

# Magnetiq Bank public financial statement



**Q2 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 JSC “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
Signet Bank JSC (Latvia)	13 000 000	100%	13 000

**INFORMATION ON THE BANK'S MANAGEMENT****SUPERVISORY COUNCIL**

AS OF 30 JUNE, 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 30 JUNE, 2024

Name, Last name	Position	Date of appointment	Release date
Antons Kononovs	Board Member, Deputy Chairman of the Board	03.10.2018.	
Jefims Gasels	Board Member	27.09.2023.	
Sandra Rituma	Board Member	02.05.2024.	
Edgars Valmers	Board Member	20.05.2024.	
Maksims Leščinskis	Board Member	31.05.2024.	
Baiba Preise	Board Member	29.04.2019.	28.04.2024.
Alda Odiņa	Board Member	12.07.2022.	26.04.2024.

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

Balance sheet items	30.06.2024 (unaudited)	31.12.2023 (audited)*
Cash and balances with the Bank of Latvia	76 069	64 576
Due from credit institutions	885	183
Financial assets at fair value through profit or loss	849	803
- <i>derivatives</i>	-	-
- <i>shares</i>	849	803
Financial assets at fair value through other comprehensive income	12 284	17 005
Financial assets at amortized cost	65 790	73 058
- <i>loans and receivables due from customers</i>	33 339	36 730
- <i>debt securities</i>	31 236	35 242
- <i>Term deposits with credit institutions</i>	1 215	1 086
Property, plant and equipment	6 419	6 216
Intangible assets	593	663
Tax assets	-	-
Other assets	1 175	1 591
Non-current assets and disposal groups classified as held for sale	-	-
<b>Total assets</b>	<b>164 064</b>	<b>164 095</b>
Liabilities to central banks	-	-
Liabilities to credit institutions	-	-
Financial liabilities at fair value through profit or loss	-	-
Financial liabilities at amortized cost	127 266	127 471
- <i>deposits from customers</i>	127 266	127 471
Impairment	6	5
Tax liabilities	-	106
Other liabilities	2 332	2 230
<b>Total liabilities</b>	<b>129 604</b>	<b>129 812</b>
Equity and reserves	34 460	34 283
<b>Total liabilities, equity and reserves</b>	<b>164 064</b>	<b>164 095</b>
Off-Balance Sheet items	633	812
Contingent liabilities	4	304
Due to customers	629	508

\*Auditor: SIA "BDO Assurance"

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Items	Six-month period ended 30.06.2024 (unaudited)	Six-month period ended 30.06.2023 (unaudited)
Interest income	2 966	2 527
Interest expense	(828)	(331)
Dividend income	7	6
Commissions and fee income	6 685	7 595
Commissions and fee expense	(4 268)	(4 147)
Net gain/(loss) on financial assets not at fair value through profit or loss	(58)	(75)
Net gain/(loss) on financial assets at fair value through profit or loss	114	108
Net gain on foreign exchange	1 354	894
Other operating income	306	168
Other operating expenses	(638)	(509)
Administrative expenses	(5 466)	(5 437)
Amortization/ depreciation	(269)	(212)
Result of making provisions for doubtful debts	38	390
Profit/(loss) from non-current assets and disposal groups classified as held for sale	-	-
<b>Profit before tax</b>	<b>(57)</b>	<b>977</b>
Corporate income tax	(5)	(4)
<b>Profit for the period</b>	<b>(62)</b>	<b>973</b>
Other comprehensive income / (expense)	240	748

**INVESTMENTS IN FINANCIAL ASSETS**

	30.06.2024 (unaudited)		31.12.2023 (audited)	
	Carrying amount	% of the Bank's own funds	Carrying amount	% of the Bank's own funds
<b>Central government's debt securities</b>	<b>18 139</b>	<b>x</b>	<b>24 863</b>	<b>x</b>
Latvia	7 881	23.29	9 899	29.85
Lithuania	4 065	12.01	4 039	12.18
Other countries	6 193	18.31	10 925	32.94
<b>Credit institutions debt securities</b>	<b>11 632</b>	<b>x</b>	<b>13 640</b>	<b>x</b>
USA	6 125	18.10	8 121	24.49
Other countries	5 507	16.27	5 519	16.64
<b>Other financial institution debt securities</b>	<b>9 788</b>	<b>x</b>	<b>4 844</b>	<b>x</b>
Luxembourg	4 751	14.04	4 746	14.31
Other countries	5 037	14.88	98	0.30
<b>Non-financial institutions debt securities</b>	<b>4 047</b>	<b>x</b>	<b>8 987</b>	<b>x</b>
Other countries	4 047	11.96	8 987	27.10
<b>Financial investments, total</b>	<b>43 606</b>	<b>x</b>	<b>52 334</b>	<b>x</b>
Impairment	(86)	x	(87)	x
<b>Financial investments, net</b>	<b>43 520</b>	<b>x</b>	<b>52 247</b>	<b>x</b>

**KEY RATIOS OF THE BANK**

Item	Reporting period (unaudited)	Preceding reporting year the same period (unaudited)
Return on Equity (ROE) (%)	(0.36)	5.98
Return on Assets (ROA) (%)	(0.08)	1.21

000'EUR

## EXPECTED CREDIT LOSS PROVISIONS DIVIDED BY STAGES

Financial assets	Stage 1		Stage 2		Stage 3	
	30.06.2024 (unaudited)	31.12.2023 (audited)	30.06.2024 (unaudited)	31.12.2023 (audited)	30.06.2024 (unaudited)	31.12.2023 (audited)
Due from central bank and credit institutions	76 954	64 759	-	-	-	-
<i>Impairment</i>	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income, gross	12 345	17 056	-	-	-	-
<i>Impairment</i>	(61)	(51)	-	-	-	-
Financial assets at amortized cost, gross:	45 712	49 362	16 277	18 592	4 008	5 350
<i>Impairment</i>	(59)	(81)	(3)	(3)	(145)	(162)
- loans and receivables due from customers, gross	13 236	14 035	16 277	17 555	4 008	5 350
<i>Impairment</i>	(34)	(45)	(3)	(3)	(145)	(162)
- debt securities, gross	31 261	34 241	-	1 037	-	-
<i>Impairment</i>	(25)	(36)	-	-	-	-
- Term deposits with credit institutions	1 215	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 30.06.2024 and 31.12.2023 were:

No.	Item	30.06.2024 (unaudited)	31.12.2023 (audited)
1.	Liquidity reserves	101 754	95 121
2.	Total net cash outflows	53 588	53 069
3.	<b>Liquidity coverage ratio (%)</b>	<b>190%</b>	<b>179%</b>



## 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	30.06.2024 (unaudited)	31.12.2023 (audited)
<b>1.</b>	<b>Own funds (1.1. +1.2.)</b>	<b>33 838</b>	<b>33 585</b>
1.1.	TIER 1 capital (1.1.1. +1.1.2.)	33 838	33 585
1.1.1.	Common equity TIER 1 capital	33 838	33 585
1.1.2.	Additional TIER 1 capital	-	-
1.2.	TIER 2 capital	-	-
<b>2.</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>80 541</b>	<b>87 531</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	53 029	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	330	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	-	-
<b>3.</b>	<b>Capital ratios and capital levels</b>		
3.1.	CET 1 capital ratio (1.1.1./2.*100)	42.01%	38.37%
3.2.	Surplus (+)/deficit (-) of CET 1 capital (1.1.1.-2.*4.5%)	30 214	29 646
3.3.	TIER 1 capital ratio (1.1./2.*100)	42.01%	38.37%
3.4.	Surplus (+)/deficit (-) of TIER 1 capital (1.1.-2.*6%)	29 006	28 333
3.5.	<b>Total capital ratio (1./2.*100)</b>	<b>42.01%</b>	<b>38.37%</b>
3.6.	Surplus (+)/deficit (-) of total capital (1.-2.*8%)	27 395	26 583
<b>4.</b>	<b>The total capital reserve requirement (4.1.+4.2.+4.3.+4.4.+4.5.)</b>	<b>2 368</b>	<b>2 402</b>
4.1.	Capital conservation buffer	2 014	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	354	214
4.4.	Systemic risk buffer	-	-
4.5.	Other Systemically Important Institution buffer	-	-
<b>5.</b>	<b>Capital indicators, taking into account adjustments</b>		

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	42.01%	38.37%
5.3.	TIER 1 capital ratio, taking into account 5.1. row of the correction amount	42.01%	38.37%
5.4.	<b>The total capital ratio, taking into account 5.1. row of the adjustment amount</b>	<b>42.01%</b>	<b>38.37%</b>

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.



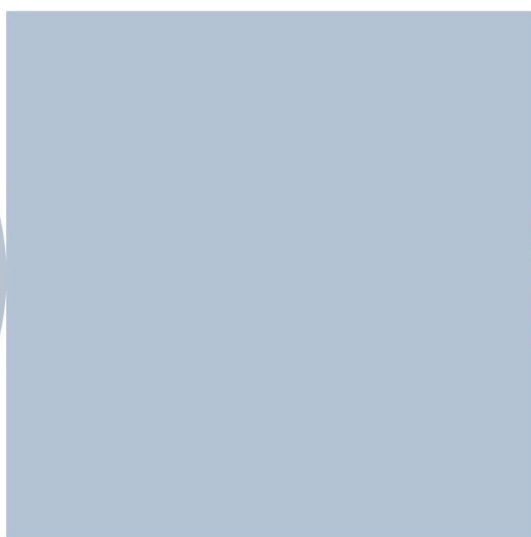
**AS Magnetiq Bank**

**Brivibas street 54**

**Riga**

**Latvia**

**LV-1011**



[www.magnetiqbank.com](http://www.magnetiqbank.com)  
[info@magnetiqbank.com](mailto:info@magnetiqbank.com)  
+371 67772999