelsons
Member of the Management Board	Tatjana Drobina
Member of the Management Board	Sergejs Zaicevs
Member of the Management Board	Jānis Solovjakovs

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 OECD 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.

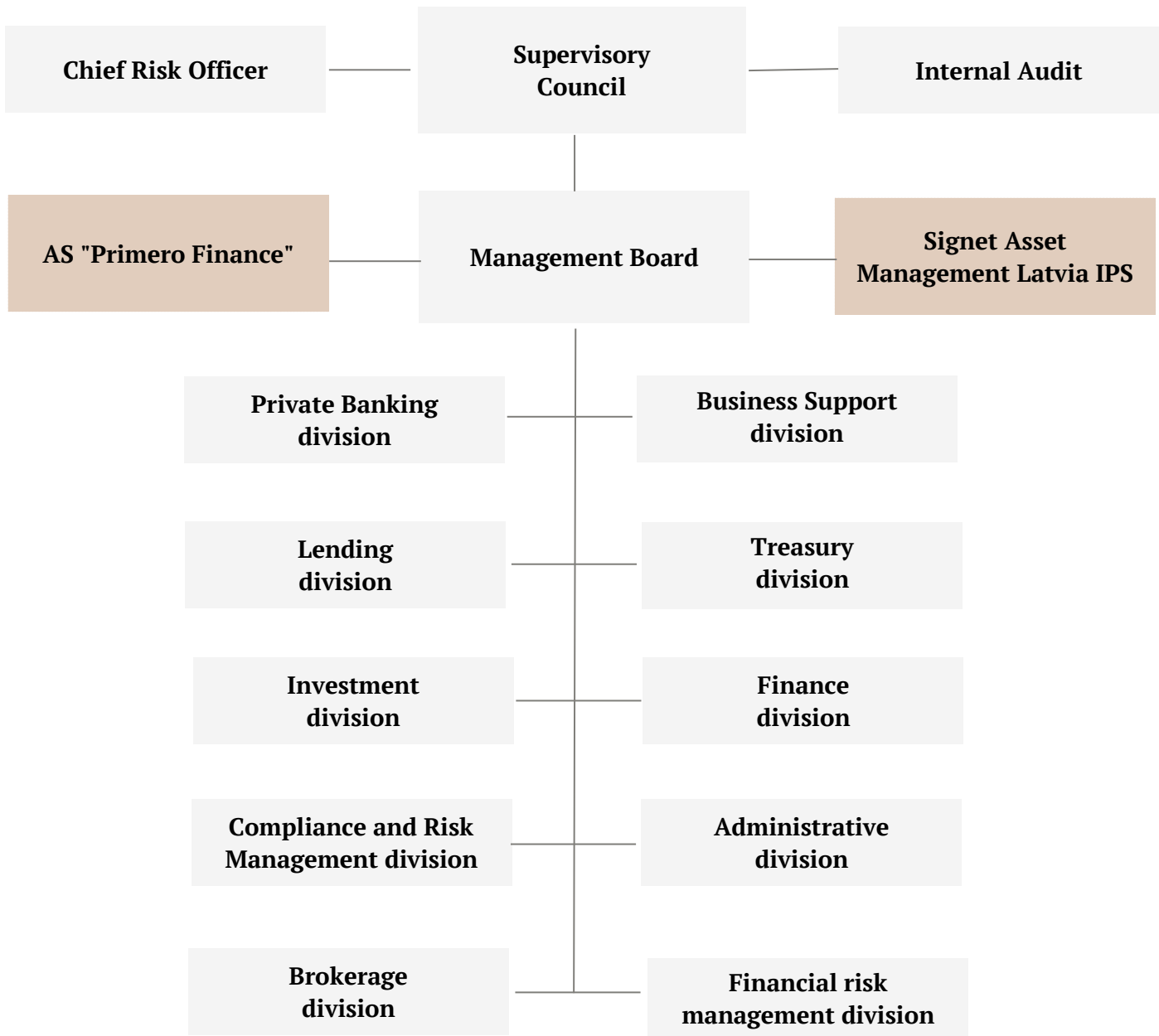
5. Consolidation Group

The Consolidation Group of Signet Bank includes its subsidiaries:

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 IPS, 40103362872	LV, Antonijas Str. 3-1, Riga, LV 1010, Latvia	Asset management company	100 %	100 %
AS "Primero Finance", 40203148375	LV, Skanstes Str. 50, Riga, LV-1013, Latvia	Other financial institution	51 %	51%



6. The Organization Structure of the Group



 - Subsidiary of the Bank



III Financial position and performance

1. Balance sheet Statement of Financial Position as at 31 March 2020 and 31 December 2019

EUR '000

Title of entry	31.03.2020. Bank (Unaudited)	31.03.2020. Group (Unaudited)	31.12.2019. Bank (Audited)*	31.12.2019. Group (Audited)*
Assets				
Cash and demand deposits with central banks	47 327	47 327	40 931	40 931
Demand deposits with credit institutions	15 074	15 238	11 411	11 484
Financial assets designated at fair value through profit or loss	2 699	2 699	1 097	1 097
Financial assets measured at fair value with other comprehensive income	15 613	15 813	20 237	20 442
Financial assets measured at amortized cost	99 116	99 194	107 987	108 084
<i>Loans to financial institutions, companies and private individuals</i>	<i>66 840</i>	<i>66 918</i>	<i>58 004</i>	<i>58 101</i>
<i>Short term deposits with credit institutions</i>	<i>12 561</i>	<i>12 561</i>	<i>20 468</i>	<i>20 468</i>
<i>Other deposits with financial institutions</i>	<i>11 954</i>	<i>11 954</i>	<i>7 095</i>	<i>7 095</i>
<i>Debt securities</i>	<i>7 761</i>	<i>7 761</i>	<i>22 420</i>	<i>22 420</i>
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	3 559	1 875	3 559	1 895
Tangible assets	2 683	2 768	2 763	2 787
Intangible assets	126	128	142	210
Tax assets	11	11	26	26
Other assets	3 627	3 968	1 737	2 038
Non-current assets and disposal groups classified as held for sale	193	203	193	215
Total assets	190 028	189 224	190 083	189 209
Liabilities and shareholders' equity				
Liabilities due to central banks	-	-	-	-
Demand liabilities from credit institutions	-	-	-	-
Financial liabilities designated at fair value through profit or loss	1 702	1 702	549	549
Financial liabilities measured at the amortized cost	162 808	161 136	167 559	166 059
Derivative financial instruments - hedge accounting	-	-	-	-
Change in the fair value of the portfolio hedged against interest rate risk	-	-	-	-
Provisions	-	-	8	8
Tax liabilities	4	15	11	19
Other liabilities	8 386	8 677	5 343	5 503
Liabilities included in disposals groups classified as held for sale	-	-	-	-
Total liabilities	172 900	171 530	173 470	172 138
Total shareholders' equity	17 128	17 694	16 613	17 071
Total liabilities and shareholders' equity	190 028	189 224	190 083	189 209
Memorandum items	5 613	5 613	4 318	4 318
Contingent liabilities	26	26	26	26
Financial commitments	5 587	5 587	4 292	4 292
Assets under management and in custody	864 687	916 371	872 279	926 592

*Auditor: SIA "BDO Assurance"



2. Statement of profit or loss and other comprehensive income for the 3 Month Period, ended March 31, 2020 and 2019

EUR '000

Title of entry	31.03.2020. Bank (Unaudited)	31.03.2020. Group (Unaudited)	31.03.2019. Bank (Unaudited)	31.03.2019. Group (Unaudited)
Interest income	1 423	1 656	1 276	1 276
Interest expense (-)	(364)	(361)	(397)	(394)
Dividends received	2	2	162	162
Commission and fee income	1 310	1 368	974	1 030
Commission and fee expense (-)	(234)	(250)	(125)	(125)
Gains/ losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (+/-)	5	5	1	1
Gains / losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	(23)	(23)	(157)	(157)
Gains/ losses from hedge accounting, net (+/-)	-	-	-	-
Result from foreign exchange trading and revaluation, net (+/-)	346	357	(52)	(46)
Gains/ losses on derecognition of non-financial assets, net	-	-	-	-
Other operating income	13	27	15	15
Other operating expense (-)	(156)	(158)	(106)	(108)
Administrative expense (-)	(1 525)	(1 691)	(1 393)	(1 422)
Depreciation (-)	(127)	(132)	(131)	(132)
Gains / losses recognized in the contractual cash flows of a financial asset (+/-)	-	-	-	-
Provisions or reversal of provisions (+/-)	-	-	-	-
Impairment or reversal of impairment (+/-)	(82)	(82)	(17)	(17)
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 (+/-)	-	(20)	-	-
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 (+/-)	588	698	50	83
Corporate income tax	(12)	(12)	(11)	(11)
Net profit/(loss) for the period (+/-)	576	686	39	72
Other comprehensive income for the period (+/-)	(61)	(62)	54	54

3. Performance Indicators

Title of entry	31.03.2020. Bank (Unaudited)	31.03.2020. Group (Unaudited)	31.03.2019. Bank (Unaudited)	31.03.2019. Group (Unaudited)
Return on equity (ROE) (%)	13.52%	15.74%	0.97%	1.83%
Return on assets (ROA) (%)	1.15%	1.45%	0.11%	0.21%



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, 2020. The geographical allocation is based on the credit risk of the registration countries of issuers.

EUR '000

Issuer's country	Securities of central Governments	Securities of other issuers	Total	% to the Group's shareholders' equity
USA	8 761	29	8 790	43%
Sweden	7 692	346	8 038	40%
Latvia	503	1 486	1 989	10%
Other countries	1 928	3 610	5 538	X
Total securities portfolio	18 884	5 471	24 355	X

5. Analysis of the Group's expected credit losses

The Group's projections of the amount of credit losses as at 31 March 2020 by stages in accordance with International Financial Reporting Standard 9 "Financial Instruments".

EUR '000

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	-	-	-	-
Financial assets at amortised cost:	(244)	(12)	(415)	(671)
<i>Loans and advances</i>	(239)	(12)	(415)	(666)
<i>Debt securities</i>	(5)	-	-	(5)
Accumulated impairment, total	(244)	(12)	(415)	(671)

IV Risk and Capital Management

1. Risk Management

Information about Risk Management is available at Signet Bank AS corporate website links <https://www.signetbank.com/lv/finansu-parskati-2018/>.

Liquidity Ratio Calculation

EUR '000

Title of entry	31.03.2020. Bank (Unaudited)	31.03.2020. Group (Unaudited)
Liquidity buffer	64 619	64 619
Net liquidity outflow	34 325	30 048
Liquidity coverage ratio (%)	188.26%	215.05%



2. Capital Adequacy

Information about Capital Management is available at Signet Bank AS corporate website <https://www.signetbank.com/lv/finansu-parskati-2018/>.

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

Nº	Title of entry	31.03.2020. Bank (Unaudited)	31.03.2020. Group (Unaudited)
1.	Own funds (1.1.+1.2.)*	19 981	20 218
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	15 845	16 082
1.1.1.	Common Equity Tier (CET) 1 capital	15 845	16 082
1.1.2.	Additional Tier 1 capital	-	-
1.2.	Tier 2 capital	4 136	4 136
2.	Total Risk exposure value	102 542	102 695
2.1.	Risk weighted exposure value for credit, counterparty credit and dilution risk and free deliveries	87 603	86 711
2.2.	Total risk exposure value for settlements/delivery	-	-
2.3.	Total risk exposure value for position risk, foreign exchange and commodity risks	201	647
2.4.	Total risk exposure value for operational risk	13 982	14 581
2.5.	Total risk exposure value for credit valuation adjustment	756	756
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)	15.45%	15.66%
3.2.	Surplus (+) / deficit (-) of CET 1 capital (1.1.1.-2.*4.5%)	11 231	11 461
3.3.	Tier 1 capital ratio (1.1./2.*100)	15.45%	15.66%
3.4.	Surplus (+) / deficit (-) of Tier 1 capital (1.1.-2.*6%)	9 692	9 920
3.5.	Total capital ratio (1./2.*100)	19.49%	19.69%
3.6.	Surplus (+) / deficit (-) of total capital (1.-2.*8%)	11 778	12 002
4.	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	2 596	2 598
4.1.	Capital conservation buffer	2 564	2 567
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	32	31
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.	15.45%	15.66%
5.3.	Tier 1 capital ratio, including adjustments in row 5.1.	15.45%	15.66%
5.4.	Total capital ratio, including adjustments in row 5.1.	19.49%	19.69%

* 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.



PRIVATE
BANK

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