Signet Bank AS
Public Financial Report

3rd quarter 2023

SIGNET
BANK

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I Management report

Q3 2023 was another successful phase in the Group's development. The Group continued to provide financing to its customers in the form of loans and bond issues, with new loans of EUR 17 million issued in Q3. As a result, the loan portfolio increased by 17% at the end of the quarter compared to the end of 2022, reaching EUR 126 million. Bond issues during 2023 raised EUR 92.7 million for our customers bringing total volume of financing arranged by the Group to our clients to almost EUR 110 million.

The arrangement of bond placements and initial public offerings (IPOs) for Baltic companies, as well as the provision of financing to local companies in the form of loans, have been key activities of the Group for several years. The Group will continue focusing on these products, making an important contribution to the development of the Latvian capital market and improving access to finance for local businesses.

Despite the growth of the loan portfolio, the Group's capital adequacy ratio remained stable at a high level - at the end of Q3 it stood at 17.92%, while the liquidity coverage ratio was 147%. At the end of Q3, the Group's Tier 1 capital stood at EUR 25.3 million - 8% increase compared to the end of 2022. The Group will continue strengthening its capital, both through profit capitalisation and through additional capital injections by shareholders.

As the 28th United Nations Climate Change Conference (COP 28) approaches, several UN reports on GHG emissions reduction progress attracted attention in sustainability news headlines, indicating that actual results lag behind the planned targets, thus jeopardizing the achievement of the set climate goals. As a result, a growing pressure on nations and sectors to adopt more tangible actions for advancing climate goals can be anticipated. Within the framework of the Group's sustainability strategy, which aims to promote the availability of financial solutions for sustainable development, the Group has started cooperation with the European Energy Efficiency Fund (eeef) for financing of energy-efficient projects in Latvia. Collaboration with eeef will enable the Group to both enhance its financing offerings for local businesses and strengthen its expertise in sustainable project development, as well as promote solutions for climate change mitigation.

In recent months, the government has been increasingly discussing bank "excess" profit and how it can be redirected away from banks and towards various social needs. Two new laws are currently under discussion that will affect the Group:

(i) The introduction of an advance payment of corporate income tax ("CIT") equal to 20% of the previous year's profit - the advance payment of CIT will reduce the Group's profits by 20%, thereby reducing the Group's capital growth rate and, consequently, the growth rate of the Group's loan portfolio, which will negatively affect the Group's ability to provide additional financing to Latvian entrepreneurs;

(ii) New levy to be directed to support eligible mortgage borrowers - the impact on the Group's business is minimal as the Group's mortgage portfolio is currently insignificant.

Despite the globally challenging environment and now, quite unexpectedly, the local environment and geopolitical situation, the Group's management sees many growth opportunities in the Latvian market. The Group will continue to grow its business, strengthen its capital and make a significant contribution to the development of the Latvian capital market.

Robert Idelsons
Chairman of the Management Board

Riga, November 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 September 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 September 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 September 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 September 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	Arnis Praudiņš

There were 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.

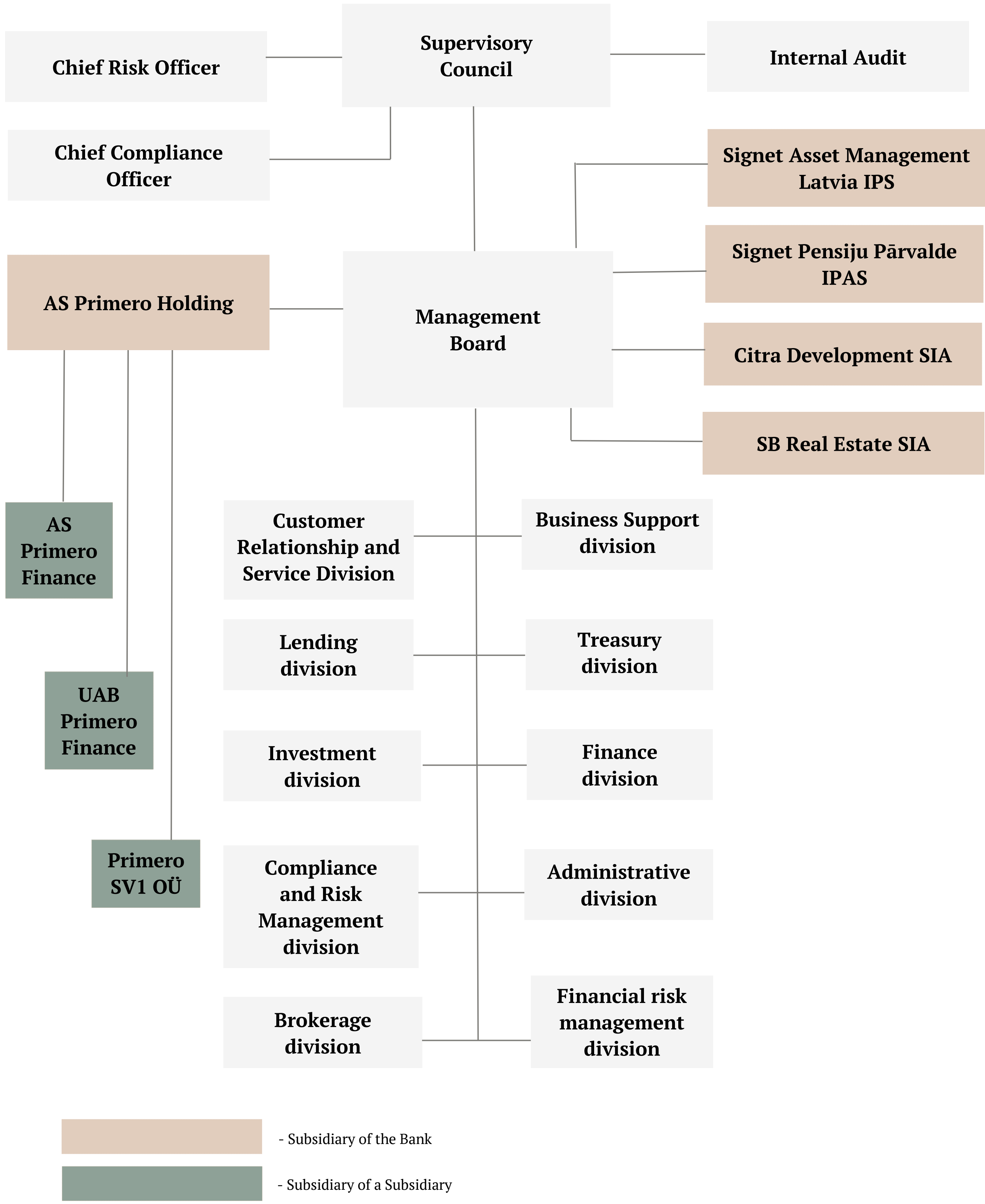
5. Consolidation Group

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 Str. 3-5, Riga, LV-1010, Latvia	Management of subsidiaries	Subsidiary company	100 %	100 %
Signet Pensiju Pārvalde IPAS, 40003814724	LV, Antonijas Str. 3-7, Riga, LV-1010, Latvia	Asset management company	Subsidiary company	90 %	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 September 2023 and 31 December 2022

EUR '000

Title of entry	30 Sep 2023 Bank (Unaudited)	30 Sep 2023 Group (Unaudited)	31 Dec 2022 Bank (Audited)*	31 Dec 2022 Group (Audited)*
Cash and demand deposits with central banks	8 070	8 070	2 988	2 988
Demand deposits with credit institutions	9 836	9 958	8 065	8 068
Financial assets designated at fair value through profit or loss	13 500	13 500	11 657	11 657
Financial assets measured at fair value through other comprehensive income	7 092	7 092	18 080	18 080
Financial assets measured at amortized cost	327 845	330 323	340 680	342 834
Loans to financial institutions, companies and private individuals	*123 338*	*125 816*	*105 442*	*107 596*
Short term deposits with central bank	*50 580*	*50 580*	*77 709*	*77 709*
Short term deposits with credit institutions	*4 461*	*4 461*	*10 738*	*10 738*
Other deposits with financial institutions	*1 594*	*1 594*	*3 371*	*3 371*
Debt securities	*147 872*	*147 872*	*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	5 118	1 827	3 442	1 829
Tangible assets	1 867	2 071	2 059	2 218
Intangible assets	1 057	1 162	1 028	1 055
Tax assets	17	67	-	5
Other assets	8 647	9 273	2 530	3 227
Non-current assets and disposal groups classified as held for sale	2 324	2 475	3 778	3 845
Total assets	**385 373**	**385 818**	**394 307**	**395 806**
Liabilities due to central banks	3 854	3 854	3 859	3 859
Demand liabilities from credit institutions	94	94	183	183
Financial liabilities designated at fair value through profit or loss	276	276	278	278
Financial liabilities measured at the amortized cost	335 044	332 442	364 033	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	16	69	10	41
Other liabilities	20 103	21 668	4 234	5 832
Liabilities included in disposals groups classified as held for sale	-	-	-	-
Total liabilities	**359 418**	**358 434**	**372 644**	**372 972**
Total Equity Attributable to shareholders	**25 955**	**27 003**	**21 663**	**22 546**
Non-controlling Interest	-	381	-	288
Total Shareholders' Equity	**25 955**	**27 384**	**21 663**	**22 834**
Total liabilities and shareholders' equity	**385 373**	**385 818**	**394 307**	**395 806**
Memorandum items	**11 109**	**11 109**	**18 063**	**18 063**
Contingent liabilities	3 723	3 723	1 595	1 595
Financial commitments	7 386	7 386	16 468	16 468
Assets under management and in custody	**672 673**	**852 220**	**604 924**	**680 097**

*Auditor: SIA "BDO Assurance"

2. Statement of profit or loss and other comprehensive income for the 9 Month Period, ended September 30, 2023 and 2022

EUR '000

Title of entry	30 Sep 2023 Bank (Unaudited)	30 Sep 2023 Group (Unaudited)	30 Sep 2022 Bank * (Unaudited)	30 Sep 2022 Group * (Unaudited)
Interest income	11 826	13 132	2 522	2 443
Interest expense (-)	(2 446)	(2 496)	(362)	(405)
Dividends received	10	10	4	4
Commission and fee income	7 156	7 693	2 970	3 027
Commission and fee expense (-)	(2 861)	(2 870)	(720)	(720)
Gains/ losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (+/-)	1	1	(471)	(471)
Gains / losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	874	874	(256)	(256)
Gains/ losses from hedge accounting, net (+/-)	-	-	-	-
Result from foreign exchange trading and revaluation, net (+/-)	149	150	58	59
Gains/ losses on derecognition of non-financial assets, net	-	-	-	-
Other operating income	91	373	70	734
Other operating expense (-)	(921)	(1 058)	(670)	(692)
Administrative expense (-)	(7 807)	(9 540)	(3 866)	(4 258)
Depreciation (-)	(612)	(630)	(407)	(412)
Gains / losses recognized as a result of changes in the contractual cash flows of a financial asset (+/-)	-	-	-	-
Provisions or reversal of provisions (+/-)	(550)	(550)	-	-
Impairment or reversal of impairment (+/-)	(563)	(1 302)	(18)	171
Profit from acquisition of subsidiary	-	-	-	-
Share of the profit/ loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method (+/-)	-	(2)	-	(1)
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 (+/-)	**4 347**	**3 785**	**(1 146)**	**(777)**
Corporate income tax	(28)	9	(5)	(7)
Net profit/(loss) for the period (+/-)	**4 319**	**3 794**	**(1 151)**	**(784)**
Other comprehensive income for the period (+/-)	(28)	(28)	160	160

* Considering that on July 11, 2022, Signet Bank AS (reg. No. 40003076407) and AS Expobank (reg. No. 40003043232) merged into one credit institution - Signet Bank AS (reg. No. 40003043232), the information referring to the date 30.09.2022 is presented by combining the performance indicators of AS Expobank (reg. No. 40003043232) until July 10, 2022 and the performance indicators of Signet Bank AS (reg. No. 40003043232) starting from July 11, 2022.

3. Performance Indicators

Title of entry	30 Sep 2023 Bank (Unaudited)	30 Sep 2023 Group (Unaudited)	30 Sep 2022 Bank (Unaudited)	30 Sep 2022 Group (Unaudited)
Return on equity (ROE) (%)	23.97 %	24.25 %	(8.40) %	(5.16) %
Return on assets (ROA) (%)	1.41 %	1.49 %	(0.39) %	(0.24) %

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 of September 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	29 368	8 567	37 935	127%
USA	31 326	-	31 326	105%
France	16 714	2 062	18 776	63%
Lithuania	16 886	865	17 751	60%
Germany	12 009	1 954	13 963	47%
Finland	9 859	-	9 859	33%
Estonia	1 954	4 575	6 529	22%
Netherlands	-	6 096	6 096	20%
Belgium	5 101	15	5 116	17%
Ireland	4 117	-	4 117	14%
Austria	3 964	-	3 964	13%
Malta	-	3 560	3 560	12%
Poland	3 040	-	3 040	10%
Other countries	5 725	612	6 337	X
Total securities portfolio	**140 063**	**28 306**	**168 369**	**X**

5. Analysis of the Group's expected credit losses

The amount of expected credit losses of the Group on 30 September 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:	(933)	(460)	(961)	(2 354)
Loans and advances	*(731)*	*(460)*	*(961)*	*(2 152)*
Debt securities	*(202)*	-	-	*(202)*
Expected credit losses, total	**(933)**	**(460)**	**(961)**	**(2 354)**

IV Risk and Capital Management

1. Risk Management

Information about risk management is available at the Bank's website https://signetbank.com/par-mums/signet-bank-finansu-informacija/.

Liquidity Ratio Calculation

EUR '000

Title of entry	30 Sep 2023 Bank (Unaudited)	30 Sep 2023 Group (Unaudited)
Liquidity buffer	197 111	197 111
Net liquidity outflow	145 479	143 959
Liquidity coverage ratio (%)	**135 %**	**137 %**

2. Capital Adequacy

Information about capital management is available at the Bank's website https://www.signetbank.com/par-mums/signet-bank-finansu-informacija/.

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.

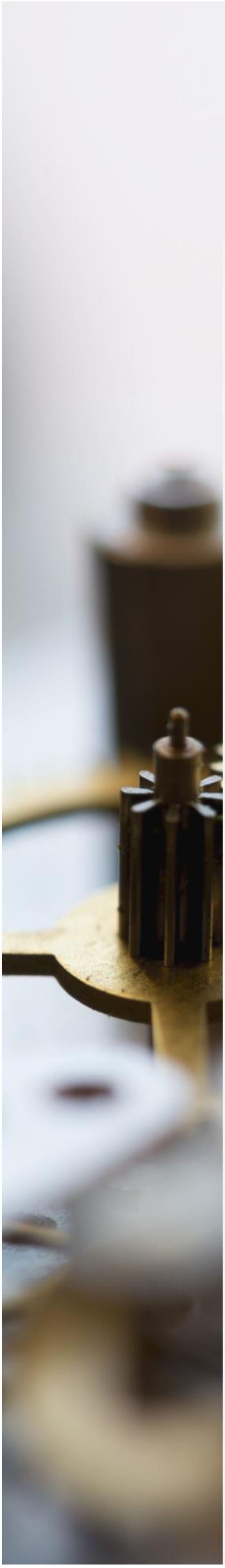
Own funds and capital adequacy ratios summary

EUR '000

№	Title of entry	30 Sep 2023 Bank (Unaudited)	30 Sep 2023 Group (Unaudited)
1.	**Own funds** (1.1.+1.2.)*	**28 977**	**29 758**
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	24 476	25 257
1.1.1.	*Common Equity Tier (CET) 1 capital*	*20 476*	*21 257*
1.1.2.	*Additional Tier 1 capital*	*4 000*	*4 000*
1.2.	Tier 2 capital	4 501	4 501
2.	**Total Risk exposure value**	**164 204**	**166 060**
2.1.	Risk weighted exposure value for credit, counterparty credit and dilution risk and free deliveries	137 254	135 070
2.2.	Total risk exposure value for settlements/delivery	-	-
2.3.	Total risk exposure value for position risk, foreign exchange and commodity risks	87	125
2.4.	Total risk exposure value for operational risk	26 563	30 565
2.5.	Total risk exposure value for credit valuation adjustment	300	300
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)	12.47 %	12.80 %
3.2.	Surplus (+) / deficit (–) of CET 1 capital (1.1.1.-2.*4.5%)	13 087	13 784
3.3.	Tier 1 capital ratio (1.1./2.*100)	14.91 %	15.21 %
3.4.	Surplus (+) / deficit (–) of Tier 1 capital (1.1.-2.*6%)	14 624	15 293
3.5.	Total capital ratio (1./2.*100)	17.65 %	17.92 %
3.6.	Surplus (+) / deficit (–) of total capital (1.-2.*8%)	15 841	16 473
4.	**Combined buffer requirement** (4.1.+4.2.+4.3.+4.4.+4.5.)	**4 158**	**4 206**
4.1.	Capital conservation buffer	4 105	4 151
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	53	55
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.	**12.47 %**	**12.80 %**
5.3.	Tier 1 capital ratio, including adjustments in row 5.1.	**14.91 %**	**15.21 %**
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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