

Signet Bank AS

Public Financial Report

1st quarter 2023





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I Management report

The first quarter of 2023 was another successful milestone in the Group's development.

The Group continued to provide its clients with financing through loans and bond issues. During the 1st quarter, new loans were issued in the amount of 20,6 mln EUR, which increased the loan portfolio by 10 % at the end of the quarter compared to December 31, 2022, reaching 118 mln EUR. Bond issues, in turn, raised 26,6 mln EUR for clients.

For several years now, the most important lines of activity for the Group have been the arrangement of bond issues and initial public offerings (IPOs) for Baltic companies, as well as providing financing to local businesses through loans. The Group will continue to focus on these products also in the future, making a significant contribution to the development of the Latvian capital market.

In addition, the Group continued to increase its capital in the first quarter to ensure further development of the lending direction. In February 2023, the second phase of the AT1 capital instrument issue was carried out, increasing the Group's Tier1 capital by another 2 mln EUR. In total, the Group's Own funds for the 1st quarter of 2023 increased by 11 % and reached 29,1 mln EUR. As a result, despite the increase in the loan portfolio, the Group's capital adequacy ratio increased to 17.74 %, while the liquidity coverage ratio was 147%.

The Group pays significant attention to AML/CTPF compliance, constantly improving internal control mechanisms, taking into account changes in regulation and international practice. We invest in information systems and human resources to maintain the risk management and internal control system at a level consistent with our chosen business model.

We continue with the implementation and integration of sustainability into our daily business operations, in line with our strategic objectives. During the first quarter, our key focus was on enhancing our methodology to better understand our clients' sustainability preferences and profiles. We have also been planning internal initiatives aimed at promoting sustainability culture among our employees, fostering awareness and encouraging sustainable practices throughout the bank, with the objective to mitigate our direct environmental impact.

Despite challenging global environment and geopolitical situation, the Group's management sees many opportunities as structural changes continue in the Latvian banking sector. In addition to lending and arranging bond issuance, the Group has clear growth opportunities in servicing corporate clients and providing investment services.

Robert Idelsons
Chairman of the Management Board

Riga, May 31, 2023



II General Information

1. Shareholders of the Bank

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

The paid-up share capital of the Bank was EUR 11 644 000 as of 31 March 2023 and it consisted of 820 000 registered shares with voting rights. The nominal value of each share is EUR 14.20. All shares of the Bank are dematerialized registered shares.

Shareholder	31 March 2023		
	Number of shares	Paid share capital (EUR)	Share capital ownership %
Signet Acquisition III, LLC	200 900	2 852 780.00	24.50 %
AS RIT GROUP	159 949	2 271 275.80	19.51 %
SIA "Reglink"	130 615	1 854 733.00	15.93 %
Natalija Petkevicha	80 826	1 147 729.20	9.86 %
Solrut Holding Company LLC	79 040	1 122 368.00	9.64 %
Leonid Kaplan	65 600	931 520.00	8.00 %
SIA "Slink"	52 246	741 893.20	6.37 %
ID Family Foundation SIA	42 624	605 260.80	5.20 %
Michael A.L. Balboni	8 200	116 440.00	1.00 %
Total	820 000	11 644 000.00	100.00 %

2. Supervisory Council of the Bank

The Supervisory Council of the Bank as of 31 March 2023 were as follows:

Position	Name, surname
Chairman of the Supervisory Council	Michael A.L. Balboni
Deputy Chairman of the Supervisory Council	Irīna Pīgozne
Member of the Supervisory Council	Thomas Roland Evert Neckmar
Member of the Supervisory Council	Sergejs Medvedevs

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

3. Management Board of the Bank

The Management Board of the Bank as of 31 March 2023 were as follows:

Position	Name, surname
Chairman of the Management Board	Robert 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 Goals of the Group

Mission of the Group

The mission of the Group is to be a financial institution that renders a full range of services to entrepreneurs and their businesses, and which ensures to the shareholders the return on investment that exceeds 10%.

The main goals of the Group:

- to be a leading bank in the Baltic states servicing entrepreneurs and their businesses, with focus on providing investment management, financing and investment banking solutions;
- to ensure stable growth by facilitating long-term relationship with clients and creating a base of loyal clients;
- to increase business volumes through expanding existing business as well as developing new business opportunities;
- to ensure sustainable governance and development of the Group.



5. Consolidation Group

During the reporting period there were no changes in the consolidation Group.

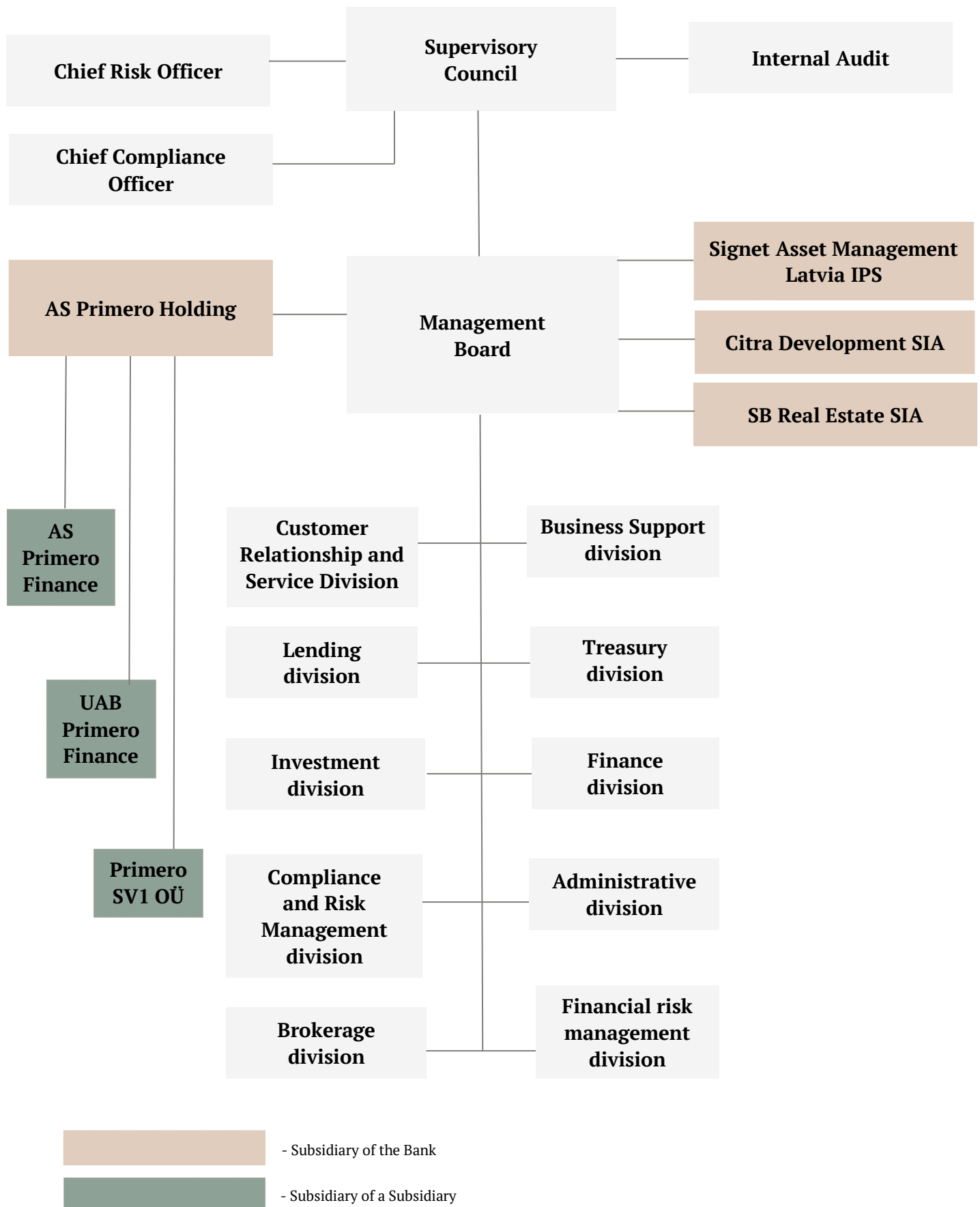
The Consolidation Group of Signet Bank includes:

Name of company, Registration number	Registration location code and address	Type of activities	Basis for inclusion in the Group	% 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	Subsidiary company	100 %	100 %
AS Primero Holding, 40203314794	LV, Antonijas Str. 3, Riga, LV-1010, Latvia	Other financial institution	Subsidiary company	51 %	51%
AS Primero Finance, 40203148375	LV, Antonijas Str. 3, Riga, LV-1010, Latvia	Other financial institution	Subsidiary of the subsidiary company	100 % *	100 % *
UAB Primero Finance, 305600347	LT, Perkūnkiemio Str. 6-1, Vilnius, LT-12130, Lithuania	Other financial institution	Subsidiary of the subsidiary company	100 % *	100 % *
Primero SV1 OÜ, 12085251	EE, Harju maakond, Tallinn, Kesklinna linnaosa, Narva mnt 5, 10117, Estonia	Other financial institution	Subsidiary of the subsidiary company	100 % *	100 % *
Citra Development SIA, 45403058722	LV, Antonijas Str. 3-5, Riga, LV-1010, Latvia	Real estate rental and management	Subsidiary company	100 %	100 %
SB Real Estate SIA, 40203468124	LV, Antonijas iela 3-5, Riga, LV-1010, Latvija	Management of subsidiaries	Subsidiary company	100 %	100 %

*Direct shareholding of the Bank 51%.



6. Structure of the Group





III Financial position and performance

1. Statement of Financial Position as at 31 March 2023 and 31 December 2022

EUR '000

Title of entry	31 Dec 2023 Bank (Unaudited)	31 Dec 2023 Group (Unaudited)	31 Dec 2022 Bank (Audited)*	31 Dec 2022 Group (Audited)*
Cash and demand deposits with central banks	8 039	8 039	2 988	2 988
Demand deposits with credit institutions	3 526	3 529	8 065	8 068
Financial assets designated at fair value through profit or loss	13 010	13 010	11 657	11 657
Financial assets measured at fair value through other comprehensive income	16 493	16 493	18 080	18 080
Financial assets measured at amortized cost	332 763	335 041	340 680	342 834
<i>Loans to financial institutions, companies and private individuals</i>	115 770	118 048	105 442	107 596
<i>Short term deposits with central bank</i>	51 868	51 868	77 709	77 709
<i>Short term deposits with credit institutions</i>	5 824	5 824	10 738	10 738
<i>Other deposits with financial institutions</i>	3 665	3 665	3 371	3 371
<i>Debt securities</i>	155 636	155 636	143 420	143 420
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	3 452	1 827	3 442	1 829
Tangible assets	1 959	2 123	2 059	2 218
Intangible assets	1 011	1 033	1 028	1 055
Tax assets	25	36	-	5
Other assets	28 697	29 026	2 530	3 227
Non-current assets and disposal groups classified as held for sale	3 777	3 886	3 778	3 845
Total assets	412 752	414 043	394 307	395 806
Liabilities due to central banks	3 855	3 855	3 859	3 859
Demand liabilities from credit institutions	93	93	183	183
Financial liabilities designated at fair value through profit or loss	92	92	278	278
Financial liabilities measured at the amortized cost	345 196	343 899	364 035	362 732
Derivative financial instruments - hedge accounting	-	-	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-
Provisions	29	29	47	47
Tax liabilities	9	38	10	41
Other liabilities	40 840	42 289	4 234	5 832
Liabilities included in disposals groups classified as held for sale	-	-	-	-
Total liabilities	390 114	390 295	372 644	372 972
Total Equity Attributable to shareholders	22 638	23 323	21 663	22 546
Non-controlling Interest	-	425	-	288
Total Shareholders' Equity	22 638	23 748	21 663	22 834
Total liabilities and shareholders' equity	412 752	414 043	394 307	395 806
Memorandum items	11 940	11 940	18 063	18 063
Contingent liabilities	1 637	1 637	1 595	1 595
Financial commitments	10 303	10 303	16 468	16 468
Assets under management and in custody	626 174	706 100	604 924	680 097

*Auditor: SIA "BDO Assurance"

Explanation of changes in the Group's audited annual report 2022

Comparing the Group's 4th quarter, 2022 public report unaudited balance sheet data as of 31.12.2022. with the audited annual report of Year 2022 balance sheet data, there were differences of more than five percent in the item "Other assets" and item "Other liabilities", each of them in the amount of 348 thousand EUR. The classification of balance sheet items of a subsidiary as of December 31, 2022 has been clarified.



2. Statement of profit or loss and other comprehensive income for the 3 Month Period, ended March 31, 2023 and 2022

EUR '000

Title of entry	31 Mar 2023 Signet Bank AS Reg. No: 40003043232 Bank (Unaudited)	31 Mar 2023 Signet Bank AS Reg. No: 40003043232 Group * (Unaudited)	31 Mar 2022 AS Expobank Reg. No: 40003043232 Bank (Unaudited)
Interest income	3 407	3 784	363
Interest expense (-)	(509)	(526)	(90)
Dividends received	2	2	4
Commission and fee income	1 888	1 956	131
Commission and fee expense (-)	(743)	(744)	(34)
Gains/ losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (+/-)	2	2	(471)
Gains / losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	199	199	(218)
Gains/ losses from hedge accounting, net (+/-)	-	-	-
Result from foreign exchange trading and revaluation, net (+/-)	20	20	(2)
Gains/ losses on derecognition of non-financial assets, net	-	-	-
Other operating income	10	253	10
Other operating expense (-)	(280)	(553)	(190)
Administrative expense (-)	(2 441)	(2 830)	(906)
Depreciation (-)	(188)	(193)	(86)
Gains / losses recognized as a result of changes in the contractual cash flows of a financial asset (+/-)	-	-	-
Provisions or reversal of provisions (+/-)	(10)	(10)	(17)
Impairment or reversal of impairment (+/-)	(425)	(484)	675
Profit from acquisition of subsidiary	-	-	-
Share of the profit/ loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method (+/-)	-	(1)	-
Gains/ loss from from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/-)	-	-	-
Profit/(loss) before corporate income tax (+/-)	932	875	(831)
Corporate income tax	(13)	(15)	-
Net profit/(loss) for the period (+/-)	919	860	(831)
Other comprehensive income for the period (+/-)	55	55	(892)

* The Group did not exist as at 31 March 2022

Considering that on July 11, 2022, Signet Bank AS (reg. No. 40003076407) and AS Expobank (reg. No. 40003043232) were merged into one credit institution - Signet Bank AS (reg. No. 40003043232), provided information as of 31.03.2022 is an individual performance of AS Expobank (Reg. No. 40003043232) before merge.



3. Performance Indicators

Title of entry	31 Mar 2023 Signet Bank AS Reg. No: 40003043232 Bank (Unaudited)	31 Mar 2023 Signet Bank AS Reg. No: 40003043232 Group (Unaudited)	31 Mar 2022 AS Expobank Reg. No: 40003043232 Bank (Unaudited)
Return on equity (ROE) (%)	16.37 %	16.17 %	(10.32) %
Return on assets (ROA) (%)	0.89 %	0.91 %	(4.83) %

*Auditor: PricewaterhouseCoopers SIA

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, 2023. 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	45 980	-	45 980	158 %
Latvia	29 439	8 751	38 190	131 %
Lithuania	17 659	1 242	18 901	65 %
Germany	16 191	1 985	18 176	62 %
France	16 281	1 849	18 130	62 %
Netherlands	-	7 108	7 108	24 %
Estonia	-	6 107	6 107	21 %
Belgium	5 213	15	5 228	18 %
Ireland	4 095	-	4 095	14 %
Austria	3 943	-	3 943	14 %
Malta	-	3 081	3 081	11 %
Spain	2 943	-	2 943	10 %
Other countries	12 895	144	13 039	X
Total securities portfolio	154 639	30 282	184 921	X

5. Analysis of the Group's expected credit losses

The amount of expected credit losses of the Group on 31 March 2023, the accumulated impairment amount in stages and accumulated changes in fair value in accordance with the International Financial Reporting Standard (IFRS) 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)	
Financial assets at amortised cost:	(1 151)	(278)	(714)	(2 143)
<i>Loans and advances</i>	(657)	(278)	(714)	(1 649)
<i>Debt securities</i>	(494)	-	-	(494)
Expected credit losses, total	(1 151)	(278)	(714)	(2 143)



IV Risk and Capital Management

1. Risk Management

Information about risk management is available at the Bank's website <https://www.signetbank.com/en/about-us/signet-bank-financial-information/>.

Liquidity Ratio Calculation

EUR '000

Title of entry	31 Mar 2023 Bank (Unaudited)	31 Mar 2023 Group (Unaudited)
Liquidity buffer	213 546	213 546
Net liquidity outflow	145 625	145 360
Liquidity coverage ratio (%)	147 %	147 %



2. Capital Adequacy

Information about capital management is available at the Bank's website <https://www.signetbank.com/en/about-us/signet-bank-financial-information/>.

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 Mar 2023 Bank (Unaudited)	31 Mar 2023 Group (Unaudited)
1.	Own funds (1.1.+1.2.)*	28 253	29 114
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	24 545	25 406
1.1.1.	Common Equity Tier (CET) 1 capital	20 545	21 406
1.1.2.	Additional Tier 1 capital	4 000	4 000
1.2.	Tier 2 capital	3 708	3 708
2.	Total Risk exposure value	160 751	164 122
2.1.	Risk weighted exposure value for credit, counterparty credit and dilution risk and free deliveries	133 913	133 282
2.2.	Total risk exposure value for settlements/delivery	-	-
2.3.	Total risk exposure value for position risk, foreign exchange and commodity risks	201	201
2.4.	Total risk exposure value for operational risk	26 563	30 565
2.5.	Total risk exposure value for credit valuation adjustment	74	74
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)	12.78 %	13.04 %
3.2.	Surplus (+) / deficit (-) of CET 1 capital (1.1.1.-2.*4.5%)	13 311	14 021
3.3.	Tier 1 capital ratio (1.1./2.*100)	15.27 %	15.48 %
3.4.	Surplus (+) / deficit (-) of Tier 1 capital (1.1.-2.*6%)	14 900	15 559
3.5.	Total capital ratio (1./2.*100)	17.58 %	17.74 %
3.6.	Surplus (+) / deficit (-) of total capital (1.-2.*8%)	15 393	15 984
4.	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	4 058	4 143
4.1.	Capital conservation buffer	4 019	4 103
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	39	40
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.	12.78 %	13.04 %
5.3.	Tier 1 capital ratio, including adjustments in row 5.1.	15.27 %	15.48 %
5.4.	Total capital ratio, including adjustments in row 5.1.	17.58 %	17.74 %

* 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. The Bank chooses not to apply the temporary regime provided for in Article 468 of the Regulation (EU) No 575/2013.



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