

Magnetiq Bank public financial statement



Q1 2024

OVERALL INFORMATION

Joint Stock Company AS Magnetiq Bank (until April 18, 2024 – JSC “LPB Bank”) (hereafter – the Bank) Reg. Nr.50103189561 was registered on 5 September, 2008 in Republic of Latvia. The legal address of the Bank is Brivibas street 54, Riga, LV-1011.

The rebranding of the bank follows acquisition transaction completed in the end of 2023, in which Latvia's leading investment bank, Signet Bank AS, became the sole shareholder and parent company of AS LPB Bank.

AS Magnetiq Bank, a Latvian bank, is dedicated to meeting the unique needs of FinTech companies, startups and e-commerce service providers. We offer banking infrastructure, segregated accounts and payment solutions to support our clients' business growth. Our goal is to foster the development of the startup and e-commerce sector by leveraging innovative technologies and providing exceptional customer service. We are part of the Signet Bank group and our sole shareholder is Signet Bank AS – the leading investment bank in Latvia, which is committed to financing local entrepreneurs and investment products.

These public quarterly financial statements are prepared in accordance with the Financial and Capital Market Commissions guidelines with the purpose to inform the public about financial condition of the Bank.

BANK'S STRATEGY AND GOALS

Bank's strategy is based on an idea of developing the bank specializing in the provision of individual financial solutions and developing relevant and interesting products and related services' technologies for clients.

Bank's vision – become a convenient and reliable bank, which is able to adapt quickly to customer's needs, while developing and improving the Bank's risk management system. To become a Bank that supports Latvian FinTech companies and at the same time creates and maintains a product ecosystem for European FinTech companies.

Bank's mission – provide a range of high-quality services based on the Bank's IT technologies that meet customer needs, focusing on accepting payment cards on the Internet and FinTech companies.

Values of the Bank:

- An internal culture that includes setting the tone from the top and promotes mutually respectful and supportive relationships, open communication between all organizational units.
- Investments in employee education and development. Sharing knowledge with other market participants both in Latvia and outside.

BANK'S SHAREHOLDERS

	Voting shares	Authorized and paid-in share capital (%)	Authorized and paid-in share capital EUR'000
JSC "Signet Bank" (Latvia)	13 000 000	100%	13 000

INFORMATION ON THE BANK'S MANAGEMENT**SUPERVISORY COUNCIL
AS OF 31 MARCH, 2024**

Name, Last name	Position	Date of appointment	Release date
Roberts Idelsons	Chairman of the Council	15.12.2023.	
Tatjana Drobina	Deputy Chairman of the Council	15.12.2023.	
Jūlija Kozlova	Council Member	14.06.2021.	
Nora Pastore	Council Member	15.12.2023.	

**MANAGEMENT BOARD
AS OF 31 MARCH, 2024**

Name, Last name	Position	Date of appointment	Release date
Antons Kononovs	Board Member, Deputy Chairman of the Board	03.10.2018.	
Baiba Preise	Board Member	29.04.2019.	
Alda Odiņa	Board Member	12.07.2022.	
Jefims Gasels	Board Member	27.09.2023.	

After the end of the reporting period, board member Alda Odiņa left her position on 26.04.2024. and Baiba Preise on 28.04.2024.

On 02.05.2024 Board member Sandra Rituma and on 20.05.2024. Board member Edgars Valmers started working at the Bank.

BANK'S FINANCIAL STATEMENTS**BALANCE SHEET AND OFF-BALANCE SHEET ITEMS**

Balance sheet items	31.03.2024 (unaudited)	31.12.2023 (audited)*
Cash and balances with the Bank of Latvia	53 041	64 576
Due from credit institutions	850	183
Financial assets at fair value through profit or loss	880	803
- <i>derivatives</i>	-	-
- <i>shares</i>	880	803
Financial assets at fair value through other comprehensive income	13 153	17 005
Financial assets at amortized cost	69 535	73 058
- <i>loans and receivables due from customers</i>	36 300	36 730
- <i>debt securities</i>	33 235	35 242
- <i>Term deposits with credit institutions</i>	-	1 086
Property, plant and equipment	6 484	6 216
Intangible assets	628	663
Tax assets	-	-
Other assets	2 635	1 591
Non-current assets and disposal groups classified as held for sale	-	-
Total assets	147 206	164 095
Liabilities to central banks	-	-
Liabilities to credit institutions	-	-
Financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortized cost	110 091	127 471
- <i>deposits from customers</i>	110 091	127 471
Impairment	5	5
Tax liabilities	106	106
Other liabilities	2 237	2 230
Total liabilities	112 439	129 812
Equity and reserves	34 767	34 283
Total liabilities, equity and reserves	147 206	164 095
Off-Balance Sheet items	768	812
Contingent liabilities	304	304
Due to customers	464	508

*Auditor: SIA "BDO Assurance"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Items	Three-month period ended 31.03.2024 (unaudited)	Three-month period ended 31.03.2023 (unaudited)
Interest income	1 420	1 230
Interest expense	(405)	(147)
Dividend income	3	3
Commissions and fee income	3 475	3 824
Commissions and fee expense	(1 988)	(1 923)
Net gain/(loss) on financial assets not at fair value through profit or loss	-	(73)
Net gain/(loss) on financial assets at fair value through profit or loss	91	44
Net gain on foreign exchange	704	565
Other operating income	192	29
Other operating expenses	(284)	(232)
Administrative expenses	(2 685)	(2 567)
Amortization/ depreciation	(133)	(105)
Result of making provisions for doubtful debts	2	441
Profit/(loss) from non-current assets and disposal groups classified as held for sale	-	-
Profit before tax	392	1 089
Corporate income tax	(3)	(1)
Profit for the period	389	1 088
Other comprehensive income / (expense)	96	637

INVESTMENTS IN FINANCIAL ASSETS

	31.03.2024 (unaudited)		31.12.2023 (audited)	
	Carrying amount	% of the Bank's own funds	Carrying amount	% of the Bank's own funds
Central government's debt securities	21 005	x	24 863	x
Latvia	9 920	29.41	9 899	29.85
Lithuania	4 052	12.02	4 039	12.18
Other countries	7 033	20.86	10 925	32.94
Credit institutions debt securities	11 618	x	13 640	x
USA	6 109	18.12	8 121	24.49
Other countries	5 509	16.34	5 519	16.64
Other financial institution debt securities	4 825	x	4 844	x
Luxembourg	4 727	14.02	4 746	14.31
Other countries	98	0.29	98	0.30
Non-financial institutions debt securities	9 048	x	8 987	x
Other countries	9 048	26.82	8 987	27.10
Financial investments, total	46 496	x	52 334	x
Impairment	(108)	x	(87)	x
Financial investments, net	46 388	x	52 247	x

KEY RATIOS OF THE BANK

Item	Reporting period (unaudited)	Preceding reporting year the same period (unaudited)
Return on Equity (ROE) (%)	4.48	13.32
Return on Assets (ROA) (%)	1.06	2.67

EXPECTED CREDIT LOSS PROVISIONS DIVIDED BY STAGES

Financial assets	Stage 1		Stage 2		Stage 3	
	31.03.2024 (unaudited)	31.12.2023 (audited)	31.03.2024 (unaudited)	31.12.2023 (audited)	31.03.2024 (unaudited)	31.12.2023 (audited)
Due from central bank and credit institutions	53 025	64 759	-	-	-	-
<i>Impairment</i>	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income, gross	13 223	17 056	-	-	-	-
<i>Impairment</i>	(70)	(51)	-	-	-	-
Financial assets at amortized cost, gross:	46 223	49 362	18 248	18 592	5 297	5 350
<i>Impairment</i>	(79)	(81)	(3)	(3)	(151)	(162)
- loans and receivables due from customers, gross	13 965	14 035	17 234	17 555	5 297	5 350
<i>Impairment</i>	(42)	(45)	(3)	(3)	(151)	(162)
- debt securities, gross	32 258	34 241	1 014	1 037	-	-
<i>Impairment</i>	(37)	(36)	-	-	-	-
- Term deposits with credit institutions	-	1 086	-	-	-	-
<i>Impairment</i>	-	-	-	-	-	-

RISK MANAGEMENT STRATEGY

Information about risk management is available at the Bank's website:

<https://old.magnetiqbank.com/wp-content/uploads/2024/05/informacijas-atklasana-2023-en-final.pdf>

The Bank's liquidity coverage ratios as of 31.03.2024 and 31.12.2023 were:

No.	Item	31.03.2024 (unaudited)	31.12.2023 (audited)
1.	Liquidity reserves	78 587	95 121
2.	Total net cash outflows	45 472	53 069
3.	Liquidity coverage ratio (%)	173%	179%

CAPITAL MANAGEMENT

Information about capital management is available at the Bank's website:

<https://old.magnetiqbank.com/wp-content/uploads/2024/05/informacijas-atklasana-2023-en-final.pdf>

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.

SUMMARY REPORT OF CALCULATION OF OWN FUNDS AND CAPITAL ADEQUACY RATIOS

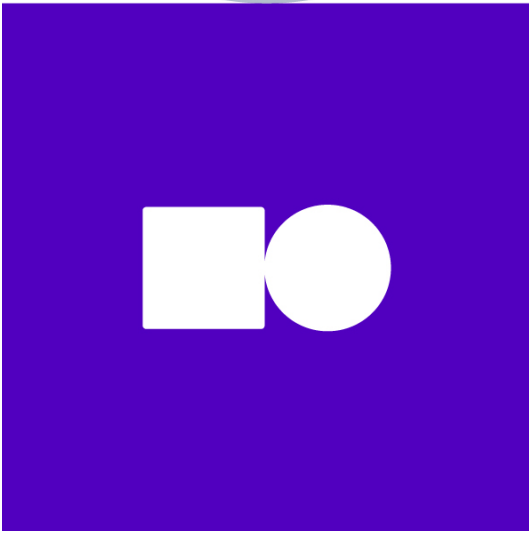
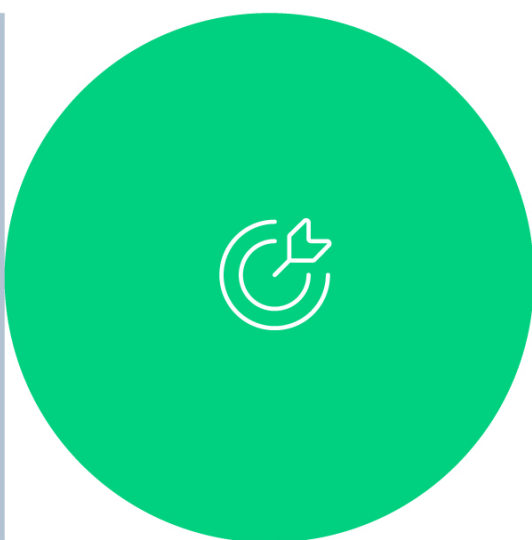
	Items	31.03.2024 (unaudited)	31.12.2023 (audited)
1.	Own funds (1.1. +1.2.)	33 720	33 585
1.1.	TIER 1 capital (1.1.1. +1.1.2.)	33 720	33 585
1.1.1.	Common equity TIER 1 capital	33 720	33 585
1.1.2.	Additional TIER 1 capital	-	-
1.2.	TIER 2 capital	-	-
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	86 991	87 531
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	59 609	59 907
2.2.	Total risk exposure amount for settlement/delivery risk	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	200	442
2.4.	Total risk exposure amount for operational risk	27 182	27 182
2.5.	Total risk exposure amount for credit valuation adjustment	-	-
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-
2.7.	Other risk exposure amounts	-	-
3.	Capital ratios and capital levels		
3.1.	CET 1 capital ratio (1.1.1./2.*100)	38.76%	38.37%
3.2.	Surplus (+)/deficit (-) of CET 1 capital (1.1.1.-2.*4.5%)	29 805	29 646
3.3.	TIER 1 capital ratio (1.1./2.*100)	38.76%	38.37%
3.4.	Surplus (+)/deficit (-) of TIER 1 capital (1.1.-2.*6%)	28 501	28 333
3.5.	Total capital ratio (1./2.*100)	38.76%	38.37%
3.6.	Surplus (+)/deficit (-) of total capital (1.-2.*8%)	26 761	26 583
4.	The total capital reserve requirement (4.1.+4.2.+4.3.+4.4.+4.5.)	2 386	2 402
4.1.	Capital conservation buffer	2 175	2 188

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	211	214
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	-	-
5.	Capital indicators, taking into account adjustments		
5.1.	Asset value adjustment amount due to the prudential purposes	-	-
5.2.	Common equity TIER 1 capital ratio, taking into account 5.1. row of the correction amount	38.76%	38.37%
5.3.	TIER 1 capital ratio, taking into account 5.1. row of the correction amount	38.76%	38.37%
5.4.	The total capital ratio, taking into account 5.1. row of the adjustment amount	38.76%	38.37%

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.



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