



# Signet Bank AS

## Public Financial Report

3rd quarter 2021



## Table of contents

<b>I Management report .....</b>	<b>3</b>
<b>II General Information .....</b>	<b>4</b>
1. Shareholders of the Bank.....	4
2. Supervisory Council of the Bank.....	4
3. Management Board of the Bank.....	4
4. Strategy and Vision of the Group .....	5
5. Consolidation Group .....	5
6. Structure of the Group .....	6
<b>III Financial position and performance .....</b>	<b>7</b>
1. Balance sheet Statement of Financial Position as at 30 September 2021 and 31 December 2020.....	7
2. Statement of profit or loss and other comprehensive income for the 9 Month Period, ended September 30, 2021 and 2020 .....	8
3. Performance Indicators.....	8
4. Analysis of Concentration of the Group's Securities Portfolio .....	9
5. Analysis of the Group's expected credit losses.....	9
<b>IV Risk and Capital Management .....</b>	<b>9</b>
1. Risk Management.....	9
2. Capital Adequacy.....	10



## I Management report

In the first 9 months of 2021, the Group continued to successfully develop its business model, focusing on servicing local businesses. This period was particularly active in providing financing to our clients – the amount of financing arranged through loans and bond issues exceeded EUR 100 million. The most important drivers behind our growth are bond issues, arranging financing from the bank's own balance sheet, as well as syndicated transactions with our clients and partners. We also remain committed to supporting local businesses with new financing solutions in the future.

The bond market in Latvia is developing dynamically, and we are pleased that the Group has become a clear leader in this market segment in Latvia and also an important player in the Baltics. The Group also continues to help clients invest in capital markets, predominantly in fixed income instruments.

The Group has had a successful first 9 months of 2021 in terms of financial performance. Net fee income increased by 52% compared to the first 9 months of 2020, while net interest income increased by 18%. The Group's total operating income increased by 25%, while net profit increased by 68% and reached EUR 1.6 million. Client deposits increased by 48% compared to the first 9 months of 2020, while the total amount of client assets under management and administration of the Group has reached EUR 1.2 billion.

The Group continues to pay great attention to AML/CTPF compliance, constantly enhancing its internal controls in line with the changing regulatory environment and international best practice. We are further investing in IT and human resources to provide risk management and control mechanisms consistent with the business model. Sustainability is becoming an increasingly significant aspect of the financial industry.

The Group is committed to gradually integrating sustainability considerations into the core of all business activities, as well as to raising awareness among employees, customers, and partners about environmental, social and governance challenges and opportunities. The Group has developed a sustainability governance structure within the organisation, identifying key roles and areas of responsibility to ensure that sustainability efforts address significant issues and that they are implemented across the entire organisation.

The Group maintains a conservative risk profile – the capital adequacy ratio stood at 16.03% at the end of the 3<sup>rd</sup> quarter of 2021 (2020: 17.42%), with a liquidity coverage ratio of 225% (2020: 268%).

The COVID-19 pandemic has not had a significant impact on the Group. Over the course of emergency situation declared in Latvia, the Group continued to offer full range of services to the clients. To ensure the safety of our employees and clients, large part of the Group's employees worked remotely in 2021, but otherwise the Group's activities were not affected.

Robert Idelsons  
Chairman of the Management Board

Riga, November 30, 2021



## II General Information

### 1. Shareholders of the Bank

The paid-up share capital of the Bank was EUR 16 544 952 as of 30 September 2021 and it consisted of 459 582 registered shares with voting rights. The nominal value of each share is EUR 36. All shares of the Bank are dematerialized registered shares. There were no changes in the Shareholders of the Bank during the reporting period.

Shareholder	30 September 2021		
	Number of shares	Paid share capital (EUR)	Share capital ownership %
Signet Acquisition III, LLC	114 896	4 136 256	25.00 %
SIA "Hansalink"	102 487	3 689 532	22.30 %
Soloman Rutenberg	45 514	1 638 504	9.90 %
Natalija Petkevicha	45 300	1 630 800	9.86 %
SIA "Fin.lv" *	40 360	1 452 960	8.78 %
Leonid Kaplan	38 085	1 371 060	8.29 %
Igor Rapoport *	27 622	994 392	6.01 %
ID Family Foundation SIA	22 571	812 556	4.91 %
Tatjana Rapoport *	21 664	779 904	4.71 %
Rahmiel Deich	1 083	38 988	0.24 %
<b>Total</b>	<b>459 582</b>	<b>16 544 952</b>	<b>100 %</b>

\* Joint control with a shareholding of 19.50%

### 2. Supervisory Council of the Bank

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

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 Vision 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

The Consolidation Group of Signet Bank includes:

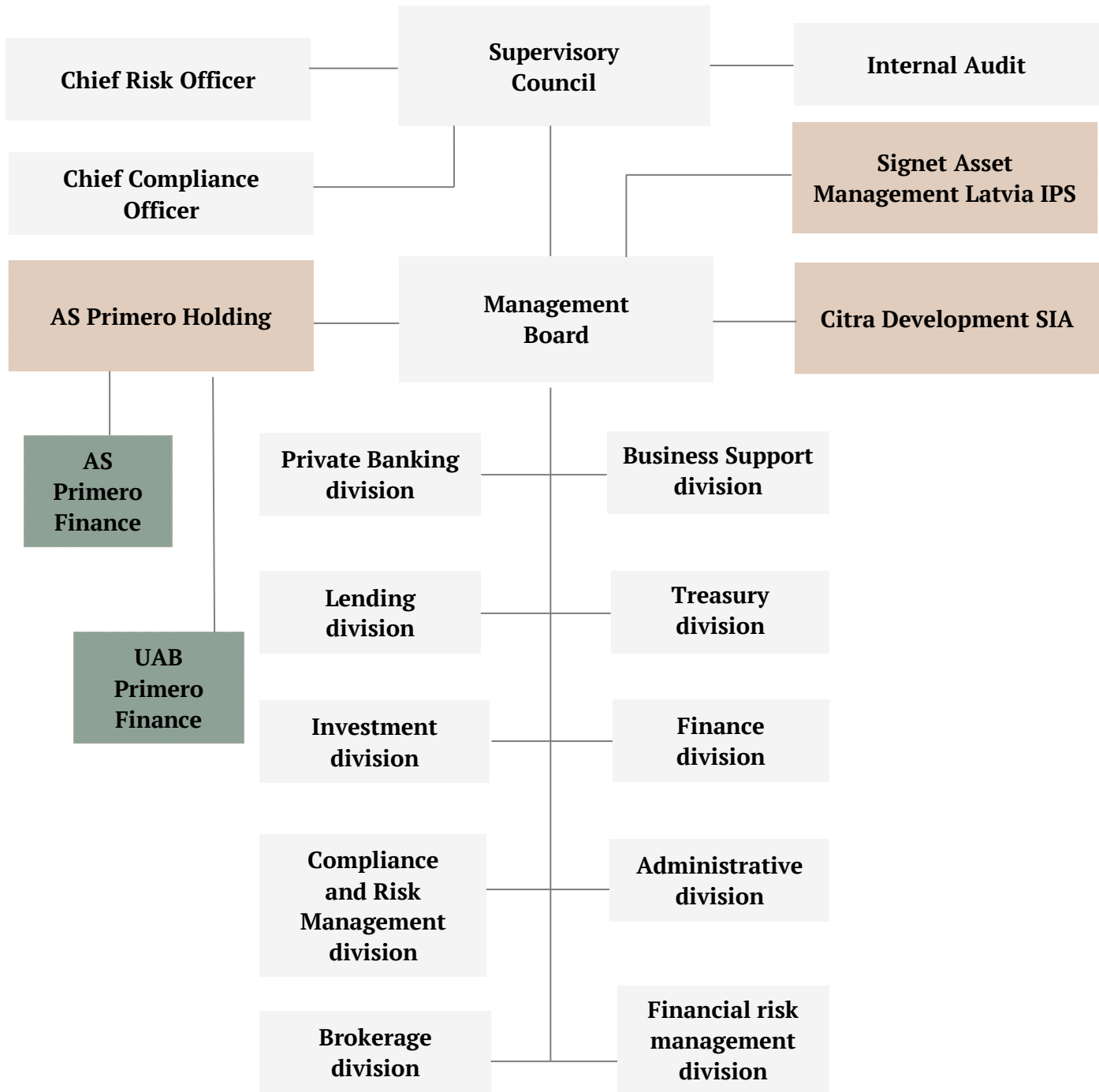
Name of company, Registration number	Registration location code and address	Type of activities	Basis for inclusion in the Group	% of total paid in share capital	% of total voting rights
Signet Asset Management Latvia IPS, 40103362872	LV, Antonijas Str. 3-1, Riga, LV 1010, Latvia	Asset management company	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, Perkūniemio Str. 6-1, Vilnius, LT-12130, Lithuania	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 %

\*Direct shareholding of the Bank 51%.

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



## 6. Structure of the Group



- Subsidiary of the Bank
- Subsidiary of a Subsidiary



### III Financial position and performance

#### 1. Balance sheet Statement of Financial Position as at 30 September 2021 and 31 December 2020

EUR '000

Title of entry	30.09.2021 Bank (Unaudited)	30.09.2021 Group (Unaudited)	31.12.2020 Bank (Audited)*	31.12.2020 Group (Audited)*
<b>Assets</b>				
Cash and demand deposits with central banks	67 949	67 949	12 196	12 196
Demand deposits with credit institutions	12 626	12 629	8 415	8 418
Financial assets designated at fair value through profit or loss	6 485	6 485	5 235	5 235
Financial assets measured at fair value with other comprehensive income	10 797	10 797	15 743	15 949
Financial assets measured at amortized cost	184 868	189 025	149 900	150 496
<i>Loans to financial institutions, companies and private individuals</i>	83 169	87 326	76 626	77 222
<i>Other deposits with financial institutions</i>	13 718	13 718	6 185	6 185
<i>Short term deposits with credit institutions</i>	13 852	13 852	3 261	3 261
<i>Debt securities</i>	74 129	74 129	63 828	63 828
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	4 442	1 832	3 724	1 758
Tangible assets	2 191	2 241	2 414	2 432
Intangible assets	484	528	468	523
Tax assets	84	85	55	55
Other assets	9 248	9 770	1 902	2 305
Non-current assets and disposal groups classified as held for sale	3 970	4 027	3 970	3 996
<b>Total assets</b>	<b>303 144</b>	<b>305 368</b>	<b>204 022</b>	<b>203 363</b>
<b>Liabilities and shareholders' equity</b>				
Liabilities due to central banks	3 900	3 900	-	-
Demand liabilities from credit institutions	402	402	604	604
Financial liabilities designated at fair value through profit or loss	233	233	244	244
Financial liabilities measured at the amortized cost	264 351	265 583	181 312	179 499
Derivative financial instruments - hedge accounting	-	-	-	-
Change in the fair value of the portfolio hedged against interest rate risk	-	-	-	-
Provisions	-	-	438	438
Tax liabilities	3	40	7	39
Other liabilities	14 861	15 221	3 963	4 219
Liabilities included in disposals groups classified as held for sale	-	-	-	-
<b>Total liabilities</b>	<b>283 750</b>	<b>285 379</b>	<b>186 568</b>	<b>185 043</b>
Total shareholders' equity	19 394	19 989	17 454	18 320
<b>Total liabilities and shareholders' equity</b>	<b>303 144</b>	<b>305 368</b>	<b>204 022</b>	<b>203 363</b>
<b>Memorandum items</b>				
Contingent liabilities	3 165	3 165	3 147	3 147
Financial commitments	5 429	5 429	4 467	4 467
<b>Assets under management and in custody</b>	<b>830 848</b>	<b>899 547</b>	<b>808 608</b>	<b>866 953</b>

\*Auditor: SIA "BDO Assurance"



## 2. Statement of profit or loss and other comprehensive income for the 9 Month Period, ended September 30, 2021 and 2020

EUR '000

Title of entry	30.09.2021 Bank (Unaudited)	30.09.2021 Group (Unaudited)	30.09.2020 Bank (Unaudited)	30.09.2020 Group (Unaudited)
Interest income	4 263	5 724	4 174	5 174
Interest expense (-)	(939)	(976)	(1 157)	(1 146)
Dividends received	4	4	4	4
Commission and fee income	6 646	6 848	3 936	4 132
Commission and fee expense (-)	(1 908)	(1 915)	(822)	(885)
Gains/ losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (+/-)	31	31	65	65
Gains / losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	182	182	329	329
Gains/ losses from hedge accounting, net (+/-)	-	-	-	-
Result from foreign exchange trading and revaluation, net (+/-)	165	207	655	636
Gains/ losses on derecognition of non-financial assets, net	-	-	-	-
Other operating income	118	170	31	87
Other operating expense (-)	(481)	(510)	(438)	(604)
Administrative expense (-)	(5 728)	(6 938)	(4 902)	(5 521)
Depreciation (-)	(395)	(410)	(419)	(434)
Gains / losses recognized in the contractual cash flows of a financial asset (+/-)	-	-	(24)	(24)
Provisions or reversal of provisions (+/-)	(448)	(448)	(453)	(453)
Impairment or reversal of impairment (+/-)	333	(373)	(326)	(396)
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)	-	(5)
Gains/ loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (+/-)	-	-	-	-
<b>Profit/(loss) before corporate income tax (+/-)</b>	<b>1 843</b>	<b>1 576</b>	<b>653</b>	<b>959</b>
Corporate income tax	(21)	(25)	(34)	(35)
<b>Net profit/(loss) for the period (+/-)</b>	<b>1 822</b>	<b>1 551</b>	<b>619</b>	<b>924</b>
Other comprehensive income for the period (+/-)	118	115	(96)	(102)

## 3. Performance Indicators

Title of entry	30.09.2021 Bank (Unaudited)	30.09.2021 Group (Unaudited)	30.09.2020 Bank (Unaudited)	30.09.2020 Group (Unaudited)
Return on equity (ROE) (%)	13.21%	10.65%	4.82%	6.73%
Return on assets (ROA) (%)	0.92%	0.80%	0.38%	0.59%





#### 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 September 30, 2021. 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	20 291	-	20 291	101%
Lithuania	19 456	-	19 456	97%
Latvia	13 302	4 049	17 351	86%
Netherlands	-	8 019	8 019	40%
France	4 676	1 730	6 406	32%
Poland	4 372	-	4 372	22%
Sweden	5 224	-	5 224	26%
Slovakia	2 679	-	2 679	13%
Other countries	2 824	4 743	7 567	X
<b>Total securities portfolio</b>	<b>72 824</b>	<b>18 541</b>	<b>91 365</b>	<b>X</b>

#### 5. Analysis of the Group's expected credit losses

The amount of expected credit losses of the Group on 30 September 2021, 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:	(626)	(92)	(426)	(1 144)
<i>Loans and advances</i>	(559)	(92)	(426)	(1 077)
<i>Debt securities</i>	(67)	-	-	(67)
<b>Expected credit losses, total</b>	<b>(626)</b>	<b>(92)</b>	<b>(426)</b>	<b>(1 144)</b>

### 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/par-mums/signet-bank-finansu-informacija/>.

#### Liquidity Ratio Calculation

EUR '000

Title of entry	30.09.2021 Bank (Unaudited)	30.09.2021 Group (Unaudited)	30.09.2020 Bank (Unaudited)	30.09.2020 Group (Unaudited)
Liquidity buffer	141 343	141 343	80 221	80 221
Net liquidity outflow	64 187	62 849	35 699	29 932
<b>Liquidity coverage ratio (%)</b>	<b>220%</b>	<b>225%</b>	<b>225%</b>	<b>268%</b>



## 2. Capital Adequacy

Information about Capital Management is available at Signet Bank AS corporate 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

Nº	Title of entry	30.09.2021 Bank (Unaudited)	30.09.2021 Group (Unaudited)
<b>1.</b>	<b>Own funds (1.1.+1.2.)*</b>	<b>19 568</b>	<b>20 120</b>
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	16 602	17 154
1.1.1.	Common Equity Tier (CET) 1 capital	16 602	17 154
1.1.2.	Additional Tier 1 capital	-	-
1.2.	Tier 2 capital	2 966	2 966
<b>2.</b>	<b>Total Risk exposure value</b>	<b>124 099</b>	<b>125 485</b>
2.1.	Risk weighted exposure value for credit, counterparty credit and dilution risk and free deliveries	107 402	107 428
2.2.	Total risk exposure value for settlements/delivery	-	-
2.3.	Total risk exposure value for position risk, foreign exchange and commodity risks	508	508
2.4.	Total risk exposure value for operational risk	15 999	17 359
2.5.	Total risk exposure value for credit valuation adjustment	190	190
2.6.	Total risk exposure risk value related to large exposures in trading book	-	-
2.7.	Other risk exposure values	-	-
<b>3.</b>	<b>Capital ratios and capital levels</b>		
3.1.	CET 1 capital ratio (1.1.1./2.*100)	13.38%	13.67%
3.2.	Surplus (+) / deficit (-) of CET 1 capital (1.1.1.-2.*4.5%)	11 018	11 507
3.3.	Tier 1 capital ratio (1.1./2.*100)	13.38%	13.67%
3.4.	Surplus (+) / deficit (-) of Tier 1 capital (1.1.-2.*6%)	9 156	9 625
3.5.	Total capital ratio (1./2.*100)	15.77%	16.03%
3.6.	Surplus (+) / deficit (-) of total capital (1.-2.*8%)	9 640	10 081
<b>4.</b>	<b>Combined buffer requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>3 106</b>	<b>3 141</b>
4.1.	Capital conservation buffer	3 102	3 137
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	4	4
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	-	-
<b>5.</b>	<b>Capital adequacy ratios including adjustments</b>		
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.	13.38%	13.67%
5.3.	Tier 1 capital ratio, including adjustments in row 5.1.	13.38%	13.67%
5.4.	Total capital ratio, including adjustments in row 5.1.	15.77%	16.03%

\* 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.



|||

# SIGNET

PRIVATE  
BANK

Signet Bank AS  
3 Antonijas, Riga  
LV-1010, Latvia  
Unified Reg. No: 40003076407  
[signetbank.com](http://signetbank.com)