

# INDEXO<sup>7</sup>

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AS INDEXO BANKA

Unaudited public quarterly report

January – March 2025

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## Information on the **Bank, Bank's management**, shareholders and equity participation

AS INDEXO Bank is a subsidiary of IPAS INDEXO.

As of March 31, 2025, the registered and paid-up share capital was divided into 18 109 445 single-category shares with equal voting rights. All shares of the Bank have a nominal value of EUR 1.00 (one euro, 00 cents). The sole shareholder of AS INDEXO Banka on March 31, 2025, was IPAS INDEXO, which owns 100% of the Bank's paid-up share capital.

Shareholder	Paid-up share capital, EUR	% of all paid-up share capital
IPAS INDEXO	18 109 445	100%
<b>Total</b>	<b>18 109 445</b>	<b>100%</b>

### Members of the Bank's supervisory board

Name, Surname	Position held
Valdis Vancovičs	Chairman of the Supervisory Board
Svens Dinsdorfs	Deputy Chairman of the Supervisory Board
Ramona Miglāne	Member of the Supervisory Board
Renāts Lokomets	Member of the Supervisory Board
Mārtiņš Jaunarājs	Member of the Supervisory Board (from 10.01.2025)

### Members of the Bank's management board

Name, Surname	Position held
Valdis Siksnis	Chairman of the Management Board
Vladimirs Bolbats	Member of the Management Board
Evija Sloka	Member of the Management Board (until 03.01.2025)
Līga Katrīna Kļaviņa	Member of the Management Board (until 31.03.2025)
Ieva Bauma	Member of the Management Board
Gints Ozoliņš	Member of the Management Board
Ivita Asare	Member of the Management Board

## Management report

The first quarter of the year was marked by two main highlights: impressive growth in the customer base and a significant increase in the consumer loan portfolio. During the quarter, INDEXO Bank's customer base increased by 10.5 thousand, reaching 31.6 thousand customers by the end of March. Simultaneously, the loan portfolio grew by EUR 5.69 million, reaching EUR 6.67 million.

However, revenue growth was suppressed by lower interest rates and reduced average customer activity. Compared to the enthusiastic supporters who joined INDEXO Bank during the initial months of operations, newly acquired customers take more time to redirect more of their business to INDEXO Bank. Increasing the share of active customers and their share of wallet will be one of our top priorities going forward.

In Q1 2025, INDEXO Bank earned EUR 62.8 thousand in revenue, which is a 183.2% increase from the previous quarter. Net interest income accounted for EUR 60.0 thousand. Net fee income was still negative at EUR (51.1) thousand, as INDEXO Bank needs a larger active customer base to cover fixed costs mainly related to the issuance of payment cards. Other operating income was EUR 53.9 thousand.

INDEXO Bank continued to make IT and other investments to enhance its product offering. INDEXO Bank was the first in Latvia to provide its clients with a convenient way to check their second pillar pension savings in Bank's mobile app. During the first quarter, extensive work was done to be able to launch Apple Pay and Google Pay in April, a mortgage refinancing product in the second half of May, and custody banking services and junior accounts in the following months.

Despite all investments, total expenses decreased by 3% compared to the previous quarter, amounting to EUR 2.19 million. Rapid loan portfolio growth led to model-based allowances for expected credit losses of EUR 296.1 thousand in the first quarter. **The quality of the Bank's loan portfolio is strong with model-based allowances for expected credit losses standing at 5.6% from loan portfolio.** The net loss for Q1 before allowances for expected credit losses was EUR 2.13 million, which is 2.5% less than in the previous quarter. The net loss for Q1 was EUR 2.42 million.

As of the end of March, the total assets of INDEXO Bank stood at EUR 55.7 million, reflecting a 25% increase over the quarter. The loan portfolio grew by EUR 5.69 million to EUR 6.67 million, and deposits increased by EUR 12.84 million to EUR 45.94 million.

To support strategic initiatives such as mortgage lending, Google Pay, Apple Pay, Junior Accounts, and custody services, INDEXO Bank will raise additional capital. The parent company, IPAS INDEXO, contributed EUR 0.8 million to the bank's share capital during Q1 2025. The bank is considering issuing T2 or AT1 capital instruments in Q2 2025 to strengthen its capital base.

Comment by Valdis Siksnis, the Chairman of the Management Board of INDEXO Bank:

"Our goal is to create a financial services group owned by Latvian residents, working in the interests of local people, making strategic decisions right here in Latvia, and driving positive changes in the Latvian financial services market. INDEXO Bank enables the people of Latvia to use the most modern payment solutions with cards issued by a local bank. The main goals for the coming months are to start mortgage lending, introduce junior account offerings and to further increase the share of active customers. This means that in less than a year since the start of INDEXO Bank's operations, we will have established a full range of essential banking services for private individuals."

You can learn about the INDEXO group's history, values, mission, and vision here: [indexo.lv/en/values-and-history/](https://indexo.lv/en/values-and-history/)

#### Events after the reporting period

The following strategically important events occurred after the end of the reporting period:

- As of the end of April 2025, INDEXO Bank's number of clients has grown to 33.4 thousand, deposit volumes increased to EUR 47.50 million, while the amount of loan portfolio has reached EUR 9.05 million.
- Since April 2025, INDEXO Bank started to offer our clients the opportunity to add INDEXO Bank cards to their digital wallets on both Apple Pay and Google Pay.
- Indexo Bank parent and sole shareholder IPAS INDEXO has contributed to the Bank's share capital EUR 0.133 million in April 2025 and EUR 2.735 million in May 2025.

Signed on behalf of the Management Board of AS INDEXO Banka:

Valdis Siksnis, Chairman of the Management Board

Ivita Asare, Member of the Management Board

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## Financial statements

### Profit and loss statement

	Bank 01/01/2025 – 31/03/2025 EUR	Consolidated Group 01/01/2025 – 31/03/2025 EUR
Interest income	365 353	371 168
Interest expense (-)	(305 310)	(301 864)
Dividend income		-
Commission income	59 959	1 281 380
Commission expense (-)	(111 036)	(113 029)
Net profit/loss from derecognition of financial assets and financial liabilities not measured at fair value through profit or loss (+/-)	-	-
Net profit/loss from financial assets and financial liabilities measured at fair value through profit or loss (+/-)	-	-
Net profit/loss from hedge accounting (+/-)	-	-
Net foreign exchange difference profit/loss (+/-)	(216)	(224)
Net profit/loss from derecognition of non-financial assets (+/-)	-	-
Other operating income	53 856	55 725
Other operating expenses (-)	(157 546)	(404 643)
Administrative expenses (-)	(1 653 750)	(2 231 639)
Depreciation (-)	(378 205)	(390 117)
Profit/loss recognized due to changes in the contractual cash flows of a financial asset (+/-)	-	-
Provisions made or reversed (-/+)	-	-
Impairment or reversal of impairment (-/+)	(296,159)	(296 118)
Negative goodwill recognized in the income statement	-	-
Profit/loss from investments in subsidiaries, joint ventures, and associates recognized using the equity method (+/-)	-	-
Profit/loss from long-term assets and disposal groups classified as held for sale (+/-)	-	-
<b>Profit/loss before corporate income tax (+/-)</b>	<b>(2 423 054)</b>	<b>(2 029 361)</b>
Corporate income tax	1 039	1 086
<b>Profit/loss for the reporting period (+/-)</b>	<b>(2 424 093)</b>	<b>(2 030 447)</b>
Other comprehensive income for the reporting period (+/-)	(2 424 093)	(2 030 447)
Return on Equity (ROE) %	(35.37)	(19.92)
Return on Assets (ROA) %	(4.35)	(3.45)

The financial statements have been authorised for issue on 7 May 2025 and signed on behalf of the AS INDEXO Banka Management Board by:

Valdis Siksnis, Chairman of the Management Board

Ivita Asare, Member of the Management Board

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## Balance sheet statement

	Bank 31/03/2025 EUR	Consolidated Group 31/03/2025 EUR
Cash and demand deposits with central banks	30 523 540	30 523 540
Demand deposits with credit institutions	608 801	926 642
Financial assets measured at fair value through profit or loss	-	-
including loans	-	-
Financial assets measured at fair value through other comprehensive income	-	-
Financial assets measured at amortized cost	15,989,460	16 454 767
including debt securities	9,315,264	9 315 264
including loans	6,674,196	7 139 504
Derivative financial instruments – hedge accounting	-	-
Changes in fair value of hedged items for portfolio hedge of interest rate risk	-	-
Investments in subsidiaries, joint ventures, and associates	-	269 833
Tangible assets	2,599,093	2 681 944
Intangible assets	5,014,982	5 102 545
Tax assets	-	-
Other assets	946,699	2 932 492
Non-current assets and disposal groups classified as held for sale	-	-
<b>Total assets</b>	<b>55,682,574</b>	<b>58 891 763</b>
Liabilities to central banks	-	-
Demand liabilities to credit institutions	-	-
Financial liabilities measured at fair value through profit or loss	-	-
including deposits	-	-
Financial liabilities measured at amortized cost	45 935 713	45 262 223
including deposits	45 935 713	45 262 223
Derivative financial instruments – hedge accounting	-	-
Changes in fair value of hedged items for portfolio hedge of interest rate risk	-	-
Provisions	166 941	413 262
Tax liabilities	185 125	192 953
Other liabilities	2 542 099	2 831 410
Liabilities included in disposal groups classified as held for sale	-	-
<b>Total liabilities</b>	<b>48 829 877</b>	<b>48 699 848</b>
Capital and reserves	6 852 697	10 191 915
<b>Total equity and liabilities</b>	<b>55 682 574</b>	<b>58 891 763</b>
Off-balance sheet items	-	-
Contingent liabilities	-	-
Off-balance sheet commitments to clients	-	-

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## Summary of equity capital and minimum capital requirements

	Bank 31/03/2025 EUR	Consolidated Group 31/03/2025 EUR
<b>Equity capital</b>	<b>5 724 670</b>	<b>8 976 326</b>
Tier 1 capital	5 724 670	8 976 326
Common Equity Tier 1 capital	5 724 670	8 976 326
Additional Tier 1 capital	-	-
Tier 2 capital	-	-
<b>Total exposure measure</b>	<b>19 680 824</b>	<b>26 695 358</b>
Risk-weighted exposure value for credit risk, counterparty credit risk, dilution risk, and unpaid delivery risk	14 216 574	16 762 733
Total exposure measure for settlement/delivery risk	-	-
Total exposure measure for position risk, foreign exchange risk, and commodities risk	-	-
Total exposure measure for operational risk	5 464 250	9 932 625
Total exposure measure for credit valuation adjustment	-	-
Total exposure measure related to large exposures in the trading portfolio	-	-
Other exposure measures	-	-
<b>Capital ratios and levels</b>		
Common Equity Tier 1 capital ratio (%)	29.09	33.63
Common Equity Tier 1 capital surplus (+)/deficit (-)	4 839 033	7 775 035
Tier 1 capital ratio (%)	29.09	33.63
Tier 1 capital surplus	4 543 821	7 374 604
Total capital ratio (%)	29.09	33.63
Total capital surplus (+)/deficit (-)	4 150 204	6 840 697
<b>Combined capital buffer requirement</b>	<b>593 295</b>	<b>803 822</b>
Capital conservation buffer	492 021	667 384
Conservation buffer due to macroprudential or systemic risk identified at the level of a member state	-	-
Institution-specific countercyclical capital buffer	101 275	136 438
Systemic risk capital buffer	-	-
Other systemically important institution buffer	-	-
<b>Capital ratios taking into account adjustments</b>		
Adjustment amount for prudential purposes	-	-
Common Equity Tier 1 capital ratio taking into account the adjustment amount mentioned in row 5.1 (%)	29.09	33.63
Tier 1 capital ratio taking into account the adjustment amount mentioned in row 5.1 (%)	29.09	33.63
Total capital ratio taking into account the adjustment amount mentioned in row 5.1 (%)	29.09	33.63

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## Liquidity coverage ratio calculation

	Bank 31/03/2025 EUR	Consolidated Group 31/03/2025 EUR
Liquidity reserve	39 543 041	39 543 041
Net outflows	3 699 054	2 373 637
Liquidity coverage ratio (%)	1 069.00	1 665.93

## Risk management

Basic risk analysis principles of AS INDEXO Banka can be found in the Bank's Annual report chapter Notes to the Financial Statements (Appendix No. 4. "Risk management"): [AS Indexo Banka 2024 annual report](#)

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