

INDEXO¹

AS INDEXO BANKA

Unaudited public quarterly report

January – September 2024

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Basic Principles for Preparing the Report

This report is prepared in accordance with the "Regulations on the Preparation of Quarterly Public Reports of Credit Institutions" No. 231 approved by the Financial and Capital Market Commission of the Bank of Latvia (after the merger – Bank of Latvia).

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

AS INDEXO Bank is a subsidiary of IPAS INDEXO.

As of September 30, 2024, the registered and paid-up share capital was divided into 17 309 445 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 September 30, 2024, 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	17 309 445	100%
Total	17 309 445	100%

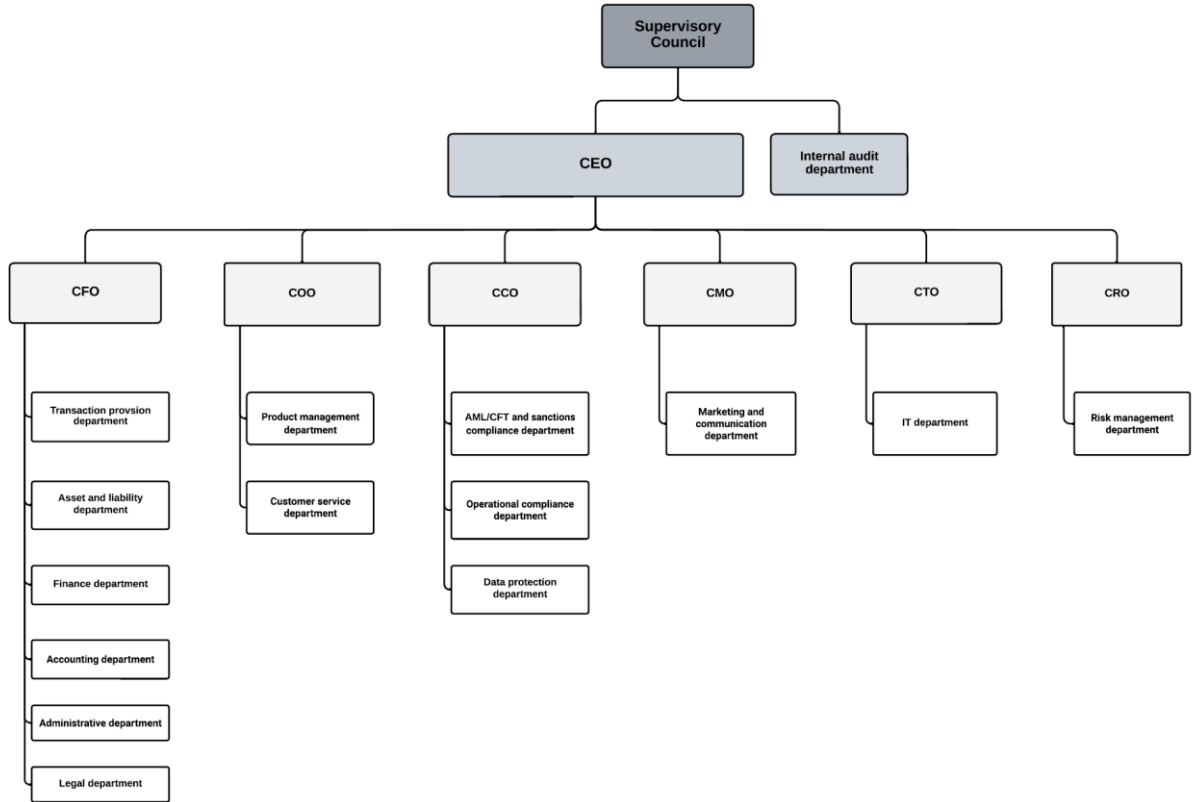
Members of the Bank's supervisory board

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
Ivita Asare	Member of the Supervisory Board (until 03.07.2024)

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
Līga Katrīna Kļaviņa	Member of the Management Board
Ieva Bauma	Member of the Management Board
Gints Ozoliņš	Member of the Management Board
Tīna Kukka	Member of the Management Board (until 28.06.2024)
Ivita Asare	Member of the Management Board

Bank's organisational structure



Information about the organisational structure of the INDEXO Group can be found here: indexo.lv/en/company-structure/.

Management report

AS INDEXO Bank started operations on August 28, 2024 – three and a half months after receiving its banking license. During the reporting period, INDEXO Bank has completed its first month of operation, and we are proud of the results achieved.

In the first month of banking operation, AS INDEXO Bank attracted more than 10 thousand clients with total deposits almost amounting to EUR 9.0 million. For comparison, it took more than a year for the pension management company IPAS INDEXO, which now has over 137.5 thousand clients, to attract its first 10 thousand clients.

All client applications at the INDEXO BANK are received through the new bank's mobile app. Client activity was particularly high during the first days of the bank's operation, but even now, the influx of new clients continues.

The bank's operations were launched with a suite of daily banking services for private individuals. It is still too early to draw conclusions about specific user habits or client profiles. We see that some clients are transferring their salary payments to INDEXO Bank, others are actively using payment cards, while still others appreciate the advantages of our savings products and the ability to track their third-pillar pension savings and easily making deposits to the 3rd pillar thru the mobile app.

Since starting operations, we have already released six updates for the mobile app. These updates included over 200 small improvements and bug fixes, as well as added functionality to provide clients with detailed information on interest earned from savings products. The app now fully integrates e-signature functionality and allows users to create detailed account statements in PDF format. In the coming weeks and months, we will continue to improve our mobile app and expand the range of available banking services. At the present, our timeline for the planned introduction of new services is as follows:

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Improvements and bug fixes	Yellow	Yellow	Yellow	Yellow	Yellow
Regular payments	Dark Purple				
Mortgage lending		Yellow	Yellow	Yellow	Yellow
Family accounts		Dark Purple			
Google / Apple pay		Yellow	Yellow		
2PL in Mobile app	Dark Purple				
Servicing of SMEs					Yellow

To separate the costs of establishing the bank from other group expenses, a subsidiary of IPAS INDEXO, AS IDX1R, was established on December 19, 2022. After receiving the banking license, it was renamed to AS INDEXO Banka. However, several cost items related to the bank's establishment still need to be recorded in the parent company, IPAS INDEXO. The largest of these are capital-raising expenses, fees for signed commitment letters to support future bank capital needs, and stock option costs for INDEXO Banka employees. The total amount of these expenses for the first 9 months of this year was EUR 495 thousand. All other bank establishment costs are

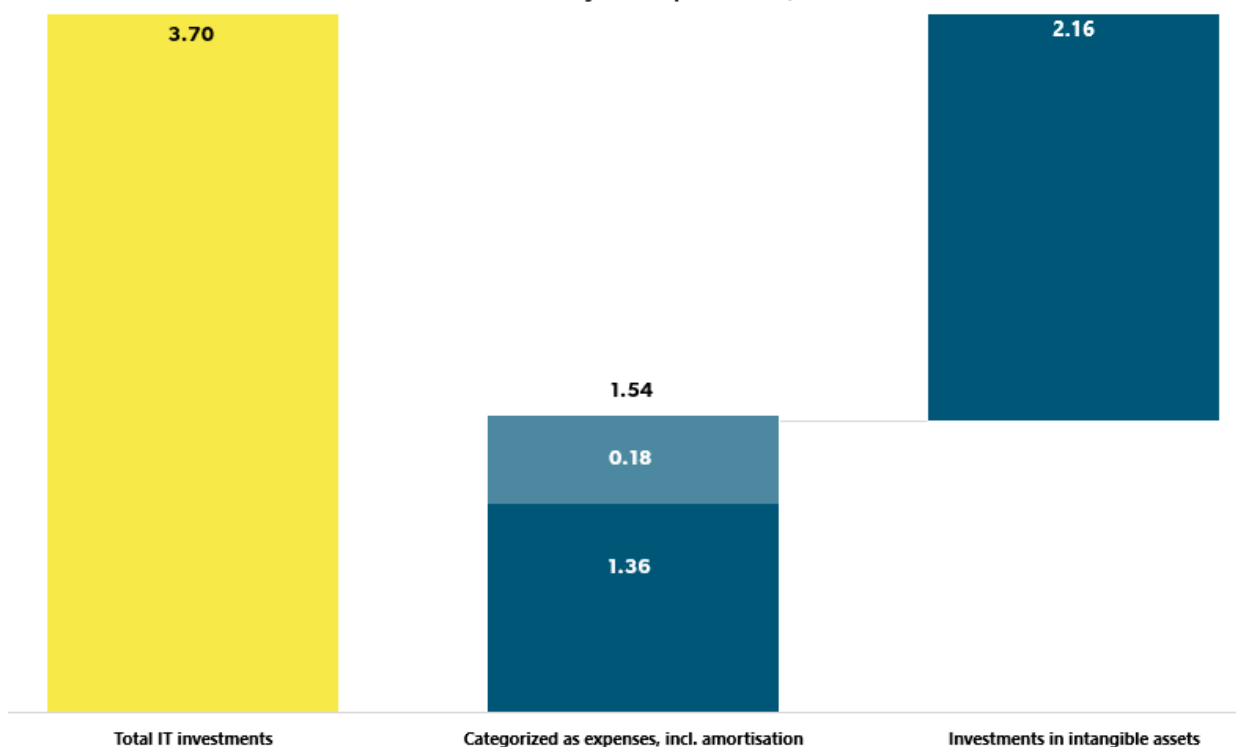
separated from IPAS INDEXO and reflected in this AS INDEXO Banka quarterly public report.

At the end of reporting period we have increased the total number of full-time equivalent employees at AS INDEXO Banka to 53 (at the end of June 30 2024 the total number of full-time equivalent employees were 42¹) ensuring that Bank has sufficient recourses to provide an excellent customer experience and to meet all the regulatory requirements. At the end of September INDEXO Bank moved to the new modern office building "Verde" in Riga. This step will not only promote teamwork but also enhance INDEXO's appeal as an employer.

Since the Bank's public operations began on August 28, 2024, and it has only completed one month within the reporting period, INDEXO Bank's operating income amounted to just 50 thousand EUR. Meanwhile, the bank continues to make significant IT investments to develop and expand its range of banking services. Consequently, INDEXO Bank incurred losses of 3.9 million EUR during the reporting period.

The largest category of investment and expenses related to the establishment of the bank is IT expenses and investments. Since the beginning of the INDEXO Bank development as of September 30, 2024, the total investments in intangible assets for the bank's IT infrastructure amount to EUR 4.1 million, of which EUR 2.2 million were made in the nine month of this year. Additionally, this year's IT expenses that were immediately written off totaled EUR 1.5 million, of which EUR 1.4 million were recognized as expenses, and EUR 0.2 million accounted for the amortized portion of previously capitalized costs.

Total IT investments Jan-Sept 2024, million EUR



As of September 30, 2024, AS INDEXO Banka complies with all regulatory requirements regarding liquidity and capital adequacy at both the individual and consolidated level. At the end of reporting period, INDEXO Bank's capital and reserves were EUR 10.7 million, and our equity for capital adequacy calculation was EUR 8.5 million, consisting entirely of Common Equity Tier 1 (CET1) capital. Since the value of the bank's risk exposures was very low at the end of the quarter, our capital ratios significantly exceeded the capital requirements set by our regulators, and at the end of the quarter, INDEXO Banka's capital adequacy ratio was 89.55%. The liquidity coverage ratio was 1232.51%, significantly exceeding the regulatory minimum of 100%.

¹ We'd like to clarify a small error in our previous report regarding our FTE count. After reviewing the numbers, we found that the correct, updated figure is 42 FTEs, rather than 53.

We have invested significant effort to ensure that INDEXO Banka stands out in the Latvian financial market with the ease of use of its services and innovative products, offering new opportunities and more favorable conditions for clients. We involved our customers in this process by gathering their opinions on various topics, from the design of the mobile app to the appearance of payment cards. A survey¹ conducted in collaboration with the Delfi portal shows that our efforts have achieved the intended result—93% of survey participants rated the account opening process in the INDEXO mobile app as simple and gave high ratings for the app's ease of use, functionality, speed, and operational stability.

The central management tool of the new INDEXO Banka's services will be a modern mobile app, and the only bank customer service centre will be in the "Verde" office complex, which we plan to open at the beginning of 2025. Establishing a physical customer service centre will increase the visibility of the INDEXO brand and improve accessibility for both existing and future clients of the INDEXO group.

The results from the first month of operations confirm that INDEXO Bank, with more than 137 thousand pension management clients, a well-known and positively received brand, and a developed modern IT infrastructure, is excellently positioned to challenge the oligopolistic banking market and to change entrenched market practices—high fees, complex and non-transparent pricing, complicated service acquisition processes, and a risk-averse culture."

You can learn about the INDEXO group's history, values, mission, and vision here: indexo.lv/en/values-and-history/.²

²delfi.lv survey data, period: 30.09.-13.10.2024, n=985, all, 18+

Events after the reporting period

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

- As of the end of October 2024, INDEXO Bank's number of clients has grown to 14 thousand, deposit volumes doubled to EUR 17.8 million, while the amount of issued loans has reached EUR 0.5 million.
- The government of the Republic of Latvia plans to make a decision to reduce 2nd pension pillar contributions from 6% to 5%, starting from January 1, 2025 for the four years, which is expected to impact the results of INDEXO Group company, IPAS INDEXO. In the same legislation draft, it is proposed that the current cap on management fees of 0.4% will be reduced to 0.2%, thereby reducing 2nd pillar income for all major market participants in the long term. IPAS INDEXO, the sole shareholder of INDEXO Bank and the third-largest 2nd pension pillar manager in Latvia, would also be affected by these legal changes once the law will be enforced.

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

Valdis Siksnis, Chairman of the Management Board

Vladimirs Bolbats, Member of the Management Board

Evija Sloka, Member of the Management Board

Līga Katrīna Kļaviņa, Member of the Management Board

Ieva Bauma, Member of the Management Board

Gints Ozoliņš, Member of the Management Board

Ivita Asare, Member of the Management Board

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Statement of responsibility of the management board of AS INDEXO Banka

The Management Board of AS INDEXO Banka is responsible for the bank's public quarterly report, which clearly and accurately reflects the bank's financial position as of September 30, 2024.

The data and additional information presented in this public quarterly report are true and complete. The public quarterly report of AS INDEXO Banka is prepared in accordance with the "Regulations on the Preparation of Quarterly Public Reports of Credit Institutions" No. 231 approved by the Financial and Capital Market Commission.

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Financial Condition and Performance

Profit and loss statement

	Bank 01/01/2024 – 30/09/2024 Unaudited, EUR	Consolidated Group 01/01/2024 – 30/09/2024 Unaudited, EUR
Interest income	189 795	224 054
Interest expense (-)	(35 029)	(331 821)
Dividend income	-	-
Commission income	1 848	3 169 518
Commission expense (-)	(39 347)	(46 017)
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 (+/-)	(857)	(997)
Net profit/loss from derecognition of non-financial assets (+/-)	-	-
Other operating income	-	124
Other operating expenses (-)	(178 134)	(891 299)
Administrative expenses (-)	(3 367 190)	(5 143 681)
Depreciation (-)	(311 371)	(375 787)
Profit/loss recognized due to changes in the contractual cash flows of a financial asset (+/-)	-	-
Provisions made or reversed (-/+)	(150 000)	(150 000)
Impairment or reversal of impairment (-/+)	(8 709)	(10 716)
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 (+/-)	-	-
Profit/loss before corporate income tax (+/-)	(3 898 994)	(3 556 623)
Corporate income tax	525	6 498
Profit/loss for the reporting period (+/-)	(3 899 519)	(3 563 120)
Other comprehensive income for the reporting period (+/-)	(3 899 519)	(3 563 120)
Return on Equity (ROE) %	-72.41	-55.05
Return on Assets (ROA) %	-55.22	-35.45

The financial statements have been authorised for issue on 5 November 2024 and signed on behalf of the AS INDEXO Banka Management Board by:

Valdis Siksnis, Chairman of the Management Board

Vladimirs Bolbats, Member of the Management Board

Evija Sloka, Member of the Management Board

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Balance sheet statement

	Bank 30/09/2024 Unaudited, EUR	Consolidated Group 30/09/2024 Unaudited, EUR
Cash and demand deposits with central banks	15 756 133	15 756 133
Demand deposits with credit institutions	3 927	1 243 843
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	332 815	556 251
including loans	283 324	506 760
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	-	260 033
Tangible assets	2 179 681	2 283 177
Intangible assets	3 867 508	3 924 556
Tax assets	12 567	16 993
Other assets	323 721	2 223 708
Non-current assets and disposal groups classified as held for sale	-	-
Total assets	22 476 352	26 264 694
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	8 965 612	8 965 612
including deposits	8 965 612	8 965 612
Derivative financial instruments – hedge accounting	-	-
Changes in fair value of hedged items for portfolio hedge of interest rate risk	-	-
Provisions	195 404	713 173
Tax liabilities	117 945	144 006
Other liabilities	2 457 505	2 589 066
Liabilities included in disposal groups classified as held for sale	-	-
Total liabilities	11 736 466	12 411 857
Capital and reserves	10 739 886	13 852 837
Total equity and liabilities	22 476 352	26 264 694
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 30/09/2024 Unaudited, EUR	Consolidated Group 30/09/2024 Unaudited, EUR
Equity capital	8 451 852	13 508 667
Tier 1 capital	8 451 852	13 508 667
Common Equity Tier 1 capital	8 451 852	13 508 667
Additional Tier 1 capital	-	-
Tier 2 capital	-	-
Total exposure measure	9 438 232	12 053 168
Risk-weighted exposure value for credit risk, counterparty credit risk, dilution risk, and unpaid delivery risk	4 438 232	7 053 168
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	5 000 000	5 000 000
Total exposure measure for credit valuation adjustment	-	-
Total exposure measure related to large exposures in the trading portfolio	-	-
Other exposure measures	-	-
Capital ratios and levels		
Common Equity Tier 1 capital ratio (%)	89.55	112.08
Common Equity Tier 1 capital surplus (+)/deficit (-)	8 027 132	12 966 274
Tier 1 capital ratio (%)	89.55	112.08
Tier 1 capital surplus	7 885 558	12 785 477
Total capital ratio (%)	89.55	112.08
Total capital surplus (+)/deficit (-)	7 696 793	12 544 414
Combined capital buffer requirement	241 399	306 000
Capital conservation buffer	235 956	301 329
Conservation buffer due to macroprudential or systemic risk identified at the level of a member state		
Institution-specific countercyclical capital buffer	5 443	4 671
Systemic risk capital buffer		
Other systemically important institution buffer		
Capital ratios taking into account adjustments		
Adjustment amount for prudential purposes	-	-
Common Equity Tier 1 capital ratio taking into account the adjustment amount mentioned in row 5.1 (%)	89.55	112.08
Tier 1 capital ratio taking into account the adjustment amount mentioned in row 5.1 (%)	89.55	112.08
Total capital ratio taking into account the adjustment amount mentioned in row 5.1 (%)	89.55	112.08

The bank does not apply the transitional period specified in Article 473a of Regulation (EU) No. 575/2013 for the implementation of IFRS 9. The bank chooses not to apply the temporary regime specified in Article 468 of Regulation (EU) No. 575/2013.

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Liquidity coverage ratio calculation

	Bank 30/09/2024 Unaudited, EUR	Consolidated Group 30/09/2024 Unaudited, EUR
Liquidity reserve	15 756 683	15 756 683
Net outflows	1 278 423	335 211
Liquidity coverage ratio (%)	1 232.51	4700.53

Expected Credit Losses by Stage

(According to IFRS 9 "Financial Instruments")

Bank	30/09/2024		
	EUR	EUR	EUR
	Stage 1	Stage 2	Stage 3
Cash and demand deposits with central banks	(551)	-	-
Demand deposits with credit institutions	-	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-
Financial assets measured at amortized cost	(5 473)	-	(1 631)
Other assets	(1 055)	-	-
Book value	(7 079)	-	(1 631)

Consolidated Group	30/09/2024		
	EUR	EUR	EUR
	Stage 1	Stage 2	Stage 3
Cash and demand deposits with central banks	(551)	-	-
Demand deposits with credit institutions	-	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-
Financial assets measured at amortized cost	(5 473)	(5 342)	(1 631)
Other assets	(1 217)	-	-
Book value	(7 240)	(5 342)	(1 631)

Securities Portfolio Concentration Analysis

As of September 30, 2024, AS INDEXO Banka did not have any securities portfolios.

Risk management

The bank identifies all material risks inherent to its operations and develops, documents, and implements appropriate policies for managing these risks, including their measurement, assessment, control, mitigation measures, and risk reporting and information provision.

The risk management system is integrated into the bank's internal control system, ensuring independent risk control and compliance functions separate from business functions.

The risk management framework includes risk strategies, policies, procedures, risk limits, and controls, ensuring adequate, timely, and continuous identification, assessment, measurement, monitoring, mitigation, and reporting of material risks.

INTERNAL CONTROL SYSTEM

Risk management in the bank is based on the three lines of defense model and is organized to prevent or escalate any potential conflicts of interest.

The first line of defence involves primary risk management, conducted by all business and compliance departments and those employees who manage risks daily as part of their operational activities. This line involves risk identification and the implementation of risk mitigation measures.

The second line of defence involves further, in-depth, and independent risk identification and assessment, analysis, and monitoring conducted by the Risk management, Compliance, AML, Sanctions departments as well as data protection department.

The third line of defence provides independent assurance on the risk management process and its effectiveness, conducted by the Internal Audit department.

RISK CULTURE

The bank promotes a risk culture that encourages proper behavior based on the bank's values, best industry practices, and ethical standards.

The bank ensures the establishment of a comprehensive risk culture that facilitates the implementation of effective risk management processes, considering the bank's development strategy and risk strategy.

RISK MATERIALITY ASSESSMENT PROCESS

Material risks are inherent to the bank's operations and can significantly negatively impact the bank's reputation, ability to provide services, achieve strategic objectives, and/or cause substantial financial losses.

According to the bank's operational specifics, the following are considered material risks:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk
- Operational Risk
- Compliance Risk
- Reputational Risk
- Business Model Risk
- AML/CFT Risk
- Sanctions Risk
- Excessive Leverage Risk
- Concentration Risk
- Model Risk

Capital adequacy

The bank consistently maintains capital that exceeds the minimum requirements set by regulations. The bank uses capital efficiently and builds its capital position through profit, focusing on adequate return on capital as one of the main indicators in decision-making.

The bank consistently maintains a capital level that supports the achievement of strategic goals, ensuring that the capital size is sufficient and optimal for the business's operation and development in terms of both volume and structure.

The bank ensures that the amount of capital is sufficient to cover risks and support the bank's operations.

Credit Risk

The bank's credit risk management strategy aims to maximize asset returns and ensure an optimal balance between credit risk, the planned level of return, and liquidity. The bank's credit risk management is based on an adequate assessment of borrowers and counterparties, as well as adherence to the restrictions and limits set by the bank.

The bank primarily assumes credit risk in Latvia. The bank only issues loans where it is possible to identify, assess, and manage the borrower's risks.

Liquidity risk

The goal of the bank's liquidity risk management strategy is to ensure the necessary level of liquidity while achieving an appropriate, optimal balance between return and risk in accordance with established risk management principles.

The bank implements its liquidity management strategy by considering the maturity, volatility, and currency of the funds raised, changes in operations, and the external conditions affecting them.

The bank assumes liquidity risk within defined limits and restrictions.

Interest rate risk

The goal of the interest rate risk management strategy is to ensure an appropriate balance between the interest rate risk taken by the bank and returns in order to reduce the potential negative impact of interest rate risk on the bank's financial condition and operations.

The bank plans to generate interest income by increasing the loan portfolio, primarily financing Latvian residents, and making every effort to prevent the share of NPL (non-performing loans) from exceeding the limits set in the risk appetite.

Operational risk

The bank uses a forward-looking and risk-based approach to identify, assess, and mitigate potential risk losses. Operational risk includes information technology risk, outsourcing risk, and legal risk.

Operational risk is mitigated by developing clearly defined processes and implementing appropriate internal controls.

The bank builds and maintains a skilled and motivated team of employees who conduct their daily work according to high ethical and professional standards. Regular employee training is conducted.

To quickly identify operational risk events and implement appropriate risk mitigation measures in a timely manner, the bank has established and implemented a database for the systematic recording of operational risk events. The bank has established a procedure whereby any employee, regardless of their position, must immediately register any operational risk event upon its identification, for any circumstances that have caused or may potentially cause losses to the bank (regardless of their form) or that may damage the bank's reputation. All operational risk events registered in the database are reviewed, and if necessary, risk mitigation measures are developed and implemented to improve the internal control system.

The bank's information systems are vital for maintaining sustainable business practices, and there is low tolerance for damage to information systems caused by malicious attacks and internal threats. To mitigate this risk, the bank focuses on the timely resolution of identified control deficiencies, consistent third-party risk management, technological control development, and continuous improvement. The bank has low tolerance for risks associated with system availability.

The bank establishes and implements the procedures, scope, and quality for the use of necessary outsourcing services to manage and minimize the risks associated with outsourcing and the potential impact on the bank's operational continuity, as well as to reduce expenses related to specific outsourcing services as much as possible. Before delegating any function, the bank evaluates all risks associated with outsourcing to ensure that it can continue to provide stable and sustainable operations.

The objective of legal risk management is to ensure compliance with the legislative acts of the Republic of Latvia, the European Union, and other applicable laws, regulations, and standards in legal operations.

During the reporting period, the bank did not incur any losses from operational risk events.

Compliance risk

The bank operates in a manner that ensures compliance with all applicable laws and regulations.

Compliance risk management in the bank is ensured by establishing clear responsibilities in the area of compliance, and by implementing current external regulatory requirements in internal policies and procedures that are understandable and transparent to employees.

The bank takes all necessary measures to comply with all applicable laws and regulations, particularly in the areas of AML risk and sanctions risk, as well as in other areas such as conflict of interest management, personal data protection, information security, etc.

Reputational risk

The bank refrains from engaging in activities that pose or could be associated with increased reputational risk, regardless of financial gains and rewards. Reputation is fundamentally important and is carefully analysed when making decisions.

Any news coverage of the bank in media channels is monitored to maintain a positive corporate image, with constant attention to media representation and timely actions taken to avoid negative media escalation and public reaction.

Legitimate customer complaints are reviewed at the management level and addressed appropriately and promptly. Special attention is paid to managing information security risks and mitigating significant information security incidents, such as mass customer data breaches or breaches of sensitive information confidentiality.

Business model risk

The bank maintains a reasonably diversified, viable, and sustainable business model by offering a wide range of financial services to clients with diverse needs.

The bank strategically develops its service offerings based on next-generation financial technologies.

The bank mitigates business model risk by continuously monitoring operational performance indicators against established plans and taking appropriate actions when necessary.

AML and Sanctions risk

The bank operates in a manner that ensures compliance with all applicable laws and regulations. This includes a low-risk appetite concerning compliance risks and a zero-tolerance principle toward intentional violations in AML and sanctions risk matters, collaborating only with trusted clients that fit the defined target customer base and using effective and integrated solutions for customer and partner relationship management, "know your customer" processes, transaction monitoring, and sanctions screening.

The bank establishes effective internal control systems according to the risk levels of the bank's clients/partners, products, geography, and delivery channels, implementing appropriate risk mitigation measures.

Excessive leverage risk

Excessive leverage occurs when the bank increases its balance sheet size in ways that do not directly affect capital adequacy (e.g., by using risk mitigation techniques to reduce risk-weighted assets, etc.). However, due to the volume, market changes (e.g., changes in asset values or unfavourable changes in interest rates) may threaten the bank's performance and existence.

The bank consistently maintains its leverage ratio (calculated by dividing Tier 1 capital by the total exposure measure, i.e., the sum of assets and off-balance sheet items, regardless of their risk level) above the minimum level set by regulations.

The bank mitigates excessive leverage risk by monitoring the asset-liability structure and its changes, as well as the volume of products that include funded and unfunded protection.

Concentration risk

The bank integrates the concentration risk management system into its internal control system and identifies risk drivers that may create concentration risk in various areas of operation.

Concentration risk is closely related to other risks, and its management system is part of the bank's various risk management policies and related procedures.

The bank mitigates concentration risk by setting limits on large risk exposures with clients, groups of connected clients, or risk exposures with clients whose creditworthiness is determined by a common risk factor.

The bank ensures timely reporting on approved limits, their control, and actions to be taken in cases of non-compliance.

Model risks

The objective of the model risk strategy is to ensure that the developed models meet their intended purpose, align with the bank's operational specifics and complexity, are sufficiently accurate and reliable, and are properly documented and managed.

The bank takes all necessary measures to ensure that, when using internal models, their methodology, input data, assumptions, limitations, and results are understandable, validated, reviewed, monitored, and, if necessary, appropriately adjusted.

The bank uses automated models for creditworthiness assessment and credit decision-making, implementing measures to ensure the quality of input data, traceability, and verifiability of results, and adequate model documentation.

The financial statements have been authorised for issue on 5 November 2024 and signed on behalf of the AS INDEXO Banka Management Board by:

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