

Signet Bank AS

Public Financial Report

2nd quarter 2023



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I Management report

The second 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 2nd quarter, new loans were issued in the amount of 23 mln EUR, resulting in increase of loan portfolio by 14% at the end of the quarter compared to December 31, 2022, reaching 123 mln EUR.

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.

During Q2 2023 the Bank has arranged bond placements with total value of 42 mln EUR. We see strong pipeline of new transactions going into Q3 and Q4.

During Q2 we launched an important social project – Capital Markets Academy, which is aimed at filling knowledge gap of local entrepreneurs about capital markets and opportunities it provides. We believe that opportunities provided by local capital market are not fully appreciated by local ambitious entrepreneurs, and there is vast potential and synergies in providing such entrepreneurs more understanding about capital markets. Capital Markets Academy is a full-day event covering all aspects of local capital markets and opportunities it provides, supplemented with case-studies of local companies who already tapped these opportunities. As a social project, participating in Capital Markets Academy is free of charge and does not entail any obligations on participants.

In addition to new initiatives related to improving financial literacy of entrepreneurs, we continued to support projects related to improving investors financial literacy – most importantly supporting Investoru Klubs project which is gaining recognition.

During the first quarter of 2023, the Bank organised its first brand recognition campaign. The aim was to make the Bank more recognizable among our target clients – local entrepreneurs, as well as to attract new clients interested in arranging corporate loans or bond placements. During marketing campaign several events, projects and other marketing activities were arranged during the first two quarters of the year. Support of concert by "DAGAMBA" band was one of the biggest ones, as was Latvia's largest sailing regatta, "GoRR," and the Davis Cup in tennis.

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.



Continuing to enhance the integration of sustainability considerations into the Group's operations and processes, the Bank has developed its Sustainability strategy, setting sustainability-related goals and tasks for the period 2023-2025. The goals encompass reducing the Bank's direct impact on the environment, promoting the well-being of the Bank's employees and clients, as well as defines tasks that the Bank is committed to accomplishing in order to promote the availability and advancement of sustainable financial solutions.

1H 2023 was successful for the Group in terms of financial results. Net interest income reached 7 mln EUR, net fee income was 3 mln EUR, while profit reached 3 mln EUR. This enabled the Group to further strengthen capital base - the Group's Own funds during 1H 2023 increased by 15 % and reached 30 mln EUR. As a result, despite the increase in the loan portfolio, the Group's capital adequacy ratio was solid 18 %, while the liquidity coverage ratio was 148 %.

Robert Idelsons
Chairman of the Management Board

Riga, August 30, 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 30 June 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	30 June 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 30 June 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 30 June 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 changes in the consolidation Group.

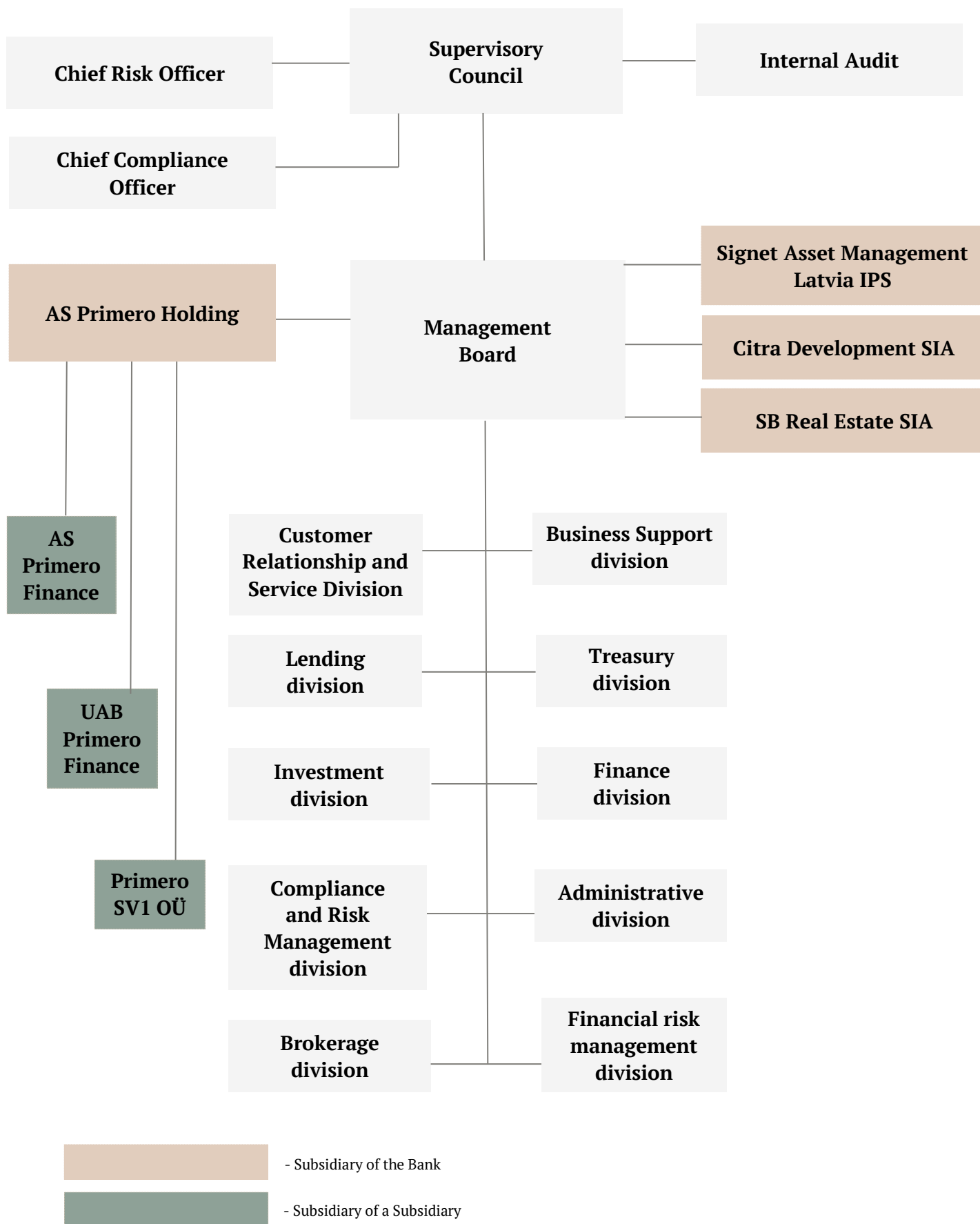
The Consolidation Group of Signet Bank includes:

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 30 June 2023 and 31 December 2022

EUR '000

Title of entry	30 Jun 2023 Bank (Unaudited)	30 Jun 2023 Group (Unaudited)	31 Dec 2022 Bank (Audited)*	31 Dec 2022 Group (Audited)*
Cash and demand deposits with central banks	7 966	7 966	2 988	2 988
Demand deposits with credit institutions	10 078	10 143	8 065	8 068
Financial assets designated at fair value through profit or loss	13 568	13 568	11 657	11 657
Financial assets measured at fair value through other comprehensive income	11 885	11 885	18 080	18 080
Financial assets measured at amortized cost	351 040	352 985	340 680	342 834
<i>Loans to financial institutions, companies and private individuals</i>	<i>121 115</i>	<i>123 059</i>	<i>105 442</i>	<i>107 596</i>
<i>Short term deposits with central bank</i>	<i>75 935</i>	<i>75 935</i>	<i>77 709</i>	<i>77 709</i>
<i>Short term deposits with credit institutions</i>	<i>4 271</i>	<i>4 271</i>	<i>10 738</i>	<i>10 738</i>
<i>Other deposits with financial institutions</i>	<i>2 694</i>	<i>2 695</i>	<i>3 371</i>	<i>3 371</i>
<i>Debt securities</i>	<i>147 025</i>	<i>147 025</i>	<i>143 420</i>	<i>143 420</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	3 758	1 830	3 442	1 829
Tangible assets	1 896	2 070	2 059	2 218
Intangible assets	1 063	1 082	1 028	1 055
Tax assets	18	45	-	5
Other assets	3 194	3 379	2 530	3 227
Non-current assets and disposal groups classified as held for sale	6 102	6 226	3 778	3 845
Total assets	410 568	411 179	394 307	395 806
Liabilities due to central banks	3 907	3 907	3 859	3 859
Demand liabilities from credit institutions	119	119	183	183
Financial liabilities designated at fair value through profit or loss	151	151	278	278
Financial liabilities measured at the amortized cost	361 309	359 231	364 035	362 732
Derivative financial instruments - hedge accounting	-	-	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-
Provisions	31	31	47	47
Tax liabilities	56	88	10	41
Other liabilities	20 288	21 882	4 234	5 832
Liabilities included in disposals groups classified as held for sale	-	-	-	-
Total liabilities	385 861	385 409	372 644	372 972
Total Equity Attributable to shareholders	24 707	25 591	21 663	22 546
Non-controlling Interest	-	179	-	288
Total Shareholders' Equity	24 707	25 770	21 663	22 834
Total liabilities and shareholders' equity	410 568	411 179	394 307	395 806
Memorandum items	21 799	21 799	18 063	18 063
Contingent liabilities	3 837	3 837	1 595	1 595
Financial commitments	17 962	17 962	16 468	16 468
Assets under management and in custody	661 117	742 223	604 924	680 097

* Auditor: SIA "BDO Assurance"



2. Statement of profit or loss and other comprehensive income for the 6 Month Period, ended June 30, 2023 and 2022

EUR '000

Title of entry	30 Jun 2023 Signet Bank AS Reg. No: 40003043232 Bank (Unaudited)	30 Jun 2023 Signet Bank AS Reg. No: 40003043232 Group (Unaudited)	30 Jun 2022 AS Expobank Reg. No: 40003043232 Bank (Unaudited)	30 Jun 2022 Signet Bank AS Reg. No: 40003076407 * Group (Unaudited)
Interest income	7 425	8 233	728	4 128
Interest expense (-)	(1 446)	(1 484)	(172)	(1 003)
Dividends received	7	7	3	-
Commission and fee income	4 948	5 085	277	4 787
Commission and fee expense (-)	(2 165)	(2 167)	(69)	(1 323)
Gains/ losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (+/-)	3	3	(472)	8
Gains / losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	495	495	(218)	(56)
Gains/ losses from hedge accounting, net (+/-)	-	-	-	-
Result from foreign exchange trading and revaluation, net (+/-)	129	129	(11)	211
Gains/ losses on derecognition of non-financial assets, net	-	-	-	-
Other operating income	46	576	22	384
Other operating expense (-)	(469)	(1 324)	(387)	(1 363)
Administrative expense (-)	(5 239)	(6 194)	(1 585)	(5 794)
Depreciation (-)	(389)	(399)	(201)	(487)
Gains / losses recognized as a result of changes in the contractual cash flows of a financial asset (+/-)	-	-	-	-
Provisions or reversal of provisions (+/-)	(12)	(12)	(18)	-
Impairment or reversal of impairment (+/-)	(212)	(249)	537	(482)
Profit from acquisition of subsidiary	-	-	-	3 967
Share of the profit/ loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method (+/-)	-	1	-	(2)
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 (+/-)	3 121	2 700	(1 566)	2 975
Corporate income tax	(25)	(5)	-	(31)
Net profit/(loss) for the period (+/-)	3 096	2 695	(1 566)	2 944
Other comprehensive income for the period (+/-)	(53)	(53)	570	(293)

* As of 30.06.2022, the Group with registration number 40003043232 did not exist

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 30.06.2022 is an individual performance of AS Expobank (Reg. No. 40003043232) and performance of old Signet Bank AS Group (reg. No. 40003076407) before merger.



3. Performance Indicators

Title of entry	30 Jun 2023 Signet Bank AS Reg. No: 40003043232 Bank (Unaudited)	30 Jun 2023 Signet Bank AS Reg. No: 40003043232 Group (Unaudited)	30 Jun 2022 AS Expobank Reg. No: 40003043232 Bank (Unaudited)	30 Jun 2022 Signet Bank AS Reg. No: 40003076407 * Group (Unaudited)
Return on equity (ROE) (%)	26.64 %	26.08 %	(11.67) %	31.13 %
Return on assets (ROA) (%)	1.50 %	1.52 %	(5.40) %	1.45 %

* As of 30.06.2022. the Group with registration number 40003043232 did not exist

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 June 30, 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
Latvia	28 445	8 259	36 704	122 %
USA	36 696	-	36 696	122 %
Lithuania	18 616	1 252	19 868	66 %
France	16 551	2 045	18 596	62 %
Germany	10 033	1 955	11 988	40 %
Finland	7 840	-	7 840	26 %
Estonia	1 934	5 567	7 501	25 %
Netherlands	-	5 953	5 953	20 %
Belgium	5 091	15	5 106	17 %
Ireland	4 105	-	4 105	14 %
Austria	3 953	-	3 953	13 %
Poland	3 574	-	3 574	12 %
Malta	-	3 489	3 489	12 %
Other countries	6 205	687	6 892	X
Total securities portfolio	143 043	29 222	172 265	X

5. Analysis of the Group's expected credit losses

The amount of expected credit losses of the Group on 30 June 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:	(876)	(363)	(710)	(1 949)
Loans and advances	(661)	(363)	(710)	(1 734)
Debt securities	(215)	-	-	(215)
Expected credit losses, total	(876)	(363)	(710)	(1 949)



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	30 Jun 2023 Bank (Unaudited)	30 Jun 2023 Group (Unaudited)
Liquidity buffer	225 148	225 148
Net liquidity outflow	153 436	152 113
Liquidity coverage ratio (%)	147 %	148 %



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	30 Jun 2023 Bank (Unaudited)	30 Jun 2023 Group (Unaudited)
1.	Own funds (1.1.+1.2.)*	29 271	30 136
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	24 517	25 382
1.1.1.	Common Equity Tier (CET) 1 capital	20 517	21 382
1.1.2.	Additional Tier 1 capital	4 000	4 000
1.2.	Tier 2 capital	4 754	4 754
2.	Total Risk exposure value	165 836	168 159
2.1.	Risk weighted exposure value for credit, counterparty credit and dilution risk and free deliveries	138 527	136 848
2.2.	Total risk exposure value for settlements/delivery	-	-
2.3.	Total risk exposure value for position risk, foreign exchange and commodity risks	407	407
2.4.	Total risk exposure value for operational risk	26 563	30 565
2.5.	Total risk exposure value for credit valuation adjustment	339	339
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)	12.37 %	12.72 %
3.2.	Surplus (+) / deficit (-) of CET 1 capital (1.1.1.-2.*4.5%)	13 054	13 815
3.3.	Tier 1 capital ratio (1.1./2.*100)	14.78 %	15.09 %
3.4.	Surplus (+) / deficit (-) of Tier 1 capital (1.1.-2.*6%)	14 567	15 292
3.5.	Total capital ratio (1./2.*100)	17.65 %	17.92 %
3.6.	Surplus (+) / deficit (-) of total capital (1.-2.*8%)	16 004	16 683
4.	Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	4 209	4 269
4.1.	Capital conservation buffer	4 146	4 204
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	63	65
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.	12.37 %	12.72 %
5.3.	Tier 1 capital ratio, including adjustments in row 5.1.	14.78 %	15.09 %
5.4.	Total capital ratio, including adjustments in row 5.1.	17.65 %	17.92 %

* 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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