FINANCIAL STATEMENTS AND MANAGEMENT REPORT

31 December 2024

Tilžės 149, LT-76348 Šiauliai
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(All amounts are in EUR thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S INCOME STATEMENTS

		Year ended			
		31 December 2024		31 December 2023	
	Notes	Group	Bank	Group	Bank
Continuing operations					
Interest income calculated using the effective interest method	1	243,478	227,237	195,726	181,049
Other similar income	1	26,735	24,953	21,242	21,070
Interest expense and similar charges	1	(110,004)	(110,146)	(60,115)	(60,189)
Net interest income		**160,209**	**142,044**	**156,853**	**141,930**
Fee and commission income	2	38,021	32,587	28,610	28,968
Fee and commission expense	2	(8,941)	(8,044)	(8,358)	(8,114)
Net fee and commission income		**29,080**	**24,543**	**20,252**	**20,854**
Net gain from trading activities	3	19,422	6,248	11,948	5,732
Net gain (loss) from derecognition of financial assets	6	544	778	809	532
Net gain (loss) from disposal of tangible assets	6	593	141	864	97
Revenue related to insurance activities	5	13,090	-	5,684	-
Other operating income	6	775	1,384	41	1,722
Salaries and related expenses		(49,507)	(43,840)	(36,226)	(33,004)
Depreciation and amortization expenses		(8,006)	(6,392)	(5,490)	(5,126)
Expenses related to insurance activities	5	(20,747)	-	(12,514)	-
Other operating expenses	4	(38,111)	(32,402)	(31,247)	(25,557)
Operating profit before impairment losses		**107,342**	**92,504**	**110,974**	**107,180**
Allowance for impairment losses on loans and finance lease receivables	7	(10,896)	(4,635)	(15,518)	(8,059)
(Allowance for)/ reversal of allowance for impairment losses on other assets	7	-	-	286	-
Allowance for impairment losses on investments in subsidiaries		-	-	-	-
Share of the profit or loss of investments in subsidiaries accounted for using the equity method	16	-	7,227	-	(4,267)
Profit from continuing operations before income tax		**96,446**	**95,096**	**95,742**	**94,854**
Income tax expense	8	(17,659)	(15,810)	(20,367)	(19,234)
Net profit from continuing operations for the year		**78,787**	**79,286**	**75,375**	**75,620**
Profit (loss) from discontinued operations, net of tax		-	-	-	-
Net profit for the year		**78,787**	**79,286**	**75,375**	**75,620**
Net profit attributable to:					
Owners of the Bank		78,787	79,286	75,375	75,620
From continuing operations		78,787	79,286	75,375	75,620
From discontinued operations		-	-	-	-
Non-controlling interest		-	-	-	-
Basic earnings per share (in EUR per share) attributable to owners of the Bank	9	0.12		0.13	
From continuing operations		0.12		0.13	
From discontinued operations		-		-	
Diluted earnings per share (in EUR per share) attributable to owners of the Bank	9	0.12		0.13	
From continuing operations		0.12		0.13	
From discontinued operations		-		-	

Chief Executive Officer — Vytautas Sinius

Chief Financial Officer — Donatas Savickas

4th March 2025

The accounting policies and notes on pages 11 to 132 constitute an integral part of these financial statements.

(All amounts are in EUR thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S STATEMENTS OF COMPREHENSIVE INCOME

		Year ended			
		31 December 2024		31 December 2023	
	Notes	**Group**	**Bank**	**Group**	**Bank**
Net profit for the year		**78,787**	**79,286**	**75,375**	**75,620**
Other comprehensive income (loss):					
Items that may be subsequently reclassified to profit or loss:					
Financial assets valuation gains (losses) taken to other comprehensive income	15	3,026	3,026	716	716
Financial assets valuation result transferred to profit or loss	15	20	20	2,640	2,640
Deferred income tax on gain (loss) from revaluation of financial assets	8, 15	(609)	(609)	(671)	(671)
Items that may not be subsequently reclassified to profit or loss:					
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		-	-	-	-
Other comprehensive income (loss), net of deferred tax		**2,437**	**2,437**	**2,685**	**2,685**
Total comprehensive income for the year		**81,224**	**81,723**	**78,060**	**78,305**
Total comprehensive income attributable to:					
Owners of the Bank		81,224	81,723	78,060	78,305
Non-controlling interest		-	-	-	-
		81,224	81,723	78,060	78,305

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4th March 2025

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(All amounts are in EUR thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S STATEMENTS OF FINANCIAL POSITION

		31 December 2024		31 December 2023	
	Notes	Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents	10	395,136	386,365	751,499	742,969
Securities in the trading book	12	235,110	13,543	207,677	20,402
Due from other banks	11	3,121	3,121	3,013	3,013
Derivative financial instruments	12	1,093	1,093	251	241
Loans to customers	13	3,117,700	3,105,007	2,645,104	2,633,482
Finance lease receivables	14	316,897	316,897	286,533	286,451
Investment securities at fair value	15	43,868	43,620	74,500	74,382
Investment securities at amortized cost	15	726,937	716,864	751,227	739,869
Investments in subsidiaries and associates	16	270	84,069	100	76,672
Intangible assets	17	43,617	7,859	45,138	8,149
Property, plant and equipment	18	15,261	14,689	15,781	14,702
Investment property	26	-	-	993	-
Current income tax prepayment		82	-	35	-
Deferred income tax asset	8	6,076	2,716	7,577	3,658
Other financial assets	19	7,258	6,559	7,351	8,289
Other non-financial assets	19	10,043	8,505	12,392	10,681
Assets classified as held for sale	19	150	150	150	150
Total assets		**4,922,619**	**4,711,057**	**4,809,321**	**4,623,110**
LIABILITIES					
Due to other banks and financial institutions	20	65,860	68,487	569,994	576,316
Derivative financial instruments	12	123	123	1,041	1,041
Due to customers	21	3,537,972	3,543,291	3,162,657	3,166,908
Special and lending funds	22	23,037	23,037	15,718	15,718
Debt securities in issue	23	448,159	448,159	276,480	276,480
Current income tax liabilities		303	48	6,412	6,412
Deferred income tax liabilities	8	6,141	-	6,125	-
Liabilities related to insurance activities	24	198,432	-	179,318	-
Other financial liabilities	25	46,426	39,245	40,107	34,359
Other non-financial liabilities	25	10,994	1,663	8,341	1,435
Total liabilities		**4,337,447**	**4,124,053**	**4,266,193**	**4,078,669**
EQUITY					
Share capital	27	192,269	192,269	192,269	192,269
Share premium	27	25,534	25,534	25,534	25,534
Treasury shares (-)	27	(8,375)	(8,375)	(1,500)	(1,500)
Reserve capital	27	756	756	756	756
Statutory reserve	27	61,025	60,805	47,803	47,605
Financial instruments revaluation reserve		(2,989)	(2,989)	(5,426)	(5,426)
Reserve for acquisition of own shares	27	20,000	20,000	20,000	20,000
Other equity	27	1,480	1,019	1,697	1,209
Retained earnings		295,472	297,985	261,995	263,994
Non-controlling interest		-	-	-	-
Total equity		**585,172**	**587,004**	**543,128**	**544,441**
Total liabilities and equity		**4,922,619**	**4,711,057**	**4,809,321**	**4,623,110**

Chief Executive Officer — Vytautas Sinius

Chief Financial Officer — Donatas Savickas

4th March 2025

The accounting policies and notes on pages 11 to 132 constitute an integral part of these financial statements.

(All amounts are in EUR thousand, unless otherwise stated)

THE GROUP'S STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Treasury shares (-)	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total	Non-controlling	Total equity
		Attributable to Bank shareholders											
31 December 2022		**174,211**	**3,428**	**-**	**756**	**(8,111)**	**37,113**	**20,000**	**2,355**	**213,154**	**442,906**	**-**	**442,906**
Impact of change in accounting principles		-	-	-	-	-	-	-	-	-	-	-	-
1 January 2023		**174,211**	**3,428**	**-**	**756**	**(8,111)**	**37,113**	**20,000**	**2,355**	**213,154**	**442,906**	**-**	**442,906**
Transfer to/from statutory reserve		-	-	-	-	-	10,690	-	-	(10,690)	-	-	-
Transfer to reserve for acquisition of own shares	27	18,058	22,106	-	-	-	-	-	-	-	40,164	-	40,164
Acquisition of own shares	27	-	-	(3,368)	-	-	-	-	-	-	(3,368)	-	(3,368)
Share-based payment	27	-	-	1,868	-	-	-	-	(658)	75	1,285	-	1,285
Payment of dividends	29	-	-	-	-	-	-	-	-	(15,919)	(15,919)	-	(15,919)
Total comprehensive income		-	-	-	-	2,685	-	-	-	75,375	78,060	-	78,060
Net profit		-	-	-	-	-	-	-	-	75,375	75,375	-	75,375
Other comprehensive income		-	-	-	-	2,685	-	-	-	-	2,685	-	2,685
31 December 2023		**192,269**	**25,534**	**(1,500)**	**756**	**(5,426)**	**47,803**	**20,000**	**1,697**	**261,995**	**543,128**	**-**	**543,128**
Transfer to statutory reserve		-	-	-	-	-	13,222	-	-	(13,222)	-	-	-
Increase in share capital	27	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of own shares	27	-	-	(8,375)	-	-	-	-	-	-	(8,375)	-	(8,375)
Share-based payment	27	-	-	1,500	-	-	-	-	(217)	7	1,290	-	1,290
Payment of dividends	29	-	-	-	-	-	-	-	-	(32,095)	(32,095)	-	(32,095)
Total comprehensive income		-	-	-	-	2,437	-	-	-	78,787	81,224	-	81,224
Net profit		-	-	-	-	-	-	-	-	*78,787*	*78,787*	-	*78,787*
Other comprehensive income		-	-	-	-	*2,437*	-	-	-	-	*2,437*	-	*2,437*
31 December 2024		**192,269**	**25,534**	**(8,375)**	**756**	**(2,989)**	**61,025**	**20,000**	**1,480**	**295,472**	**585,172**	**-**	**585,172**

The accounting policies and notes on pages 11 to 132 constitute an integral part of these financial statements.

(All amounts are in EUR thousand, unless otherwise stated)

THE BANK'S STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Treasury shares (-)	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total
31 December 2022		**174,211**	**3,428**	**-**	**756**	**(8,111)**	**36,922**	**20,000**	**1,917**	**214,888**	**444,011**
Impact of change in accounting principles		-	-	-	-	-	-	-	-	-	-
1 January 2023		**174,211**	**3,428**	**-**	**756**	**(8,111)**	**36,922**	**20,000**	**1,917**	**214,888**	**444,011**
Transfer to/from statutory reserve		-	-	-	-	-	10,683	-	-	(10,683)	-
Transfer to reserve for acquisition of own shares	27	18,058	22,106	-	-	-	-	-	-	-	40,164
Acquisition of own shares	27	-	-	(3,368)	-	-	-	-	-	-	(3,368)
Share-based payment	27	-	-	1,868	-	-	-	-	(708)	88	1,248
Payment of dividends	29	-	-	-	-	-	-	-	-	(15,919)	(15,919)
Total comprehensive income		-	-	-	-	2,685	-	-	-	75,620	78,305
Net profit		-	-	-	-	-	-	-	-	75,620	75,620
Other comprehensive income		-	-	-	-	2,685	-	-	-	-	2,685
31 December 2023		**192,269**	**25,534**	**(1,500)**	**756**	**(5,426)**	**47,605**	**20,000**	**1,209**	**263,994**	**544,441**
Transfer to statutory reserve		-	-	-	-	-	13,200	-	-	(13,200)	-
Increase in share capital	27	-	-	-	-	-	-	-	-	-	-
Acquisition of own shares	27	-	-	(8,375)	-	-	-	-	-	-	(8,375)
Share-based payment	27	-	-	1,500	-	-	-	-	(190)	-	1,310
Payment of dividends	29	-	-	-	-	-	-	-	-	(32,095)	(32,095)
Total comprehensive income		-	-	-	-	2,437	-	-	-	79,286	81,723
Net profit		-	-	-	-	-	-	-	-	*79,286*	*79,286*
Other comprehensive income		-	-	-	-	*2,437*	-	-	-	-	*2,437*
31 December 2024		**192,269**	**25,534**	**(8,375)**	**756**	**(2,989)**	**60,805**	**20,000**	**1,019**	**297,985**	**587,004**

The accounting policies and notes on pages 11 to 132 constitute an integral part of these financial statements.

(All amounts are in EUR thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S STATEMENTS OF CASH FLOWS

		Year ended			
		31 December 2024		31 December 2023	
	Notes	Group	Bank	Group	Bank
Operating activities					
Interest received on loans and advances		230,501	209,897	177,448	163,133
Interest received on finance leases		22,958	22,956	18,678	18,652
Interest received on debt securities in the trading book		1,470	1,292	1,887	1,741
Interest paid		(103,746)	(104,419)	(29,458)	(29,633)
Fees and commissions received		38,021	32,587	28,610	28,968
Fees and commissions paid		(8,941)	(8,044)	(8,358)	(8,114)
Net cash inflows from trade in securities in the trading book		2,667	7,116	2,973	1,602
Net inflows from foreign exchange trading		5,236	5,218	6,982	6,975
Net inflows from derecognition of financial assets		544	779	809	532
Net inflows from derecognition of non-financial assets		593	141	864	97
Cash inflows related to other activities of Group companies		13,865	1,384	5,725	2,096
Cash outflows related to other activities of Group companies		(20,747)	-	(12,514)	-
Recoveries on loans previously written off		285	161	210	208
Salaries and related payments to and on behalf of employees		(45,619)	(39,952)	(34,372)	(31,150)
Payments related to operating and other expenses		(38,111)	(32,402)	(31,247)	(25,557)
Income tax paid	8	(22,442)	(22,442)	(17,628)	(16,200)
Net cash flow from operating activities before change in operating assets and liabilities		**76,534**	**74,272**	**110,609**	**113,350**
Change in operating assets and liabilities:					
(Increase) decrease in due from other banks		(108)	(108)	(280)	(280)
Increase in loans to customers		(479,621)	(475,529)	(253,637)	(263,910)
Decrease (increase) in finance lease receivable		(30,412)	(30,494)	(47,511)	(47,685)
Decrease (increase) in other financial assets		93	1,730	(1,536)	(2,669)
(Increase) decrease in other non-financial assets		16,021	16,894	1,303	9,743
Increase in due to banks and financial institutions		(487,444)	(491,139)	(129,700)	(124,862)
Increase in due to customers		362,970	364,038	361,782	361,653
Increase (decrease) in special and lending funds		7,319	7,319	1,534	1,534
Increase (decrease) in other financial liabilities		6,176	4,743	15,731	10,203
Increase (decrease) in other non-financial liabilities		(1,218)	(3,655)	785	(3,155)
Change		**(606,224)**	**(606,201)**	**(51,529)**	**(59,428)**
Net cash flow from operating activities		**(529,690)**	**(531,929)**	**59,080**	**53,922**
Investing activities					
Acquisition of property, plant and equipment, investment property and intangible assets		(5,457)	(4,893)	(7,754)	(7,299)
Disposal of property, plant and equipment, investment property and intangible assets		576	187	3,844	2,215
Acquisition of debt securities at amortized cost	15	(438,515)	(316,044)	(91,408)	(64,157)
Proceeds from redemption or sale of debt securities at amortized cost	15	452,745	335,131	292,941	279,209
Interest received on debt securities at amortized cost	15	19,620	17,776	10,082	9,777
Dividends received		204	13	14	10,014
Acquisition of investment securities at fair value		-	-	-	-
Sale or redemption of investment securities at fair value		33,645	33,645	16,824	16,824
Interest received on investment securities at fair value		639	639	758	758
Business acquired net of cash acquired during transaction	16	-	-	5,608	-
Establishment of subsidiaries	16	(100)	(100)	-	(400)
Increase in share capital of subsidiaries in cash	16	(70)	(70)	-	(17,706)
Net cash flow from (used in) investing activities		**63,287**	**66,284**	**230,909**	**229,235**
Financing activities					
Payment of dividends	29	(32,159)	(32,159)	(15,909)	(15,909)
Acquisition of own shares	27	(8,375)	(8,375)	(3,368)	(3,368)
Interest on debt securities in issue	23	(13,387)	(13,387)	(2,905)	(2,905)
Issue of debt securities	23	375,000	375,000	100,000	100,000
Redemption of debt securities issued	23	(210,000)	(210,000)	-	-
Principal elements of lease payments	10	(1,039)	(2,038)	(1,066)	(1,524)
Net cash flow (used in) from financing activities		**110,040**	**109,041**	**76,752**	**76,294**
Net increase (decrease) in cash and cash equivalents		**(356,363)**	**(356,604)**	**366,741**	**359,451**
Cash and cash equivalents at 1 January		**751,499**	**742,969**	**384,758**	**383,518**
Cash and cash equivalents at 31 December	**10**	**395,136**	**386,365**	**751,499**	**742,969**

The accounting policies and notes on pages 11 to 132 constitute an integral part of these financial statements.

GENERAL INFORMATION

Šiaulių Bankas AB was registered as a public company in the Enterprise Register of the Republic of Lithuania on 4 February 1992. The Bank is licensed by the Bank of Lithuania to perform all banking operations provided for in the Law on Banks of the Republic of Lithuania and the Charter of the Bank. In this document Šiaulių Bankas AB is referred to as the Bank, Šiaulių Bankas AB and its subsidiaries - the Group.

The Head Office of the Bank is located in Šiauliai, Tilžės str. 149, LT-76348. At the end of the reporting period the Bank had 54 customer service outlets (2022: 56 outlets). As of 31 December 2023 the Bank had 981 employees (31 December 2022: 817). As at 31 December 2023 the Group had 1,137 employees (31 December 2022: 908 employees).

The Bank accepts deposits, issues loans, makes money transfers and documentary settlements, exchanges currencies for its clients, issues and processes debit and credit cards, is engaged in trade finance and is investing and trading in securities, as well as performs other activities set forth in the Law on Banks of the Republic of Lithuania and the Charter of the Bank. Subsidiary companies of the Group perform consumer financing, life insurance and real estate management activities.

The Bank's shares are listed on the Baltic Main List of the NASDAQ Vilnius Stock Exchange.

As of 31 December 2024, the Bank owned the following directly controlled subsidiaries:

1. SB Draudimas UAB (life insurance activities),
2. SB Lizingas UAB (consumer financing activities),
3. SB Turto Fondas UAB (real estate management activities),
4. SB Modernizavimo Fondas UAB (multi-apartment renovation financing)*,
5. SB Modernizavimo Fondas 2 UAB (multi-apartment renovation financing)*,
6. SB Asset Management UAB (fund management activities).

*not consolidated under IFRS 10 requirements

As of 31 December 2023, the Bank owned the following directly controlled subsidiaries:

1. SB Draudimas UAB (life insurance activities),
2. SB Lizingas UAB (consumer financing activities),
3. Šiaulių Banko Lizingas UAB (lease activities),
4. SB Turto Fondas UAB (real estate management activities),
5. SB Modernizavimo Fondas UAB (multi-apartment renovation financing)*,
6. SB Asset Management UAB (fund management activities).

*not consolidated under IFRS 10 requirements

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared under the historical cost convention as modified for the fair value of financial assets and liabilities at fair value through profit or loss and investment securities at fair value through other comprehensive income.

The preparation of financial statements in conformity with International Financial Reporting Standards require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

These financial statements combine the consolidated financial statements for the Group and separate financial statements of the Bank. Such format of reporting was adopted to ensure consistency of presentation with the format prescribed by the Bank of Lithuania and applied for statutory reporting.

Neither the Bank's shareholders, nor any other party have power to amend the financial statements after issue. According to local legislation, the financial statements are subject to approval in the general meeting of shareholders, but the approval/disapproval cannot result in amendment of the financial statements.

Amounts shown in these financial statements are presented in the national currency the euro (EUR), which is the Bank's and Group's functional and presentation currency.

Amendments to existing standards and interpretations effective in 2024

A number of new standards are effective from 1 January 2024 but they do not have a material effect on the Group's financial statements:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- International Tax Reform – Pillar II Model Rules (Amendments to IAS 12).

On 1 January 2023 Group and Bank's subsidiary UAB SB draudimas (hereinafter – the Company) applied IFRS 17 Insurance contracts for the first time. Application of this standard introduced significant accounting changes for insurance and reinsurance contracts and financial instruments.

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group and the Bank

A number of new standards are effective for annual periods beginning 1 January 2025 and after, earlier application is permitted; however, the Group and the Bank has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's and Bank's financial statements:

- Classification and Measurement of Financial Instrument (Amendment to IFRS 9 and IFRS 7)
- Presentation and Disclosure in Financial Statements (Amendments to IFRS 18);
- Subsidiaries without Public Accountability: Disclosures (IFRS 19);
- Lack of Exchangeability (Amendments to IAS 21);

Consolidation of subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between the Group companies (including subsidiaries classified as held for sale) are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Bank.

Subsidiaries in the stand-alone financial statements are accounted for using equity method. Investment is initially recognized at cost, and adjusted thereafter for the post-acquisition change in the Bank's share of net assets of the subsidiary. the share of the profit or loss is included in the value of investments in subsidiaries and Bank's income statement, dividends paid by the subsidiary to the Bank are subtracted from the value of investment in subsidiary and not included in Bank's income statement.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in the euro, which is the Bank's functional and presentation currency. Euro also is functional and presentation currency of all the subsidiaries of the Bank included in the consolidated financial statements.

(b) Transactions and balances

All monetary assets and liabilities denominated in foreign currencies are translated into the euro (EUR) at the official daily euro foreign exchange reference rates (published by the European Central Bank) prevailing at the end of the reporting period. Gains and losses arising from this translation are included in the income statement for the reporting period. All non-monetary liabilities and assets are translated using the exchange rate prevailing on the date of acquisition.

Foreign currency transactions are recorded in the euro using the exchange rate ruling on the date of the transaction. Exchange differences arising from the settlement of transactions denominated in foreign currency are charged to the income statement at the time of transaction using the exchange rate ruling at that date.

Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Recognition of income and expenses

Interest income and expense are recognized in the income statement on debt instruments at amortized cost or at fair value through other comprehensive income on an accrual basis using the effective interest method based on the actual purchase price. The effective interest method is a method of calculating the authorized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options). The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Loan origination fees are accounted for as an adjustment to the effective interest rate calculation for each issued loan separately. Other commission fees and other similar income and expenses are recognized as gained or incurred.

For financial assets interest income is calculated by applying the effective interest rate to the gross carrying amount, except for financial assets that are credit-impaired (Stage 3), for which interest income is calculated by applying the effective interest rate to the net carrying amount (i.e. gross carrying amount reduced by the allowance for impairment), and purchased or originated credit-impaired (POCI) assets, for which the credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.

Revenues from contracts with customers consist primarily of service-related fees and are reported as Commission income, including fees for settlement services, service plans, cash operations, cards, account servicing fees, services related to securities, funds management fees, collection of utility and similar payments and others. The revenues reflect the consideration which is expected to be received in exchange for those services or transactions. The recognition in Income statement depends on whether the Group's obligations are provided. Revenue from such services is recognized over time on a straight-line basis when the services are provided to the customer. Revenue related to transactions is recognized at a point in time when the transaction takes place. Fee income for settlement services, cash operations, documentary collection, collection of utility and similar payments, services related to securities, funds distribution and other is recognized at a point in time when the Group satisfies its performance obligation upon execution of the specified transaction.

Insurance income and expense recognition is disclosed under Accounting principles section Insurance and investment contracts classification and accounting.

For distribution of second and third-tier pension funds Group uses services of external intermediaries, for whom a commission fee is paid for conclusion of the contract. The Group considers commissions paid to intermediaries for the conclusion of contracts for new pension fund participants as the costs of concluding contracts with clients and capitalizes and amortizes them over the average expected period of the new client's retention as a client of the Group - 10 years. Capitalized amounts of commission fees to intermediaries are recognized in the statement of financial position in the part of fixed assets.

Revenue from other activities of the Group comprise sale of apartments or other developed real estate projects. This revenue is recognized at a point of time upon transfer of completed property to client.

ACCOUNTING POLICIES (CONTINUED)

Share-based payment

Employees whose professional activities and/or decisions might have a significant impact on the risk accepted by the Group, receive deferred variable remuneration. The grant-date fair value of equity-settled shares-based payment arrangements granted to these employees is recognized as salaries and related expenses in income statement with a corresponding increase in other equity line in the statement of financial position, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the service and conditions (not directly based on market performance of shares) are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and conditions at vesting date. Any deviation from the original approval due to modifications of original terms and conditions are recognized in Income statement and a corresponding adjustment is recognized in other equity.

Taxation

a) Income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled (20% for deferred income tax assets and liabilities recognized at 31 December 2024 and at 31 December 2023. Starting from 1 January 2025, 21% of deferred income tax will be applied to the Bank).

The principal temporary differences arise from carry forward of unused tax losses, revaluation of securities, difference between net book value and tax base of tangible fixed assets and accrued charges. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

b) Other taxes

Since 16 May 2023 Republic of Lithuania has imposed new solidarity contribution for credit institutions operating in territory of Lithuania. This contribution is calculated on surplus of net interest income of credit institution for years 2023 and 2024 generated from operations in Lithuania. Expenses of this contribution are included in other expenses in the income statement.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with the Bank of Lithuania, treasury bills and other eligible bills, amounts due from banks and financial institutions and short-term government securities.

Financial assets

Financial assets are classified into 3 categories:

- financial assets at fair value through profit and loss (the Group and the Bank have debt and equity securities which are included to trading book, and equity securities which are included to investment securities portfolio),
- financial assets at fair value through other comprehensive income (the Group and the Bank have only debt securities of this category, these are included to Investment securities portfolio) and
- financial assets at amortized cost.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The classification is based on the cash flow characteristics of the asset and the Group's business model for managing the asset.

Financial assets at fair value through profit or loss

Trading book (trading sub-portfolio) includes debt securities which were acquired either for generating a profit from short-term fluctuations in price or dealer's margin.

Trading book (other assets sub-portfolio) includes debt and equity assets of the subsidiary involved in life insurance activities. These assets are managed on behalf of customers and were designated at fair value through profit or loss in order to significantly reduce the accounting mismatch between these securities and unit-linked provisions.

Investment portfolio includes non-trading (investment) equities that were acquired for generating a profit in longer term fluctuations or in line with other purposes with the Group (e.g. to have participation in entities that provide services to the group, or other).

Securities at fair value through profit or loss are initially recognized at fair value, which is based on transaction price and are subsequently measured at fair value based on quoted bid prices or derived from a discounted cash flow model if market price is unreliable measure. All related realized and unrealized gains and losses are included in net trading income. Interest earned is reported as interest income. Dividends received are included in dividend income. The instruments are derecognized when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognizing.

All purchases and sales of securities at fair value through profit or loss that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognized at settlement date, which is the date when payment is made for assets purchased or sold. All other purchases and sales are recognized as derivative forward transactions until settlement. Changes in the asset's fair value between the trade date and the settlement date are recognized as trading gains/losses in the income statement.

Financial assets at fair value through other comprehensive income

Debt securities that are held for collection of contractual cash flows and for selling them, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for recognition of impairment gains or losses, interest income and foreign exchange gains or losses on the financial instrument's authorized cost which are recognized in profit or loss. When the debt asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in Net gain (loss) in operations from securities. Interest income from these financial assets is included in Interest income using the effective interest rate method.

The Group did not designate any equities at fair value through other comprehensive income.

Financial assets at amortized cost

Loans to customers and finance lease receivables that are the main strategic direction of Group's business and debt securities that are held for collecting cash flows in line with prescribed business model to generate long-term yield and to serve as secondary liquidity reserves constitute the major part of Group's assets and are attributable to financial assets at amortized cost (as well as other qualifying assets such as cash equivalents, due from banks, other financial assets). These assets may be sold, but sales (other than sales low in volume or sales as part of problem debt recovery activities) are rare and infrequent. Financial assets at amortized cost are non-derivative financial assets that pass the "Solely payments of principal and interest" (SPPI) test other than: (a) those that the bank classifies as fair value through profit or loss due to intention for short-term sale or reduction of accounting mismatch; (b) those that the bank upon initial recognition designates at fair value through other comprehensive income; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the asset and recognized in the income statement as 'Allowance for impairment losses'. Financial assets at amortized cost are derecognized when the contractual rights to receive the cash flow from the assets expire, or the assets are written-off, or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognizing.

ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortized cost and fair value through other comprehensive income and with exposure arising from loan commitments and financial guarantee contracts. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic condition. Section 1.3 of the Financial risk management disclosure provides more details on the ECL measurement.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Write-offs of financial assets

Loans and receivables are regularly reviewed and written-off from the balance sheet when the total loan balance or a part of it is considered as uncollectible under the most optimistic scenario using expert judgement on each exposure. Typically, the judgement that there is no reasonable expectation for recovery is applied for the exposures where there are no clear indications of possible cash flows from the borrower and to the extent that the collateral is deemed insufficient. 100% impairment provision against the carrying amount of the exposure must be recognized before an uncollectible exposure (or part of it that is considered to be uncollectible) can be written-off. Written-off exposures are accounted for as off-balance sheet claims ("accumulated write-offs") until the legal right to claim the amounts from the borrower expires.

Modifications of financial assets

The Bank sometimes modifies the payment terms of loans to customers due to commercial renegotiations, or for distressed loans, with a view to maximizing recovery. Modification practices are based on criteria which, in the judgement of management, indicate that payment will most likely continue. Legal treatment for loan contract amendments is followed, i.e. amended loan contracts are accounted for as modifications - i.e. date of signing the original contract remains the point for loan parameters at origination used to assess significant increase of credit risk. On modification, the gross carrying amount of the loan is recalculated as the present value of the modified contractual cash flows that are discounted at the loan's original effective interest rate. The resulting modification gain or loss is included in other income line in the income statement. The modification of loan contract does not automatically impact its credit stage assignment if it done on a commercial negotiations basis or according to public or sectoral moratoria, but the loans subject to modification are checked if it is done because of borrower's inability to serve the loan by its original schedule. If this is the case, significant increase credit risk (Stage 2) is recognized. Additional scenarios for moving the loans the loans that were modified due to customers problems to Stage 3 are in place, and additional observation periods are in place for recognizing improvement in staging for such loans.

Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment at least annually. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Reverse repurchase transactions

Securities purchased under agreements to resell ("reverse repos") are recorded as loans and advances to other banks or customers, as appropriate. The difference between purchase and repurchase price is treated as interest and accrued over the life of agreement using the effective interest method. Securities borrowed are not recognized in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

Reverse repurchase agreements are classified as loans and receivables and are accounted for using the authorized cost method.

ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets are stated at cost less accumulated amortization. Intangible assets are authorized using the straight-line method over their estimated useful life (see note 17).

Property, plant and equipment

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off proportionally the cost of each asset over its estimated useful life.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals of fixed assets are determined by reference to their carrying amount and are charged to the Income statement.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Asset maintenance costs are charged to the income statement when they are incurred. Significant improvements of assets are capitalized and depreciated over the remaining useful life period of the improved asset. Useful lives of property, plant and equipment are disclosed in Note 18.

Leases

a) Group company is the lessee

Right-of-use assets and liabilities arising from lease are initially measured on present value basis, discounted using the interest rate implicit in the lease. Lease liabilities include fixed and variable payments (based on consumer index or inflation rate). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The discount influence is recognized in finance cost as interest expense in income statement. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any initial direct costs, adjusted by advance payments. Right-of-use assets are depreciated using the straight-line method over rent period. The depreciation charge is recognized as depreciation expenses in income statement. The duration of rent agreements are adjusted by the Group‘s management assumptions on contract extensions. The expenses related to short-term leases or to leases of low-value assets are included in other operating expenses in income statement. Right-of-use assets are included in Property, plant and equipment, lease liabilities are included in Other financial liabilities.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate). Otherwise, the Group considers other factors including the plans to continue an activity. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

b) Group company is the lessor

<u>Operating leases</u>

Assets leased out under operating leases are included in tangible fixed assets in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned fixed assets. Rental income is recognized on a straight-line basis over the lease term.

<u>Finance leases</u>

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. When assets are held subject to a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

The Group's financial liabilities consist of those designated at fair value and those carried at authorized cost. Financial liabilities are derecognized when extinguished.

Financial liabilities at fair value through profit or loss

The group can designate certain liabilities upon initial recognition as at fair value through profit or loss (fair value option); this designation cannot be changed subsequently.

Other liabilities measured at authorized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at authorized cost. Financial liabilities measured at authorized cost are deposits from banks or customers, debt securities in issue, liabilities to special and lending funds as well as other various financial liabilities. Initially they are recognized at fair value, and subsequently stated at authorized cost, with any difference between net proceeds and the redemption value recognized in the Income statement over their period using the effective interest method.

Accounting policies for subordinated perpetual bonds

Under IAS 32, a financial instrument is classified as a financial liability if the issuer has a contractual obligation to deliver cash or another financial asset. The subordinated bond involves fixed interest payments, and the issuer's call option does not alter this obligation. Bondholders do not have voting rights or ownership rights in the issuer. The subordinated bond is recognized as a financial liability based on the following criteria: (i) the issuer has a contractual obligation to pay annual interest, (ii) the bond redemption, though at the issuer's discretion, inevitably results in the return of the principal amount, (iii) write-down and write-up features do not eliminate the obligation to pay interest, and (iv) bondholders have no rights to the residual value of the company or voting rights. Upon initial recognition, the financial liability is measured at fair value, deducting directly attributable transaction costs. These costs are amortized using the effective interest rate method over an expected period.

Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

Dividends

Dividends on the Bank's shares are recorded in equity in the period in which they are declared.

Insurance and investment contracts classification and accounting

Subsidiary of the Bank SB draudimas UAB GD (hereinafter – the Company) is engaged in life insurance activities and offers various insurance contracts.

The contracts concluded by the Company are divided into insurance contracts (accounted for in accordance with IFRS 17) and investment contracts (accounted for in accordance with IFRS 9, except for investment contracts with discretionary participation feature that are accounted for in accordance with IFRS 17) based on accepted insurance and (or) financial risk.

A contract is not recognized as an insurance contract if the insurer accepts only financial risks such as interest rate risk, equity prices risk, credit risk or other financial risk but not significant insurance risk. A contract without significant insurance risk is recognized as an investment contract.

A contract is recognized as an insurance contract only if it meets a definition for contract with significant insurance risk. The significance of insurance risk is evaluated at initial recognition for each contract, except for products for which the significance of insurance risk is obvious (for example, Term life insurance, Endowment etc.). For such products, the Company has decided not to evaluate the significance of insurance risk separately for each contract and these contracts are recognized as insurance contracts accounted for with IFRS 17 at the date of initial recognition. A contract which at the date of initial recognition is recognized as insurance contracts, remains an insurance contract until all rights and obligations expire.

Company chooses to use 10 % limit for significant testing. The significance of insurance risk is evaluated considering the (evaluated by probability) expected future cashflows discounted using risk-free interest rate curve at initial recognition, including additional amounts which would be payable in economic scenarios. The evaluation of significance of insurance risk is based on the following two scenarios:

1. insurance event does not occur;
2. insurance event does occur with probability of 100 %.

If additional amount payable due to the second scenario are higher than 10% of amounts under the first scenario, then insurance risk is considered significant.

ACCOUNTING POLICIES (CONTINUED)

For portfolio acquired on 1 December 2023 and new contracts concluded after this date, the significance of insurance risk is evaluated using a simplified method, proving that the simplified method gives reliable results that do not significantly differ from results given by exact evaluation. According to the simplified method, the significance of insurance risk for unit-linked contracts is evaluated by comparing the sum of valid life and riders cover with 10% of unit-linked fund (investment) value. If the sum of valid life and riders cover is bigger, then it is considered that contract has significant insurance risk.

IFRS 17 requires separating the investment component from insurance contract only if the investment component is distinct. Some of the Company's insurance contracts have investment components however investment component and the insurance component are not highly interrelated and investment component is not distinct therefore the Company is not separating the investment component from the insurance contracts. Receipts and payments from these investment components are excluded from insurance contract revenue and insurance service expenses presented in profit or loss.

Insurance contract liabilities

Application of IFRS17 introduces significant accounting and disclosure changes for insurance contracts. All rights and obligations arising from the insurance contracts are shown at fair value. Amounts related to reinsurance contracts held are presented separately. This presentation of insurance and financial results provides a more transparently the sources of profit and the quality of income generated.

In accordance to IFRS 17, the amounts shown in profit (loss) are divided into:
- Insurance service result, which consist of insurance revenue and insurance service expenses; and
- insurance finance income and expenses.

Insurance revenue is a sum of expected benefits and expenses incurred, change in the risk adjustment, contractual service margin recognized over period and recovery of acquisition cashflows. Insurance service expenses is a sum of incurred claims expenses, losses on onerous contracts and reversal of those losses, changes of liability of incurred claims related to past service and insurance acquisition costs. Insurance service result does not include investment components and cash-flow changes related to future services (these changes ad adjusting the contractual service margin).

Insurance finance income and expenses include the time value of money (discounting) and changes in financial risks related to insurance contracts groups. The Group and the Company have decided not to distribute the insurance finance income and expenses between profit and loss and other comprehensive income statements.

In accordance with IFRS 17, the Company groups the insurance contracts into so-called units of accounts. The purpose of such grouping is to ensure that profit would be recognized over time proportionally to the insurance service provided while losses are recognized immediately when the Company assesses that the contract is generating loss. Setting off profit and loss between different insurance contracts groups is not allowed. Insurance contracts are aggregated into insurance contracts groups based on such three levels:

1. Portfolio – similar risk contracts managed together.
2. Profitability – contracts of same profitability.

   It was decided to divide a portfolio of insurance contracts issued into onerous and remaining, where onerous group covers insurance contracts that at initial recognition have been estimated with a loss component. The insurance contract is estimated with loss component if the risk-adjusted present value of future cash-flows for the is negative. After initial recognition no re-grouping in respect of profitability is done.
3. Cohort – contracts which date of entry into force differ by more than one year.

   Portfolio cohort period beginning is January 1st of each calendar year and contracts of each portfolio are accounted using a one-year interval principle (annual cohort). The insurance contracts within a portfolio acquired at 1 December 2023 were recognized at acquisition date and were group into 2023-year cohort.

The Company has chosen to apply two of the models defined in IFRS 17 for evaluating the insurance contracts:
- General Measurement Model, GMM, is applied to insurance contracts that insures certain risk over the longer period of time.
- Variable Fee Approach, VFA, is applied to insurance contracts with investment components and fulfilling the definition of contracts with direct participation feature.

According to IFRS 17, the carrying value of a group of insurance contracts at end of each reporting period is calculated by adding the liability for remaining coverage and the liability for incurred claims. When evaluating these liabilities, the risk-adjusted present value of future cash-flows (hereinafter - fulfilment cashflows) is estimate for each unit of account, separately evaluating the present value of the future cash-flows and risk adjustment for non-financial risks.

For unit of accounts without loss component, the liability for remaining coverage consists of fulfilment cashflows and contractual service margin. At initial recognition, the contractual service margin is equal to such amount which results in total liability for remaining coverage equal to 0. In case, the contractual service margin at initial recognition is negative, the contractual service margin is zeroized and the corresponding negative value is recognized as loss component which directly impacts profit or loss.

For evaluation of the liability for remaining coverage, the future cashflows of insurance contracts are modelled within the contract boundary. Due to long term insurance and the limited ability to reassess portfolio risk, the contract boundary is the same as contracts' maturity date. When evaluating the unit of account liabilities, the Company takes into account all future cashflows within the boundary of insurance contracts.

ACCOUNTING POLICIES (CONTINUED)

Insurance acquisition cashflows is a separate cost category which is considered when evaluating the insurance liability of remaining coverage. Such cashflows include cashflows arising from insurance contracts group acquisition, distribution and commencement costs directly attributable to portfolio of insurance contracts to which that group belongs. When applying GMM and VFA methods, future expected attributable costs are affecting the amount of CSM and are recognized in profit (loss) during the remaining insurance coverage according to the respective coverage units.

For the estimation of the present value of the expected future cashflows, the Company has decided to use discount rates derived by applying the bottom-up approach (described as a combination of risk-free curve and the liquidity premium). For the discounting of cashflows, the Company has decided to use the risk-free interest rate curves published by European Insurance and Occupational Pensions Authority (EIOPA). For the purpose to reflect the liquidity characteristics of the cashflows, for unit-linked products, the EIOPA risk-free interest rate without volatility adjustment is used, and for other products, as they are considered less liquid, the EIOPA risk-free rate with volatility adjustment is used.

When applying GMM, the discount curves locked-in at initial recognition are used. As new contracts start uniformly over the year, the weighted average discount curve is locked-in which is derived by using end of each quarter/month risk-free rates and the contracts issued/written premiums during the respective period.

When evaluating the insurance contract liabilities, the Company includes the risk adjustment for non-financial risk which is estimated separately from the expected future cashflows and defined as the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Company fulfils insurance contracts. The Company chose to calculate risk adjustment based on Solvency II capital requirement before diversification. Assumption is made that all Solvency II non-financial risk (mortality, longevity, disability, validity, outflows and catastrophe risk) is distributed by normal distribution. The calculation of the risk adjustment is based on determining the risks at the reference date (t=0) and forecasting them based on a run-off pattern appropriate for each non-financial risk based on Coverage units. Based on the decision of the Company, the risk adjustment corresponds to a 75% confidence level of the derived non-financial risk distribution. The entire change in risk adjustment for non-financial risk is included as part of the insurance service result.

The contractual service margin at the end of the accounting period shows profit from the units of account which has not yet been recognized as it relates to service that will be provided for insurance contracts in the future. In accordance with IFRS 17, the part of contractual service margin which is recognized as profit or loss in the period shows the service provided for the respective unit of account in that period. The amount allocated to a certain period is determined by identifying coverage units within the portfolio. The number of coverage units within a group of insurance contracts is the quantity of insurance contracts services provided by the contracts in the group, determined considering for each contract the quantity of the benefits provided under a contract and its expected coverage period (including expected surrenders). Based on Company’s decision, coverage units are not discounted.

The future cashflows for liability for incurred claims is estimated on the unit of account level, separately evaluating the present value of expected future cashflows and the risk adjustment for non-financial risk. The present value of the expected future cashflows for liability of incurred claims is estimated by evaluating the best estimate of incurred claim outpayments, forecasting the future cashflows using Company’s historical claims settlement data and discounting the future cashflows by the respective risk-free interest rate curve. The risk adjustment for non-financial risk, as part of the liability for incurred claims, reflects the risk compensation related to the amounts of the incurred claims as well as the timing when the incurred claims will be settled, and corresponds to the confidence level of 75%.

Investment contracts liabilities

A contract without significant insurance risk is recognized as an investment contract. Under an investment contract the Company accepts only financial risks such as interest rate, equity prices, credit or other financial risk but not significant insurance risk. Investment contracts liabilities are measured by those contracts' portfolio market value, and the value of liabilities changes depending on the change in market value of related investments. Administrative and risk fees of investment contracts decrease investment contracts liabilities and are recognized as the Company’s income.

ACCOUNTING POLICIES (CONTINUED)

Segment information

Operating segments are reported in accordance with the information analyzed by the Executive Board (the chief operating decision-maker) of the Group, which is responsible for allocating resources to the reportable segments and assesses its performance.

In relation to adjusted strategy of the Bank, business model and strategic decisions are divided into three business lines – corporate, private and investment:

- Private segment – includes retail banking operations such as issuing loans and providing banking services to the customers and finance, lease and consumer financing services provided to private customers of the Group (includes financial information of the subsidiaries);
- Corporate segment – includes corporate banking operations such as issuing loans and providing banking services provided to corporate customers of the Group (includes financial information of the subsidiaries);
- Investment segment – includes banking treasury operations such as managing securities and liquidity portfolio, currency exchange etc. (includes financial information of the Bank and subsidiaries allocated to this segment).

As the Group's segment operations, except for real estate development are all financial with a majority of revenues deriving from interest and the Group Executive Board relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments is presented on a net basis. Also all other main items of the income statement are analyzed by the management of the Group on segment basis therefore they are presented in the segment reporting.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Group Executive Board is measured in a manner consistent with that in the consolidated income statement.

As the Group focuses on domestic activities, no geographical concentration is observed in Group's decision making. Due to the nature of Group's activities (financial services), capital expenditures are not important in the decision making process therefore not used in the segment reporting and total assets is more relevant indicator than the fixed asset amount.

Fair value of assets and liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial guarantee contracts, letters of credit and undrawn loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the amount of loss allowance and the premium received on initial recognition less income recognized in accordance with principles of IFRS 15.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer.

These contracts are in the scope of the ECL impairment recognition requirements.

ACCOUNTING POLICIES (CONTINUED)

Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated group, are classified as investment properties. Investment properties comprise buildings for commercial activities and land plots for undetermined future use.

Some properties may be partially occupied by the Group, with the remainder being held for rental income or capital appreciation. If that part of the property occupied by the Group can be sold separately, the Group accounts for the portions separately. The portion that is owner-occupied is accounted for under IAS 16, and the portion that is held for rental income or capital appreciation or both is treated as investment property under IAS 40. When the portions cannot be sold separately, the whole property is treated as investment property only if an insignificant portion is owner-occupied. The Group considers the owner-occupied portion as insignificant when the property is more than 95% held to earn rental income or capital appreciation. In order to determine the percentage of the portions, the Group uses the size of the property measured in square meters.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off proportionally the cost of each asset over its estimated useful life. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

In addition, investment properties are tested for impairment. These valuations are performed annually by external or internal appraisers.

Derivative financial instruments

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets (for example, for exchange-traded options), including recent market transactions, and valuation techniques (for example for non-traded options), including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. All derivative financial instruments are classified as held for trading.

FINANCIAL RISK MANAGEMENT

Strategy in using financial instruments

The Bank’s and the Group’s activities are principally related to the use of financial instruments. The Group accepts deposits from customers and borrows from other financial institutions at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

Strategic decisions related to financing and investing activities of the Bank and the Group is made by the Board of the Bank. Operating financing and investment decisions are made on division level. Divisions of the Group are presented in Segment information. Decisions on risk management are made by the Risk Management Committee of the Bank.

The Bank and the Group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standings. Such exposures involve not just on-balance sheet loans and advances but the Group also enters into guarantees and other commitments such as letters of credit and other guarantees.

The Group analyzes, evaluates, accepts and manages the risk or combination of risks it is exposed to. Risk management at the Group aims at ensuring a sufficient return on equity following the conservative risk management policy. While implementing an advanced risk management policy the Group focuses not only on minimizing potential risk but also on improving pricing and achieving efficient capital allocation.

FINANCIAL RISK MANAGEMENT (CONTINUED)

The Risk Management Policy approved by the Council of the Bank as well as by the procedures to manage different types of risks prepared on its basis ensures the integrity of the risk management process in the Group.

The purpose of risk management policy is to define the risks as well as their management principles in the Group's activities. Due to the fact that various risks experienced by the Group are interdependent their management is centralized. Organization and coordination of the experienced risk management system is one of the main goals of the Bank's Risk Management Committee.

The Group reviews its risk management procedures and systems to reflect changes in markets, products and emerging best practice on regular basis, at least annually.

The Group performs self assessment each year. This process analyzes types of risks that could potentially arise from banking activities and have material impact to the Group. The most important types of risk the Group is exposed to are credit risk, market risk, liquidity risk, concentration risk, operational risk, IT risk, model risk, compliance risk and ESG risk. Market risk includes currency risk, interest rate and securities price risk. Other types of risk are considered immaterial by the Group and, therefore, are not assessed.

In order to avoid a conflict of interest the Bank's subdivisions that implement risk management functions are separated from those subdivisions the direct activities of which are connected with the up rise of various types of banking risks.

1. CREDIT RISK

Credit risk is defined as the risk for the Group to incur losses due to the Group's customers' failure to fulfil their financial obligations towards the Group. Credit exposures arise principally in lending activities and it is the most significant risk in the Group's banking activities.

There is also credit risk in investment activities that arise from debt securities and in the Group's asset portfolio as well as in the off-balance sheet financial instruments, such as loan commitments, guarantees and letters of credit.

The Bank regularly reviews its credit risk management policies which include lending policies, credit risk limit control, other credit risk mitigation measures as well as the internal control and internal audit of credit risk management.

The Bank's Board has approved the credit risk management policies and procedures which lay down the principles for credit risk management and control, establish an acceptable level of credit risk and credit risk's structure and determine credit risk mitigation measures and their interaction. This ensures a uniform understanding of the principles for taking on exposure to credit risk and allows achieving consistency with the nature and complexity of the Bank's lending policy and the prudential requirements.

The Bank takes risks only in the fields, which are well known to it and where it has long-term experience, trying to avoid excessive risk in transactions that can have negative influence to the big portion of shareholders' equity but seeks the sufficient profitability which, in terms of increasing competition, would ensure the stable Bank's position in the market and would increase the Bank's value. In assessing exposure to credit risk, the Bank adheres to the principle of prudence.

The Bank's lending policy is focused on small and medium-size business clients, seeking to provide them with the better funding terms and long-term support, at the same time paying attention to Bank's potential to grow.

Large entities are defined as entities employing more than 250 employees. Small and medium size entities are defined as entities employing less than 250 employees and the balance sheet total does not exceed EUR 43 million or annual turnover does not exceed EUR 50 million.

New types of activities or products are launched only after the assessment of the arising risk. All lending products and processes at the Bank are regulated and documented pursuant to the requirements of risk assessment and internal control policy. Special procedures are established with respect to each lending product.

The aim of the Bank's credit risk management policy is to ensure that the conflict between interests of staff or structural units is avoided. With respect to provision of credits to clients, the principle stating that profit should not be earned at the expense of excessive credit risk is observed.

The Bank's credit risk management policy is based on regulatory requirements to adequate risk management policy and the best practice in risk management of other banks. Therefore, the Bank's employees continuously enhance their knowledge of credit risk management systems of Lithuanian and foreign banks and the results of their application.

1.1. Credit risk measurement

(a) Loans and receivables

The Bank applies credit risk management measures, which could be divided into two types:
1) Measures that help to avoid decisions to grant loans with higher risk potential;
2) Measures ensuring the effective monitoring system of the Bank's asset quality.

Measures that help to avoid decisions to grant loans with higher risk potential:
1) Multi-stage decision-making and its approval system;
2) Defined credit risk appetite, credit risk indicators and risk allocation among structural levels – limit establishment;
3) Customer risk assessment requirements set by internal procedures;
4) Credit standards and acceptable credit risk criteria for separate products;
5) Security measures for credit repayment (collateral).

Multi-stage decision-making and its approval system has an aim not to make one-man decisions regarding credit granting by authorized persons but to make them be discussed by the collegial bodies of the Bank and, as the case may be, by the Bank's Loan Committee, the Bank's Board or Council. There are certain limits to authorized persons established regarding credit granting implementation as well as approval limits to collegial bodies. Limit establishment depends on the authorized persons' qualification, experience and the effectiveness of their managed branches; while in the Branch Committees and the Bank Loan Committee the attention is paid to the Committee members' qualification, experience and economic activity of the region, where the branch is located, the quality of loan portfolio and other factors. The level of involvement of second line of defense in decision making process, providing secondary opinion or/ and performing decision-making control is determined depending on the size of the loan and compliance with the credit standards.

It is very important to precisely analyze all the information about the customer before granting the credit. The goal of credit analysis is to do the best in evaluating the customer's creditworthiness, status and prospects in the field where he/she provides his/her goods or services. Every credit decision is based on the adequate assessment of credit repayment possibilities proportionate to the size of exposure and level of possible risk. Providing credit first of all the Bank analyzes the borrower's financial capacity from the borrower's cash flows. The repayment of credits granted by the Bank must be enough secure in order to minimize possible credit repayment risks. A security measure has to be chosen in accordance with the credit type. Providing credit first of all the Bank analyzes the borrower's financial capacity and credit repayment possibilities from the borrower's cash flows.

Credit administration and constant credit monitoring is the main principle in the Bank's security and reliability maintenance. The proper credit administration includes the timely updating of the borrower's credit file, providing with the latest financial information, the timely introduction of latest financial information to the database and preparation of the various documents and their amendments.

The Bank's Credit Risk Management and Control Department collects and, if necessary, provides to responsible managerial personnel information on external conditions, the growth of the credit portfolio and fulfilment of targeted profit, expenses associated with risks, the largest amounts due from clients, distribution of credits by the type of economic activity, repayment terms past due, the largest clients with default possibilities, analysis of the credit portfolio by risk groups, changes in risk groups over a certain time period and other credit risk metrics.

The Bank establishes and implements the procedures, improves information systems for monitoring separate credits as well as loan portfolio. These procedures include the criteria for early indication of potentially impaired loans and other transactions.

(b) Debt securities

Credit risk exposures with respect to debt securities are managed by carrying out counterparty analysis when decision for acquisition of securities is made. The concentration risk together with lending exposure arising from debt securities portfolio is analyzed and monitored on a regular basis by the Risk Management Committee of the Bank.

(c) Credit-related commitments

Other credit-related commitments assumed by the Group include guarantees, letters of documentary credit, commitments to grant a credit which expose the Group to the same credit risk as the loans do. The key aim of these instruments is to ensure that funds are available to a customer as required. The above guarantees and letters of documentary credit are usually collateralized by clients' funds in the Bank accounts. With regards to commitments to grant credit the Bank is exposed to loss equal to the unused commitment amount.

FINANCIAL RISK MANAGEMENT (CONTINUED)

1.2. Control of risk limits and risk mitigation policy

(a) Concentrations

The Group manages, limits and controls concentration of credit risk – in particular, to individual counterparties and groups of the associated counterparties as well as to economic sectors.

In addition to the supervisory requirements to limit the exposures to a single borrower and large exposures, the Group also sets exposure requirement, which to a single borrower may not exceed 15 percent of the Bank's capital. The Bank's Council must approve the higher limits. Prudential maximum exposure requirement to a single borrower is 25 percent. Concentration of credit risk of the Bank is disclosed in Section 1.8. of Financial Risk Management disclosure.

The Group also sets limits to industry segments, i.e. a possible concentration in certain industries at the Group's level is restricted by the internal lending limits. The percentage and volume of lending limits are set for individual industries to ensure that the Group is not overly exposed to any particular economic sector in the country.

The geographical concentration risk is not recognized in the Group's business since the principle of focusing on domestic customers is followed.

Some other specific control and mitigation measures are outlined below.

b) Collateral

The Group mitigates credit risk by taking security for loans granted. The types of collateral considered by the Group as the most acceptable for loans and advances are the following:

- Real estate (mainly residential properties, commercial and industrial real estate);
- Business assets (equipment, inventory, transport vehicles);
- Property rights over financial instruments (debt securities, equities);
- Third party guarantees.

Long-term financing and lending to corporate entities are generally secured; revolving facilities and consumer loans to private individuals are generally unsecured. In order to minimize the credit loss as the impairment indicators for the relevant individual loans and advances are noticed the Group seeks for additional collateral from the counterparty.

While calculating a decrease in value for the loan the repayment of which is secured by the collateral, a cash flow from the security measure is also taken into consideration when determining the LGD factor. If several loans are insured with the same security measure (collateral), such security measure (collateral) is allocated according to rank of the pledge.

Debt securities, treasury and other eligible bills are generally unsecured.

For finance lease receivables the lender remains the owner of the leased object. Therefore, in case of customer's default the lender is able to gain control on the risk mitigation measures and realize them in rather short period.

1.3. Impairment and provisioning policies

a) ECL model used by the Group

Upon assessing impairment losses on loans, due to banks, debt securities at amortized cost and at fair value through other comprehensive income and other assets the Group follows the requirements expected credit loss (ECL) model prescribed in IFRS 9 Financial Instruments. The Group and the Bank carries out valuation of assets on a monthly basis, based on valuation policies approved by the Board of the Bank.

The ECL is measured by the formula:

PD x LGD x EAD = ECL
Where:
PD – probability of default. It represents the likelihood of a borrower on defaulting on its financial obligation;
LGD – loss given default. It represents the extent of loss the Group is likely to incur in case the borrower defaults;
EAD – exposure at default. It represents expected exposure at the time of the default.

The financial assets are grouped into 3 stages:

1) Stage 1 financial assets – no significant increase in credit risk is observed since initial recognition. The Group uses low credit risk exemption and assigns all of the exposures with external investment grade credit rating or exposures with Standard internal credit rating to Stage 1. 12 months PDs apply to Stage 1 exposures;

2) Stage 2 financial assets – significant increase in credit risk is observed since initial recognition. The Group uses multiple criteria to assess whether the credit risk has increased. Main criteria include: credit rating decrease (external credit rating decrease by >=3 notches; internal credit rating decrease by more than 1 notch), payment delays (>30 days past due financial assets are classified to Stage 2 unless there is observable evidence indicating otherwise), other observable criteria (restructuring, forbearance, inclusion in Watch List, other qualitative factors showing increased credit risk reflected in lower ratings). Lifetime PDs apply to Stage 2 exposures;

3) Stage 3 financial assets – credit-impaired financial assets. Main criteria for inclusion the asset in Stage 3 include: bankruptcy of the customer; termination of the contract; payment delay >90 days; non-performing exposure status by regulatory rules (i.e. the exposure is unlikely to be repaid in full without collateral realization (irrespective of any past-due amount or of the number of days past-due)); other observable criteria. For Stage 3 exposures, the PD ratio is always equal to 1. Minimal provisions are also calculated in accordance to regulatory requirements for older non-performing loans.

In case observable evidence is available, Group's employees responsible for impairment calculations can rank certain exposures to better or worse stage.

The exposure ceases to be Stage 3 when it no longer meets the criteria for the consecutive period of at least 3 months. It should be noted that some of the regulatory non-performing exposure criteria have their own exit periods, therefore the period for an exposure to be classified out of Stage 3 may actually be longer.

The Group calculates its own PDs for loans to customers, finance lease receivables and other assets and uses PDs published by the rating agencies for debt securities and due to banks.

PDs for loans to customers and finance lease receivables are calculated using the historical data of Group's own lending portfolio. Full approach is applied for finance lease receivables as financial leases are part of Group's main activities. For this purpose, the Group uses migration matrices for the exposures grouped by the economic sector. The Group uses PDs published by rating agencies for debt securities and due from banks. For other financial assets, a simplified model derived from Group's lending data is used.

For loans to customers and finance lease receivables, LGDs are estimated by the Group using the value of collateral available for each exposure individually and discounting by certain ratios over certain period of time. Ratios and recovery periods depend on the type of collateral and are derived from Group's own recovery experience. For consumer financing exposures, the LGDs are estimated on a exposure group level using the ultimate recovery rate historical data. For debt securities and due from banks, LGDs from rating agencies are used.

For lending portfolio, Stage 1 EAD represents the expected exposure value over 12 month period and assumptions on the expected use of the off-balance sheet credit commitments; Stage 2 EAD represents the expected exposure value over the term of the loan and assumptions on the expected use of the off-balance sheet credit commitments. Stage 3 EAD is estimated as the total balance and off-balance sheet exposure. For debt securities, due from banks and other assets, gross exposure value is used as EAD estimate.

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Group's PD estimates incorporate forward-looking information. The Group transfers its historical ("through the cycle") data to economic-situation specific ("point-in-time") data by using models based on the expected economic development scenarios. The economic variables and their associated impact on the PD vary by financial instrument. The impact of economic variables on PD has been determined by performing statistical regression analysis. Expert judgement is also applied in the process.

To include the impact of economic variables, the Group uses 3 economic scenarios (base case, optimistic, pessimistic) that are based on the forecasts published by the chief economist of Šiaulių Bankas and derives a single scenario based on the probabilities assigned to these scenarios. These probabilities are approved in ECL calculation procedure, any deviation from procedure is approved by the Board of the Bank.

The most significant assumptions used for the ECL estimates as at 31 December 2024 are presented in the tables below:

	GDP growth	Change in manufacturing output	Unemployment	Change in housing prices	Change in salaries
At 31 December 2024:					
Base scenario	2.90 %	6.50 %	6.80 %	6.28 %	8.70 %
Optimistic scenario	4.00 %	8.50 %	5.70 %	20.08 %	11.50 %
Pessimistic scenario	1.90 %	3.00 %	8.50 %	-15.18 %	4.00 %

Scenario probabilities and weighted average GDP growth:

	2025		2026		2027		2028		2029	
At 31 December 2024:	*GDP*	*Probability*	*GDP*	*Probability*	*GDP*	*Probability*	*GDP*	*Probability*	*GDP*	*Probability*
Base scenario	2.90 %	60 %	2.90 %	60 %	2.70 %	60 %	2.50 %	60 %	2.50 %	60 %
Optimistic scenario	4.00 %	15 %	4.00 %	15 %	3.50 %	15 %	3.10 %	15 %	3.10 %	15 %
Pessimistic scenario	1.90 %	25 %	2.00 %	25 %	1.50 %	25 %	1.50 %	25 %	1.50 %	25 %
Weighted average GDP growth	2.82%		2.84%		2.52%		2.34%		2.34%	

The most significant assumptions used for the ECL estimates as at 31 December 2023 are presented in the tables below:

	GDP growth	Unemployment	Change in manufacturing output	Change in housing prices
At 31 December 2023:				
Base scenario	1.80%	6.50%	2.50%	6.80 %
Optimistic scenario	2.50%	6.00%	8.50%	20.08 %
Pessimistic scenario	0.20%	7.80%	-2.30%	-15.18 %

Scenario probabilities and weighted average GDP growth:

	2024		2025		2026		2027		2028	
At 31 December 2023:	*GDP*	*Probability*	*GDP*	*Probability*	*GDP*	*Probability*	*GDP*	*Probability*	*GDP*	*Probability*
Base scenario	1.80%	60 %	3.10%	60 %	3.30%	60 %	2.21%	60 %	2.15%	60 %
Optimistic scenario	2.50%	15 %	3.80%	15 %	4.00%	15 %	3.50%	15 %	3.10%	15 %
Pessimistic scenario	0.20%	25 %	1.90%	25 %	2.00%	25 %	1.50%	25 %	1.50%	25 %
Weighted average GDP growth	1.51%		2.91%		3.08%		2.23%		2.13%	

The assumptions underlying ECL calculations are subject to frequent review, the models used in ECL calculation are back tested against the actual performance data. In case of need, changes are made to the models. In 2024 EAD conversion factor was removed from calculating Stage 3 EAD exposure and Unsecured Recoveries was included in LGD calculation for stage 1,2 and 3 loans. In 2023 EAD conversion factor was added in calculating Stage 3 EAD exposure.

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Impairment loss sensitivity

The most significant assumptions affected the estimated ECL allowance are GDP, given the significant impact on the borrowers performance; real estate price level, given the significant impact on the collateral values and consumer financing portfolio recovery rates, given the significant impact on the ultimate recoveries of the unsecured borrowings. The table below provides an sensitivity analysis of the above factors.

		2024		2023
	Group	**Bank**	**Group**	**Bank**
Scenario 1: GDP growth increases by 0.5 p.p.	ECL decreases by EUR 814 thousand, equity increases by EUR 651 thousand	ECL decreases by EUR 814 thousand, equity increases by EUR 651 thousand	ECL decreases by EUR 935 thousand, equity increases by EUR 748 thousand	ECL decreases by EUR 935 thousand, equity increases by EUR 748 thousand
Scenario 2: GDP growth decreases by 0.5 p.p.	ECL increases by EUR 810 thousand, equity decreases by 648 thousand	ECL increases by EUR 810 thousand, equity decreases by EUR 648 thousand	ECL increases by EUR 928 thousand, equity decreases by 742 thousand	ECL increases by EUR 928 thousand, equity decreases by EUR 742 thousand
Scenario 3: real estate prices increase by 5%	ECL decreases by EUR 1356 thousand, equity increases by EUR 1085 thousand	ECL decreases by EUR - 1356 thousand, equity increases by EUR 1085 thousand	ECL decreases by EUR 900 thousand, equity increases by EUR 720 thousand	ECL decreases by EUR 900 thousand, equity increases by EUR 720 thousand
Scenario 4: real estate prices decrease by 5%	ECL increases by EUR 1509 thousand, equity decreases by EUR 1207 thousand	ECL increases by EUR 1509 thousand, equity decreases by EUR 1207 thousand	ECL increases by EUR 1,124 thousand, equity decreases by EUR 899 thousand	ECL increases by EUR 1,124 thousand, equity decreases by EUR 899 thousand
Scenario 5: consumer financing portfolio recoveries increase by 5 p.p.	ECL decreases by EUR 1510 thousand, equity increases by EUR 1208 thousand	ECL decreases by EUR 17 thousand, equity increases by EUR 14 thousand	ECL decreases by EUR 1,416 thousand, equity increases by EUR 1,132 thousand	ECL decreases by EUR 14 thousand, equity increases by EUR 11 thousand
Scenario 6: consumer financing portfolio recoveries decrease by 5 p.p.	ECL increases by EUR 2102 thousand, equity decreases by EUR 1682 thousand	ECL increases by EUR 17 thousand, equity decreases by EUR 14 thousand	ECL increases by EUR 1,416 thousand, equity decreases by EUR 1,132 thousand	ECL increases by EUR 14 thousand, equity decreases by EUR 11 thousand

c) write-offs

The accumulated write-offs, including any amount constituting legal claims to the borrowers even if those amounts were never recognized on the balance sheet (the most common example of such cases is the difference between gross value and acquisition value of credit-impaired loans acquired by the Group) is presented in the table below:

		2024		2023
	Group	**Bank**	**Group**	**Bank**
Total accumulated write-offs subject to enforcement	**37,855**	**36,367**	**81,184**	**80,906**
of which: amounts written-off during the year subject to enforcement	1,827	981	447	389

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

1.4. Maximum exposure to credit risk before collateral held or other credit enhancements

	2024		2023	
	Group	**Bank**	**Group**	**Bank**
Cash equivalents:	**315,599**	**307,181**	**679,810**	**671,390**
Balances in bank correspondent accounts	267,305	258,887	608,675	600,255
Placements with Central Bank	48,294	48,294	71,135	71,135
Loans and advances to banks	**3,121**	**3,121**	**3,013**	**3,013**
Loans and advances to customers:	**3,117,700**	**3,105,007**	**2,645,104**	**2,633,482**
Loans and advances to financial institutions	20,287	311,104	26,413	273,966
Loans to individuals (Retail):	1,431,482	1,127,971	1,258,203	999,028
Consumer loans	305,329	1,818	260,914	1,739
Mortgages	915,760	915,760	778,931	778,931
Other (reverse repurchase agreements, other loans backed by securities, other)	210,393	210,393	218,358	218,358
Loans to business customers:	1,665,931	1,665,932	1,360,488	1,360,488
Large corporates	216,656	216,657	108,069	108,069
SME	1,395,605	1,395,605	1,183,839	1,183,839
Central and local authorities, administrative bodies and other	53,670	53,670	68,580	68,580
Finance lease receivables	**316,897**	**316,897**	**286,533**	**286,451**
Individuals	43,125	43,125	32,475	33,281
Business customers	273,772	273,772	254,058	253,170
Securities in the trading book:				
Debt securities in the trading book	56,617	13,521	65,761	20,240
Derivative financial instruments	**1,093**	**1,093**	**251**	**241**
Investment securities at fair value				
Debt securities at fair value through other comprehensive income	40,994	40,994	71,740	71,740
Investment securities at amortized cost				
Debt securities at amortized cost	726,937	716,864	751,227	739,869
Other financial assets	**7,258**	**6,559**	**7,351**	**8,289**
Credit risk exposures relating to off –balance sheet items are as follows:				
Financial guarantees	87,985	87,985	59,216	59,256
Letters of credit	135	135	538	538
Loan commitments and other credit related liabilities	393,488	403,711	482,027	489,655
At 31 December	**5,067,824**	**5,003,068**	**5,052,571**	**4,984,164**

The table above represents a worst-case scenario of credit risk exposure at 31 December 2024 and 2023, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures presented above are net carrying amount as reported in the balance sheet.

1.5. Loans to customers

Loans to customers are summarized as follows:

	2024		2023	
	Group	**Bank**	**Group**	**Bank**
Gross loans to customers	3,167,425	3,138,574	2,688,662	2,664,243
Allowance for loan impairment	(49,725)	(33,567)	(43,558)	(30,761)
Net loans to customers	**3,117,700**	**3,105,007**	**2,645,104**	**2,633,482**

During the year ended 31 December 2024, the Group's gross loans and advances increased by 18%. The Group's total impairment provision for loans and advances amounts to EUR 49,725 thousand (2023: EUR 43,558 thousand) and it accounts for 1.57% of the respective portfolio (2023: 1.62%).

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Credit grades

The Group and the Bank examines the potential borrower's financial performance before issuing a loan and monitors any development in financial performance during the whole loan service period. The Group and the Bank evaluates the borrower's financial performance at least annually. Consumer loans to individuals are assessed based on application scorings when decision is made. After they are granted they are monitored based on their past due status.

								Group loans to customers
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standard	2,248,345	48,398	59	2,296,802	1,833,422	30,525	135	1,864,082
Watch	414,400	36,192	287	450,879	387,014	37,282	432	424,728
Substandard	221,441	122,969	4,394	348,804	189,748	132,932	7,006	329,686
Problem	-	-	70,941	70,941	-	-	70,164	70,164
Gross	**2,884,186**	**207,559**	**75,681**	**3,167,426**	**2,410,184**	**200,739**	**77,737**	**2,688,660**
Less: allowance for impairment	(25,347)	(5,327)	(19,052)	(49,726)	(21,262)	(6,284)	(16,010)	(43,556)
Net	**2,858,839**	**202,232**	**56,629**	**3,117,700**	**2,388,922**	**194,455**	**61,727**	**2,645,104**

								Bank loans to customers
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standard	2,230,400	338,622	-	2,569,022	1,816,646	277,206	-	2,093,852
Watch	364,120	34,381	-	398,501	349,132	35,061	-	384,193
Substandard	350	105,117	-	105,467	144	115,889	-	116,033
Problem	-	-	65,585	65,585	-	-	70,164	70,164
Gross	**2,594,870**	**478,120**	**65,585**	**3,138,575**	**2,165,922**	**428,156**	**70,164**	**2,664,242**
Less: allowance for impairment	(18,389)	(795)	(14,384)	(33,568)	(15,954)	(2,279)	(12,527)	(30,760)
Net	**2,576,481**	**477,325**	**51,201**	**3,105,007**	**2,149,968**	**425,877**	**57,637**	**2,633,482**

								Group loans to individuals (retail)
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standard	1,066,241	27,807	59	1,094,107	948,783	17,263	135	966,181
Watch	76,416	10,903	287	87,606	62,958	7,907	432	71,297
Substandard	221,412	19,878	4,394	245,684	189,748	19,543	7,006	216,297
Problem	-	-	27,426	27,426	-	-	24,189	24,189
Gross	**1,364,069**	**58,588**	**32,166**	**1,454,823**	**1,201,489**	**44,713**	**31,762**	**1,277,964**
Less: allowance for impairment	(10,177)	(4,665)	(8,496)	(23,338)	(8,968)	(4,195)	(6,598)	(19,761)
Net	**1,353,892**	**53,923**	**23,670**	**1,431,485**	**1,192,521**	**40,518**	**25,164**	**1,258,203**

								Bank loans to individuals (retail)
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standard	1,048,296	27,213	-	1,075,509	932,007	16,391	-	948,398
Watch	26,136	9,092	-	35,228	25,076	5,686	-	30,762
Substandard	321	2,026	-	2,347	144	2,500	-	2,644
Problem	-	-	22,069	22,069	-	-	24,189	24,189
Gross	**1,074,753**	**38,331**	**22,069**	**1,135,153**	**957,227**	**24,577**	**24,189**	**1,005,993**
Less: allowance for impairment	(3,219)	(133)	(3,828)	(7,180)	(3,660)	(190)	(3,115)	(6,965)
Net	**1,071,534**	**38,198**	**18,241**	**1,127,973**	**953,567**	**24,387**	**21,074**	**999,028**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Group loans to individuals (retail): Consumer loans

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	19,609	733	59	20,401	18,390	959	135	19,484
Watch	50,285	1,819	287	52,391	37,882	2,261	432	40,575
Substandard	221,092	17,852	4,394	243,338	189,603	17,069	7,006	213,678
Problem	-	-	5,549	5,549	-	-	179	179
Gross	**290,986**	**20,404**	**10,289**	**321,679**	**245,875**	**20,289**	**7,752**	**273,916**
Less: allowance for impairment	(7,034)	(4,550)	(4,766)	(16,350)	(5,370)	(4,026)	(3,606)	(13,002)
Net	**283,952**	**15,854**	**5,523**	**305,329**	**240,505**	**16,263**	**4,146**	**260,914**

Bank loans to individuals (retail): Consumer loans

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	1,663	139	-	1,802	1,613	87	-	1,700
Watch	5	8	-	13	-	40	-	40
Substandard	2	-	-	2	-	26	-	26
Problem	-	-	192	192	-	-	179	179
Gross	**1,670**	**147**	**192**	**2,009**	**1,613**	**153**	**179**	**1,945**
Less: allowance for impairment	(76)	(18)	(97)	(192)	(62)	(21)	(123)	(206)
Net	**1,594**	**129**	**95**	**1,818**	**1,551**	**132**	**56**	**1,739**

Group loans to individuals (retail): Mortgages

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	868,147	26,061	-	894,208	748,506	14,144	-	762,650
Watch	3,062	6,898	-	9,960	3,510	3,017	-	6,527
Substandard	295	715	-	1,010	119	1,218	-	1,337
Problem	-	-	12,757	12,757	-	-	10,929	10,929
Gross	**871,504**	**33,674**	**12,757**	**917,935**	**752,135**	**18,379**	**10,929**	**781,443**
Less: allowance for impairment	(195)	(29)	(1,951)	(2,174)	(177)	(45)	(2,290)	(2,512)
Net	**871,309**	**33,645**	**10,806**	**915,760**	**751,958**	**18,334**	**8,639**	**778,931**

Bank loans to individuals (retail): Mortgages

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	868,147	26,061	-	894,208	748,506	14,144	-	762,650
Watch	3,062	6,898	-	9,960	3,510	3,017	-	6,527
Substandard	295	715	-	1,010	119	1,218	-	1,337
Problem	-	-	12,757	12,757	-	-	10,929	10,929
Gross	**871,504**	**33,674**	**12,757**	**917,935**	**752,135**	**18,379**	**10,929**	**781,443**
Less: allowance for impairment	(195)	(29)	(1,951)	(2,174)	(177)	(45)	(2,290)	(2,512)
Net	**871,309**	**33,645**	**10,806**	**915,760**	**751,958**	**18,334**	**8,639**	**778,931**

Group loans to individuals (retail): Other

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	178,485	1,013	-	179,498	181,887	2,160	-	184,047
Watch	23,069	2,186	-	25,255	21,566	2,629	-	24,195
Substandard	25	1,311	-	1,336	26	1,256	-	1,282
Problem	-	-	9,120	9,120	-	-	13,081	13,081
Gross	**201,579**	**4,510**	**9,120**	**215,209**	**203,479**	**6,045**	**13,081**	**222,605**
Less: allowance for impairment	(2,950)	(86)	(1,780)	(4,814)	(3,421)	(124)	(702)	(4,247)
Net	**198,629**	**4,424**	**7,340**	**210,393**	**200,058**	**5,921**	**12,379**	**218,358**

Bank loans to individuals (retail): Other

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	178,485	1,013	-	179,498	181,888	2,160	-	184,048
Watch	23,069	2,186	-	25,255	21,566	2,629	-	24,195
Substandard	24	1,311	-	1,335	25	1,256	-	1,281
Problem	-	-	9,120	9,120	-	-	13,081	13,081
Gross	**201,578**	**4,510**	**9,120**	**215,208**	**203,479**	**6,045**	**13,081**	**222,605**
Less: allowance for impairment	(2,949)	(86)	(1,780)	(4,815)	(3,421)	(124)	(702)	(4,247)
Net	**198,629**	**4,424**	**7,340**	**210,393**	**200,058**	**5,921**	**12,379**	**218,358**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Group loans to financial institutions

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	20,313	-	-	20,313	14,704	-	-	14,704
Watch	-	-	-	-	11,892	-	-	11,892
Substandard	-	-	-	-	-	-	-	-
Problem	-	-	-	-	-	-	-	-
Gross	**20,313**	**-**	**-**	**20,313**	**26,596**	**-**	**-**	**26,596**
Less: allowance for impairment	(26)	-	-	(26)	(183)	-	-	(183)
Net	**20,287**	**-**	**-**	**20,287**	**26,413**	**-**	**-**	**26,413**

Bank loans to financial institutions

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	20,314	290,817	-	311,131	14,704	247,553	-	262,257
Watch	-	-	-	-	11,892	-	-	11,892
Substandard	-	-	-	-	-	-	-	-
Problem	-	-	-	-	-	-	-	-
Gross	**20,314**	**290,817**	**-**	**311,131**	**26,596**	**247,553**	**-**	**274,149**
Less: allowance for impairment	(27)	-	-	(27)	(183)	-	-	(183)
Net	**20,287**	**290,817**	**-**	**311,104**	**26,413**	**247,553**	**-**	**273,966**

Group loans to business customers

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	1,161,791	20,592	-	1,182,383	869,935	13,262	-	883,197
Watch	337,984	25,289	-	363,273	312,164	29,375	-	341,539
Substandard	29	103,091	-	103,120	-	113,389	-	113,389
Problem	-	-	43,516	43,516	-	-	45,975	45,975
Gross	**1,499,804**	**148,972**	**43,516**	**1,692,292**	**1,182,099**	**156,026**	**45,975**	**1,384,100**
Less: allowance for impairment	(15,144)	(662)	(10,554)	(26,360)	(12,111)	(2,089)	(9,412)	(23,612)
Net	**1,484,660**	**148,310**	**32,962**	**1,665,932**	**1,169,988**	**153,937**	**36,563**	**1,360,488**

Bank loans to business customers

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	1,161,791	20,592	-	1,182,383	869,935	13,262	-	883,197
Watch	337,984	25,289	-	363,273	312,164	29,375	-	341,539
Substandard	29	103,091	-	103,120	-	113,389	-	113,389
Problem	-	-	43,516	43,516	-	-	45,975	45,975
Gross	**1,499,804**	**148,972**	**43,516**	**1,692,292**	**1,182,099**	**156,026**	**45,975**	**1,384,100**
Less: allowance for impairment	(15,144)	(662)	(10,554)	(26,360)	(12,111)	(2,089)	(9,412)	(23,612)
Net	**1,484,660**	**148,310**	**32,962**	**1,665,932**	**1,169,988**	**153,937**	**36,563**	**1,360,488**

Group loans to business customers: Large corporates

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	196,134	-	-	196,134	89,586	1,768	-	91,354
Watch	1,401	5,450	-	6,851	-	1,047	-	1,047
Substandard	-	-	-	-	-	243	-	243
Problem	-	-	16,262	16,262	-	-	17,209	17,209
Gross	**197,535**	**5,450**	**16,262**	**219,247**	**89,586**	**3,058**	**17,209**	**109,853**
Less: allowance for impairment	(494)	(3)	(2,095)	(2,592)	(651)	(6)	(1,127)	(1,784)
Net	**197,041**	**5,447**	**14,167**	**216,655**	**88,935**	**3,052**	**16,082**	**108,069**

Bank loans to business customers: Large corporates

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	196,134	-	-	196,134	89,586	1,768	-	91,354
Watch	1,401	5,450	-	6,851	-	1,047	-	1,047
Substandard	-	-	-	-	-	243	-	243
Problem	-	-	16,262	16,262	-	-	17,209	17,209
Gross	**197,535**	**5,450**	**16,262**	**219,247**	**89,586**	**3,058**	**17,209**	**109,853**
Less: allowance for impairment	(494)	(3)	(2,095)	(2,592)	(651)	(6)	(1,127)	(1,784)
Net	**197,041**	**5,447**	**14,167**	**216,655**	**88,935**	**3,052**	**16,082**	**108,069**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Group loans to business customers: SME								
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standard	913,788	19,833	-	933,621	718,128	9,384	-	727,512
Watch	336,217	19,839	-	356,056	311,571	28,328	-	339,899
Substandard	29	103,081	-	103,110	-	110,413	-	110,413
Problem	-	-	25,955	25,955	-	-	27,423	27,423
Gross	**1,250,034**	**142,753**	**25,955**	**1,418,742**	**1,029,699**	**148,125**	**27,423**	**1,205,247**
Less: allowance for impairment	(14,475)	(658)	(8,004)	(23,137)	(11,312)	(2,069)	(8,027)	(21,408)
Net	**1,235,559**	**142,095**	**17,951**	**1,395,605**	**1,018,387**	**146,056**	**19,396**	**1,183,839**

Bank loans to business customers: SME								
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standard	913,788	19,833	-	933,621	718,128	9,384	-	727,512
Watch	336,217	19,839	-	356,056	311,571	28,328	-	339,899
Substandard	29	103,081	-	103,110	-	110,413	-	110,413
Problem	-	-	25,955	25,955	-	-	27,423	27,423
Gross	**1,250,034**	**142,753**	**25,955**	**1,418,742**	**1,029,699**	**148,125**	**27,423**	**1,205,247**
Less: allowance for impairment	(14,475)	(658)	(8,004)	(23,137)	(11,312)	(2,069)	(8,027)	(21,408)
Net	**1,235,559**	**142,095**	**17,951**	**1,395,605**	**1,018,387**	**146,056**	**19,396**	**1,183,839**

Group loans to business customers: Central and local authorities and other								
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standard	51,868	759	-	52,627	62,221	2,110	-	64,331
Watch	366	-	-	366	593	-	-	593
Substandard	-	10	-	10	-	2,733	-	2,733
Problem	-	-	1,299	1,299	-	-	1,343	1,343
Gross	**52,234**	**769**	**1,299**	**54,302**	**62,814**	**4,843**	**1,343**	**69,000**
Less: allowance for impairment	(175)	(1)	(457)	(633)	(148)	(14)	(258)	(420)
Net	**52,059**	**768**	**842**	**53,669**	**62,666**	**4,829**	**1,085**	**68,580**

Bank loans to business customers: Central and local authorities and other								
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Standard	51,868	759	-	52,627	62,221	2,110	-	64,331
Watch	366	-	-	366	593	-	-	593
Substandard	-	10	-	10	-	2,733	-	2,733
Problem	-	-	1,299	1,299	-	-	1,343	1,343
Gross	**52,234**	**769**	**1,299**	**54,302**	**62,814**	**4,843**	**1,343**	**69,000**
Less: allowance for impairment	(175)	(1)	(457)	(633)	(148)	(14)	(258)	(420)
Net	**52,059**	**768**	**842**	**53,669**	**62,666**	**4,829**	**1,085**	**68,580**

For analysis of debt securities according to the credit quality see Notes 12 and 15.

b) Payment delays

The tables below provide an analysis of loans and advances to customers by payment delays. The Group considers a loan to be past due when the following criteria are met: for loans to individuals – overdue amount is higher than the lower of EUR 100 or 1% of total exposure; for loans to business customers – overdue amount is higher than the lower of EUR 500 or 1% of total exposure.

Group loans to customers								
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	2,841,708	169,149	23,870	3,034,727	2,364,707	165,303	36,773	2,566,783
Past due up to 30 days	42,477	25,004	5,262	72,743	45,340	20,976	5,455	71,771
Past due 31-90 days	-	13 405	3 431	16 836	135	14,397	5,263	19,795
Past due more than 90 days	-	-	43 117	43 117	4	64	30,247	30,315
Gross	**2,884,185**	**207,558**	**75,680**	**3,167,423**	**2,410,186**	**200,740**	**77,738**	**2,688,664**
Less: allowance for impairment	(25,347)	(5,327)	(19,052)	(49,726)	(21,263)	(6,285)	(16,012)	(43,560)
Net	**2,858,838**	**202,232**	**56,630**	**3,117,697**	**2,388,923**	**194,455**	**61,726**	**2,645,104**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Bank loans to customers

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	2,552,393	458,625	21,358	3,032,376	2,130,579	412,310	35,118	2,578,007
Past due up to 30 days	42,477	10,296	3,931	56,704	35,340	6,877	4,065	46,282
Past due 31-90 days	-	9,200	2,533	11,733	-	8,965	1,930	10,895
Past due more than 90 days	-	-	37,762	37,762	4	4	29,052	29,060
Gross	**2,594,870**	**478,121**	**65,584**	**3,138,575**	**2,165,923**	**428,156**	**70,165**	**2,664,244**
Less: allowance for impairment	(18,391)	(795)	(14,384)	(33,570)	(15,955)	(2,279)	(12,528)	(30,762)
Net	**2,576,479**	**477,326**	**51,200**	**3,105,005**	**2,149,968**	**425,877**	**57,637**	**2,633,482**

Group loans to individuals (retail)

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	1,346 028	26,646	10,832	1,383,506	1,177,876	14,435	11,574	1,203,885
Past due up to 30 days	18,038	19,913	4,289	42,240	23,474	15,952	2,892	42,318
Past due 31-90 days	-	12,027	2,508	14,535	135	14,264	4,801	19,200
Past due more than 90 days	-	-	14,536	14,536	4	64	12,496	12,564
Gross	**1,364,066**	**58,586**	**32,165**	**1,454,817**	**1,201,489**	**44,715**	**31,763**	**1,277,967**
Less: allowance for impairment	(10,177)	(4,665)	(8,496)	(23,338)	(8,969)	(4,196)	(6,599)	(19,764)
Net	**1,353,889**	**53,921**	**23,669**	**1,431,479**	**1,192,520**	**40,519**	**25,164**	**1,258,203**

Bank loans to individuals (retail)

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	1,056,712	25,303	8,320	1,090,335	943,748	13,889	9,919	967,556
Past due up to 30 days	18,038	5,205	2,958	26,201	13,474	1,853	1,502	16,829
Past due 31-90 days	-	7,822	1,610	9,432	-	8,832	1,468	10,300
Past due more than 90 days	-	-	9,181	9,181	4	4	11,301	11,309
Gross	**1,074,750**	**38,330**	**22,069**	**1,135,149**	**957,226**	**24,578**	**24,190**	**1,005,994**
Less: allowance for impairment	(3,219)	(133)	(3,828)	(7,180)	(3,661)	(190)	(3,115)	(6,966)
Net	**1,071,531**	**38,197**	**18,241**	**1,127,969**	**953,565**	**24,388**	**21,075**	**999,028**

Group loans to financial institutions

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	20,314	-	-	20,314	26,596	-	-	26,596
Past due up to 30 days	-	-	-	-	-	-	-	-
Past due 31-90 days	-	-	-	-	-	-	-	-
Past due more than 90 days	-	-	-	-	-	-	-	-
Gross	**20,314**	**-**	**-**	**20,314**	**26,596**	**-**	**-**	**26,596**
Less: allowance for impairment	(27)	-	-	(27)	(183)	-	-	(183)
Net	**20,287**	**-**	**-**	**20,287**	**26,413**	**-**	**-**	**26,413**

Bank loans to financial institutions

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	20,314	290,817	-	311,131	26,596	247,553	-	274,149
Past due up to 30 days	-	-	-	-	-	-	-	-
Past due 31-90 days	-	-	-	-	-	-	-	-
Past due more than 90 days	-	-	-	-	-	-	-	-
Gross	**20,314**	**290,817**	**-**	**311,131**	**26,596**	**247,553**	**-**	**274,149**
Less: allowance for impairment	(27)	-	-	(27)	(183)	-	-	(183)
Net	**20,287**	**290,817**	**-**	**311,104**	**26,413**	**247,553**	**-**	**273,966**

Group loans to business customers

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	1,475,366	142,504	13,038	1,630,908	1,160,235	150,868	25,199	1,336,302
Past due up to 30 days	24,439	5,091	973	30,503	21,866	5,024	2,563	29,453
Past due 31-90 days	-	1,378	923	2,301	-	133	462	595
Past due more than 90 days	-	-	28,581	28,581	-	-	17,751	17,751
Gross	**1,499,805**	**148,973**	**43,515**	**1,692,293**	**1,182,101**	**156,025**	**45,975**	**1,384,101**
Less: allowance for impairment	(15,144)	(662)	(10,556)	(26,362)	(12,111)	(2,089)	(9,413)	(23,613)
Net	**1,484,661**	**148,311**	**32,959**	**1,665,931**	**1,169,990**	**153,936**	**36,562**	**1,360,488**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

								Bank loans to business customers
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	1,475 367	142,505	13,038	1,630,910	1,160,235	150,868	25,199	1,336,302
Past due up to 30 days	24,439	5,091	973	30,503	21,866	5,024	2,563	29,453
Past due 31-90 days	-	1,378	923	2,301	-	133	462	595
Past due more than 90 days	-	-	28,581	28,581	-	-	17,751	17,751
Gross	**1,499,806**	**148,974**	**43,515**	**1,692,295**	**1,182,101**	**156,025**	**45,975**	**1,384,101**
Less: allowance for impairment	(15,145)	(662)	(10,556)	(26,363)	(12,111)	(2,089)	(9,413)	(23,613)
Net	**1,484,661**	**148,312**	**32,959**	**1,665,932**	**1,169,990**	**153,936**	**36,562**	**1,360,488**

c) Stage 3 loans and advances to customers

The breakdown of the gross amount of Stage 3 loans and advances by class, along with the fair value of related collateral held by the Group and the Bank as security is as follows:

31 December 2024

				Group				Bank
	Gross value	Allowance for impairment	Net value	Fair value of collateral	Gross value	Allowance for impairment	Net value	Fair value of collateral
Loans and advances to financial institutions	-	-	-	-	-	-	-	-
Loans to individuals (Retail):	32,166	(8,497)	23,669	21,057	22,069	(3,828)	18,241	21,057
Consumer loans	10,289	(4,766)	5,523	6	192	(98)	94	6
Mortgages	12,757	(1,951)	10,806	10,765	12,757	(1,950)	10,807	10,765
Other	9,120	(1,780)	7,340	10,285	9,120	(1,780)	7,340	10,285
Loans to business customers:	43,516	(10,556)	32,960	45,328	43,516	(10,556)	32,960	45,328
Large corporates	16,262	(2,095)	14,167	17,209	16,262	(2,095)	14,167	17,209
SME	25,955	(8,004)	17,951	26,775	25,955	(8,004)	17,951	26,775
Central and local authorities, administrative bodies and other	1,299	(457)	842	1,343	1,299	(457)	842	1,343
Total loans to customers	**75,682**	**(19,053)**	**56,629**	**66,384**	**65,585**	**(14,384)**	**51,201**	**66,384**

31 December 2023

				Group				Bank
	Gross value	Allowance for impairment	Net value	Fair value of collateral	Gross value	Allowance for impairment	Net value	Fair value of collateral
Loans and advances to financial institutions	-	-	-	-	-	-	-	-
Loans to individuals (Retail):	31,762	(6,598)	25,164	21,057	24,189	(3,115)	21,074	21,057
Consumer loans	*7,752*	*(3,606)*	*4,146*	*6*	*179*	*(123)*	*56*	*6*
Mortgages	*10,929*	*(2,290)*	*8,639*	*10,765*	*10,929*	*(2,290)*	*8,639*	*10,765*
Other	*13,081*	*(702)*	*12,379*	*10,285*	*13,081*	*(702)*	*12,379*	*10,285*
Loans to business customers:	45,975	(9,412)	36,563	45,328	45,975	(9,412)	36,563	45,328
Large corporates	*17,209*	*(1,127)*	*16,082*	*17,209*	*17,209*	*(1,127)*	*16,082*	*17,209*
SME	*27,423*	*(8,027)*	*19,396*	*26,775*	*27,423*	*(8,027)*	*19,396*	*26,775*
Central and local authorities, administrative bodies and other	*1,343*	*(258)*	*1,085*	*1,343*	*1,343*	*(258)*	*1,085*	*1,343*
Total loans to customers	**77,737**	**(16,010)**	**61,727**	**66,384**	**70,164**	**(12,527)**	**57,637**	**66,384**

Impairment loss by class of financial assets for loans is disclosed in Note 13.

(All amounts are in EUR thousand, unless otherwise stated)

d) Information about loan collateral

The method for collateral valuation is selected by the Group and the Bank based on specifics of collateral and existing market conditions on the day of valuation. Based on collateral characteristics and the purpose of its valuation the following valuation methods are used: comparable sales price method or income capitalization method. Fair values of the collateral are updated regularly in line with the Bank's procedures.

If loan is secured by several different types of collateral, priority in their recognition is based on their liquidity. Cash deposits are treated as having the highest liquidity followed by guarantees, residential real estate and then other real estate. Securities that have no active market and other assets are treated as having the lowest liquidity.

Unsecured loans also include loans secured by other types of collateral (e.g. future inflow of funds into the borrowers' Bank accounts (controlled by the Bank), third party warrantees, bills of exchange, etc.). The total amount of loans to individuals and business customers secured by the above security measure but disclosed as unsecured as at 31 December 2023 amounted to EUR 54 million (2023: EUR 23 million). Totally unsecured loans comprise only consumer loans and loans issued by the Bank to its subsidiaries.

31 December 2024

	Group loans to individuals (retail)			
	Consumer loans	**Mortgages**	**Other**	**Total**
Unsecured loans	321,632	-	-	321,632
Loans collateralized by:	**47**	**917,935**	**215,209**	**1,133,191**
residential real estate -	-	917,935	11,130	929,065
other real estate -	-	-	6,518	6,518
securities -	-	-	-	-
guarantees -	-	-	159,294	159,294
cash deposits -	-	-	-	-
other assets -	47	-	38,267	38,314
Total	**321,679**	**917 935**	**215,209**	**1,454,823**

	Group loans to business customers				
	SME	**Large corporates**	**Financial institutions**	**Central and local authorities and other**	**Total**
Unsecured loans	-	-	-	-	-
Loans collateralized by:	**1,418,742**	**219,248**	**20,313**	**54,303**	**1,712,606**
residential real estate -	181,829	3,275	-	667	185,771
other real estate -	1,236,913	215,973	5,458	41,482	1,499,826
securities -	-	-	-	-	-
guarantees -	-	-	6,555	2,487	9,042
cash deposits -	-	-	-	-	-
other assets -	-	-	8,300	9,667	17,967
Total	**1,418,742**	**219,248**	**20,313**	**54,303**	**1,712,606**

	Bank loans to individuals (retail)			
	Consumer loans	**Mortgages**	**Other**	**Total**
Unsecured loans	1,962	-	-	1,962
Loans collateralized by:	**47**	**917,935**	**215,208**	**1,133,190**
residential real estate -	-	917,935	11,129	929,064
other real estate -	-	-	6,518	6,518
securities -	-	-	-	-
guarantees -	-	-	159,294	159,294
cash deposits -	-	-	-	-
other assets -	47	-	38,267	38,314
Total	**2,009**	**917,935**	**215,208**	**1,135,152**

	Bank loans to business customers				
	SME	**Large corporates**	**Financial institutions**	**Central and local authorities and other**	**Total**
Unsecured loans	-	-	290,818	-	290,818
Loans collateralized by:	**1,418,742**	**219,248**	**20,313**	**54,302**	**1,712,605**
residential real estate -	181,829	3,275	-	667	185,771
other real estate -	1,236,913	215,973	5,458	41,481	1,499,825
securities -	-	-	-	-	-
guarantees -	-	-	6,555	2,487	9,042
cash deposits -	-	-	-	-	-
other assets -	-	-	8,300	9,667	17,967
Total	**1,418,742**	**219,248**	**311,131**	**54,302**	**2,003,423**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2023

	Group loans to individuals (retail)			
	Consumer loans	**Mortgages**	**Other**	**Total**
Unsecured loans	273,916	-	67,266	341,182
Loans collateralized by:	**-**	**781,443**	**155,339**	**936,782**
residential real estate -	-	749,409	8,083	757,492
other real estate -	-	32,034	8,776	40,810
securities -	-	-	-	-
guarantees -	-	-	123,556	123,556
cash deposits -	-	-	7	7
other assets -	-	-	14,917	14,917
Total	**273,916**	**781,443**	**222,605**	**1,277,964**

	Group loans to business customers				
	SME	**Large corporates**	**Financial institutions**	**Central and local authorities and other**	**Total**
Unsecured loans	-	-	-	49,103	49,103
Loans collateralized by:	**1,205,247**	**109,853**	**26,596**	**19,897**	**1,361,593**
residential real estate -	138,606	2,633	-	457	141,696
other real estate -	1,066,641	107,220	26,596	18,971	1,219,428
securities -	-	-	-	1	1
guarantees -	-	-	-	468	468
cash deposits -	-	-	-	-	-
other assets -	-	-	-	-	-
Total	**1,205,247**	**109,853**	**26,596**	**69,000**	**1,410,696**

	Bank loans to individuals (retail)			
	Consumer loans	**Mortgages**	**Other**	**Total**
Unsecured loans	1,945	-	67,266	69,211
Loans collateralized by:	**-**	**781,443**	**155,339**	**936,782**
residential real estate -	-	749,409	8,083	757,492
other real estate -	-	32,034	8,776	40,810
securities -	-	-	-	-
guarantees -	-	-	123,556	123,556
cash deposits -	-	-	7	7
other assets -	-	-	14,917	14,917
Total	**1,945**	**781,443**	**222,605**	**1,005,993**

	Bank loans to business customers				
	SME	**Large corporates**	**Financial institutions**	**Central and local authorities and other**	**Total**
Unsecured loans	-	-	247,553	49,103	296,656
Loans collateralized by:	**1,205,247**	**109,853**	**26,596**	**19,897**	**1,361,593**
residential real estate -	138,606	2,633	-	457	141,696
other real estate -	1,066,641	107,220	26,596	18,971	1,219,428
securities -	-	-	-	1	1
guarantees -	-	-	-	468	468
cash deposits -	-	-	-	-	-
other assets -	-	-	-	-	-
Total	**1,205,247**	**109,853**	**274,149**	**69,000**	**1,658,249**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Following tables show the distribution of LTV (loan to collateral value) ratios for the Group's loan portfolio:

Group loans to customers – LTV distribution

				2024				2023
LTV ratio:	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
lower than 50%	1,631,765	142,726	46,396	1,820,887	1,270,696	149,029	49,268	1,468,993
50% to 60%	140,192	7,204	1,954	149,350	150,592	14,578	2,835	168,005
60% to 70%	147,239	22,643	4,282	174,164	105,707	3,854	1,551	111,112
70% to 80%	168,178	5,320	1,405	174,903	173,230	2,396	1,555	177,181
80% to 90%	164,569	2,938	1,307	168,814	150,401	2,922	1,977	155,300
90% to 100%	3,718	136	533	4,387	13,704	838	85	14,627
higher than 100%	171,879	4,886	9,273	186,038	147,883	4,494	12,386	164,763
no collateral	456,645	21,706	10,532	488,883	397,973	22,629	8,081	428,683
Total gross loans	**2,884,185**	**207,559**	**75,682**	**3,167,426**	**2,410,186**	**200,740**	**77,738**	**2,688,664**

Bank loans to customers – LTV distribution

				2024				2023
LTV ratio:	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
lower than 50%	1,631,765	142,725	46,391	1,820,881	1,270,696	149,029	49,268	1,468,993
50% to 60%	140,192	7,204	1,954	149,350	150,592	14,578	2,835	168,005
60% to 70%	147,239	22,643	4,282	174,164	105,707	3,854	1,551	111,112
70% to 80%	168,178	5,321	1,405	174,904	173,230	2,396	1,555	177,181
80% to 90%	164,569	2,938	1,307	168,814	150,401	2,922	1,977	155,300
90% to 100%	3,718	136	533	4,387	13,704	838	85	14,627
higher than 100%	171,877	4,886	9,274	186,037	147,883	4,494	12,386	164,763
no collateral	167,331	292,268	435	460,034	153,710	250,045	508	404,263
Total gross loans	**2,594,869**	**478,121**	**65,581**	**3,138,571**	**2,165,923**	**428,156**	**70,165**	**2,664,244**

Group loans to individuals (Retail) – LTV distribution

				2024				2023
LTV ratio:	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
lower than 50%	296,540	15,718	6,232	318,490	246,967	8,578	5,671	261,216
50% to 60%	126,594	5,505	1,712	133,811	85,306	2,615	1,529	89,450
60% to 70%	114,659	3,866	1,558	120,083	98,834	3,261	1,250	103,345
70% to 80%	166,872	5,320	1,405	173,597	169,164	2,395	1,555	173,114
80% to 90%	164,508	2,938	1,307	168,753	149,520	2,849	1,962	154,331
90% to 100%	1,237	136	533	1,906	2,155	83	85	2,323
higher than 100%	145,459	4,294	8,916	158,669	138,356	4,494	11,659	154,509
no collateral	348,198	20,810	10,503	379,511	311,187	20,440	8,052	339,679
Total gross loans	**1,364,067**	**58,587**	**32,166**	**1,454,820**	**1,201,489**	**44,715**	**31,763**	**1,277,967**

Bank loans to individuals (Retail) – LTV distribution

				2024				2023
LTV ratio:	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
lower than 50%	296,541	15,717	6,229	318,487	246,967	8,578	5,671	261,216
50% to 60%	126,594	5,505	1,712	133,811	85,306	2,615	1,529	89,450
60% to 70%	114,659	3,866	1,558	120,083	98,834	3,261	1,250	103,345
70% to 80%	166,872	5,320	1,405	173,597	169,164	2,395	1,555	173,114
80% to 90%	164,508	2,938	1,307	168,753	149,520	2,849	1,962	154,331
90% to 100%	1,237	136	533	1,906	2,155	83	85	2,323
higher than 100%	145,457	4,294	8,917	158,668	138,356	4,494	11,659	154,509
no collateral	58,884	554	406	59,844	66,924	303	479	67,706
Total gross loans	**1,074,752**	**38,330**	**22,067**	**1,135,149**	**957,226**	**24,578**	**24,190**	**1,005,994**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Group loans to individuals (Retail) : Consumer loans – LTV distribution

LTV ratio:	Stage 1 (2024)	Stage 2 (2024)	Stage 3 (2024)	Total (2024)	Stage 1 (2023)	Stage 2 (2023)	Stage 3 (2023)	Total (2023)
lower than 50%	-	-	-	-	-	-	1	1
50% to 60%	-	-	-	-	-	-	-	-
60% to 70%	-	-	-	-	-	-	-	-
70% to 80%	-	-	-	-	-	-	-	-
80% to 90%	-	-	-	-	-	-	-	-
90% to 100%	-	-	-	-	16	2	1	19
higher than 100%	-	-	-	-	16	1	4	21
no collateral	290,986	20,404	10,289	321,679	245,843	20,286	7,746	273,875
Total gross loans	**290,986**	**20,404**	**10,289**	**321,679**	**245,875**	**20,289**	**7,752**	**273,916**

Bank loans to individuals (Retail) : Consumer loans – LTV distribution

LTV ratio:	Stage 1 (2024)	Stage 2 (2024)	Stage 3 (2024)	Total (2024)	Stage 1 (2023)	Stage 2 (2023)	Stage 3 (2023)	Total (2023)
lower than 50%	-	-	-	-	-	-	1	1
50% to 60%	-	-	-	-	-	-	-	-
60% to 70%	-	-	-	-	-	-	-	-
70% to 80%	-	-	-	-	-	-	-	-
80% to 90%	-	-	-	-	-	-	-	-
90% to 100%	-	-	-	-	16	2	1	19
higher than 100%	-	-	-	-	16	1	4	21
no collateral	1,670	147	192	2,009	1,581	150	173	1,904
Total gross loans	**1,670**	**147**	**192**	**2,009**	**1,613**	**153**	**179**	**1,945**

Group loans to individuals (Retail) : Mortgages – LTV distribution

LTV ratio:	Stage 1 (2024)	Stage 2 (2024)	Stage 3 (2024)	Total (2024)	Stage 1 (2023)	Stage 2 (2023)	Stage 3 (2023)	Total (2023)
lower than 50%	294,357	15,323	5,685	315,365	244,611	7,319	4,786	256,716
50% to 60%	126,505	5,502	1,682	133,689	85,242	2,459	1,363	89,064
60% to 70%	114,649	3,866	1,526	120,041	98,807	3,252	1,126	103,185
70% to 80%	166,869	5,320	1,377	173,566	169,158	2,395	1,549	173,102
80% to 90%	164,500	2,938	1,293	168,731	149,137	2,849	1,936	153,922
90% to 100%	1,160	136	533	1,829	2,101	81	84	2,266
higher than 100%	1,522	273	636	2,431	1,482	24	-	1,506
no collateral	1,943	315	23	2,281	1,597	-	85	1,682
Total gross loans	**871,505**	**33,673**	**12,755**	**917,933**	**752,135**	**18,379**	**10,929**	**781,443**

Bank loans to individuals (Retail) : Mortgages – LTV distribution

LTV ratio:	Stage 1 (2024)	Stage 2 (2024)	Stage 3 (2024)	Total (2024)	Stage 1 (2023)	Stage 2 (2023)	Stage 3 (2023)	Total (2023)
lower than 50%	294,357	15,323	5,685	315,365	244,611	7,319	4,786	256,716
50% to 60%	126,505	5,502	1,682	133,689	85,242	2,459	1,363	89,064
60% to 70%	114,649	3,866	1,526	120,041	98,807	3,252	1,126	103,185
70% to 80%	166,869	5,320	1,377	173,566	169,158	2,395	1,549	173,102
80% to 90%	164,500	2,938	1,293	168,731	149,137	2,849	1,936	153,922
90% to 100%	1,160	136	533	1,829	2,101	81	84	2,266
higher than 100%	1,522	273	636	2,431	1,482	24	-	1,506
no collateral	1,943	315	23	2,281	1,597	-	85	1,682
Total gross loans	**871,505**	**33,673**	**12,755**	**917,933**	**752,135**	**18,379**	**10,929**	**781,443**

Group loans to individuals (Retail) : Other – LTV distribution

LTV ratio:	Stage 1 (2024)	Stage 2 (2024)	Stage 3 (2024)	Total (2024)	Stage 1 (2023)	Stage 2 (2023)	Stage 3 (2023)	Total (2023)
lower than 50%	2,184	394	544	3,122	2,356	1,258	883	4,497
50% to 60%	89	3	30	122	64	156	166	386
60% to 70%	10	-	32	42	27	9	124	160
70% to 80%	3	-	28	31	6	-	6	12
80% to 90%	8	-	14	22	383	-	26	409
90% to 100%	77	-	-	77	38	-	-	38
higher than 100%	143,935	4,021	8,281	156,237	136,858	4,469	11,655	152,982
no collateral	55,271	92	191	55,554	63,747	153	221	64,121
Total gross loans	**201,577**	**4,510**	**9,120**	**215,207**	**203,479**	**6,045**	**13,081**	**222,605**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Bank loans to individuals (Retail) : Other – LTV distribution

				2024				2023
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	2,184	394	544	3,122	2,356	1,258	883	4,497
50% to 60%	89	3	30	122	64	156	166	386
60% to 70%	10	-	32	42	27	9	124	160
70% to 80%	3	-	28	31	6	-	6	12
80% to 90%	8	-	14	22	383	-	26	409
90% to 100%	77	-	-	77	38	-	-	38
higher than 100%	143,935	4,021	8,281	156,237	136,858	4,469	11,655	152,982
no collateral	55,271	92	191	55,554	63,747	153	221	64,121
Total gross loans	**201,577**	**4,510**	**9,120**	**215,207**	**203,479**	**6,045**	**13,081**	**222,605**

Group loans to financial institutions – LTV distribution

				2024				2023
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	20,314	-	-	20,314	19,716	-	-	19,716
50% to 60%	-	-	-	-	1,054	-	-	1,054
60% to 70%	-	-	-	-	5,826	-	-	5,826
70% to 80%	-	-	-	-	-	-	-	-
80% to 90%	-	-	-	-	-	-	-	-
90% to 100%	-	-	-	-	-	-	-	-
higher than 100%	-	-	-	-	-	-	-	-
no collateral	-	-	-	-	-	-	-	-
Total gross loans	**20,314**	**-**	**-**	**20,314**	**26,596**	**-**	**-**	**26,596**

Bank loans to financial institutions – LTV distribution

				2024				2023
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	20,314	-	-	20,314	19,716	-	-	19,716
50% to 60%	-	-	-	-	1,054	-	-	1,054
60% to 70%	-	-	-	-	5,826	-	-	5,826
70% to 80%	-	-	-	-	-	-	-	-
80% to 90%	-	-	-	-	-	-	-	-
90% to 100%	-	-	-	-	-	-	-	-
higher than 100%	-	-	-	-	-	-	-	-
no collateral	-	290,818	-	290,818	-	247,553	-	247,553
Total gross loans	**20,314**	**290,818**	**-**	**311,132**	**26,596**	**247,553**	**-**	**274,149**

Group loans to business customers – LTV distribution

				2024				2023
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	1,314,912	127,008	40,164	1,482,084	1,004,012	140,451	43,597	1,188,060
50% to 60%	13,598	1,699	242	15,539	64,232	11,963	1,306	77,501
60% to 70%	32,580	18,777	2,724	54,081	1,047	593	301	1,941
70% to 80%	1,306	-	-	1,306	4,066	1	-	4,067
80% to 90%	61	-	-	61	881	73	15	969
90% to 100%	2,481	-	-	2,481	11,549	755	-	12,304
higher than 100%	26,420	592	357	27,369	9,527	-	727	10,254
no collateral	108,447	896	29	109,372	86,785	2,190	29	89,004
Total gross loans	**1,499,805**	**148,972**	**43,516**	**1,692,293**	**1,182,099**	**156,026**	**45,975**	**1,384,100**

Bank loans to business customers – LTV distribution

				2024				2023
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	1,314,912	127,008	40,164	1,482,084	1,004,012	140,451	43,597	1,188,060
50% to 60%	13,598	1,699	242	15,539	64,232	11,963	1,306	77,501
60% to 70%	32,580	18,777	2,724	54,081	1,047	593	301	1,941
70% to 80%	1,306	-	-	1,306	4,066	1	-	4,067
80% to 90%	61	-	-	61	881	73	15	969
90% to 100%	2,481	-	-	2,481	11,549	755	-	12,304
higher than 100%	26,420	592	357	27,369	9,527	-	727	10,254
no collateral	108,447	896	29	109,372	86,785	2,190	29	89,004
Total gross loans	**1,499,805**	**148,972**	**43,516**	**1,692,293**	**1,182,099**	**156,026**	**45,975**	**1,384,100**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Group loans to business customers: Large corporates – LTV distribution

	2024				2023			
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	173,195	5,450	16,262	194,907	78,684	3,057	17,209	98,950
50% to 60%	-	-	-	-	1,100	-	-	1,100
60% to 70%	2,503	-	-	2,503	-	-	-	-
70% to 80%	-	1	-	1	-	1	-	1
80% to 90%	-	-	-	-	-	-	-	-
90% to 100%	-	-	-	-	9,776	-	-	9,776
higher than 100%	21,838	-	-	21,838	-	-	-	-
no collateral	-	-	-	-	26	-	-	26
Total gross loans	**197,536**	**5,451**	**16,262**	**219,249**	**89,586**	**3,058**	**17,209**	**109,853**

Bank loans to business customers: Large corporates – LTV distribution

	2024				2023			
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	173,195	5,450	16,262	194,907	78,684	3,057	17,209	98,950
50% to 60%	-	-	-	-	1,100	-	-	1,100
60% to 70%	2,503	-	-	2,503	-	-	-	-
70% to 80%	-	1	-	1	-	1	-	1
80% to 90%	-	-	-	-	-	-	-	-
90% to 100%	-	-	-	-	9,776	-	-	9,776
higher than 100%	21,838	-	-	21,838	-	-	-	-
no collateral	-	-	-	-	26	-	-	26
Total gross loans	**197,536**	**5,451**	**16,262**	**219,249**	**89,586**	**3,058**	**17,209**	**109,853**

Group loans to business customers: SME – LTV distribution

	2024				2023			
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	1,129,962	121,548	22,603	1,274,113	916,238	135,614	25,045	1,076,897
50% to 60%	13,598	1,699	242	15,539	63,132	11,312	1,306	75,750
60% to 70%	29,535	18,777	2,724	51,036	1,047	593	301	1,941
70% to 80%	1,306	-	-	1,306	4,066	-	-	4,066
80% to 90%	61	-	-	61	881	73	15	969
90% to 100%	2,481	-	-	2,481	1,773	454	-	2,227
higher than 100%	4,582	592	357	5,531	9,527	-	727	10,254
no collateral	68,509	137	29	68,675	33,035	79	29	33,143
Total gross loans	**1,250,034**	**142,753**	**25,955**	**1,418,742**	**1,029,699**	**148,125**	**27,423**	**1,205,247**

Bank loans to business customers: SME – LTV distribution

	2024				2023			
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	1,129,962	121,548	22,603	1,274,113	916,238	135,614	25,045	1,076,897
50% to 60%	13,598	1,699	242	15,539	63,132	11,312	1,306	75,750
60% to 70%	29,535	18,777	2,724	51,036	1,047	593	301	1,941
70% to 80%	1,306	-	-	1,306	4,066	-	-	4,066
80% to 90%	61	-	-	61	881	73	15	969
90% to 100%	2,481	-	-	2,481	1,773	454	-	2,227
higher than 100%	4,582	592	357	5,531	9,527	-	727	10,254
no collateral	68,509	137	29	68,675	33,035	79	29	33,143
Total gross loans	**1,250,034**	**142,753**	**25,955**	**1,418,742**	**1,029,699**	**148,125**	**27,423**	**1,205,247**

Group loans to business customers: Central and local authorities, administrative bodies and other – LTV distribution

	2024				2023			
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	11,755	10	1,299	13,064	9,090	1,780	1,343	12,213
50% to 60%	-	-	-	-	-	651	-	651
60% to 70%	542	-	-	542	-	-	-	-
70% to 80%	-	-	-	-	-	-	-	-
80% to 90%	-	-	-	-	-	-	-	-
90% to 100%	-	-	-	-	-	301	-	301
higher than 100%	-	-	-	-	-	-	-	-
no collateral	39,938	759	-	40,697	53,724	2,111	-	55,835
Total gross loans	**52,235**	**769**	**1,299**	**54,303**	**62,814**	**4,843**	**1,343**	**69,000**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

	Bank loans to business customers: Central and local authorities, administrative bodies and other – LTV distribution							
				2024				2023
LTV ratio:	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
lower than 50%	11,755	10	1,299	13,064	9,090	1,780	1,343	12,213
50% to 60%	-	-	-	-	-	651	-	651
60% to 70%	542	-	-	542	-	-	-	-
70% to 80%	-	-	-	-	-	-	-	-
80% to 90%	-	-	-	-	-	-	-	-
90% to 100%	-	-	-	-	-	301	-	301
higher than 100%	-	-	-	-	-	-	-	-
no collateral	39,938	759	-	40,697	53,724	2,111	-	55,835
Total gross loans	**52,235**	**769**	**1,299**	**54,303**	**62,814**	**4,843**	**1,343**	**69,000**

e) Loans to customers against which no impairment loss allowance is recognized

Loans to customers contain loans against which no loss impairment loss allowance was recognized because of sufficiency of collateral. Such loans are summarized in the following table (rounded to a whole number):

Group, as at 31 December 2024				Gross value	
	Stage 1	Stage 2	Stage 3	Total	LTV
Loans to financial institutions	-	-	-	-	0%
Loans to individuals:	5,088	1,796	4	6,888	4%
Mortgages -	-	1,487	-	1,487	15%
Other-	5,088	309	4	5,401	0%
Loans to business customers:	4,622	13,681	-	18,303	0%
Central and local authorities, administrative bodies and other -	-	-	-	-	0%
Large corporates -	-	-	-	-	0%
SME -	4,622	13,681	-	18,303	0%
Total	**9,710**	**15 477**	**4**	**25,191**	**2%**

Group, as at 31 December 2023				Gross value	
	Stage 1	Stage 2	Stage 3	Total	LTV
Loans to financial institutions	-	-	-	-	0%
Loans to individuals:	147	713	455	1,315	6%
Mortgages -	61	-	-	61	5%
Other-	86	713	455	1,254	7%
Loans to business customers:	2,916	-	1,243	4,159	0%
Central and local authorities, administrative bodies and other -	-	-	-	-	0%
Large corporates -	-	-	-	-	0%
SME -	2,916	-	1,243	4,159	0%
Total	**3,063**	**713**	**1,698**	**5,474**	**3%**

f) Purchased or originated credit-impaired (POCI) loans to customers

Loans to customers contain POCI loans to customers. Major part of these loans were acquired under the transaction transfer of assets, rights, transactions and liabilities of Ūkio Bankas under a discount over their nominal value due to their non-performing status at the time of transfer. Details on POCI loans are summarized in the following table:

	As at 31 December 2024			As at 31 December 2023		
	Gross value	Impairment	Carrying value	Gross value	Impairment	Carrying value
Loans to financial institutions	-	-	-	-	-	-
Loans to individuals:	75	(7)	68	87	(18)	69
Consumer loans -	-	-	-	-	-	-
Mortgages -	72	(6)	66	*82*	*(17)*	*65*
Other-	3	(1)	2	*5*	*(1)*	*4*
Loans to business customers:	1,343	(105)	1,238	1,472	(96)	1,376
Central and local authorities, administrative bodies and other -	-	-	-	-	-	-
Large corporates -	-	-	-	-	-	-
SME -	1.343	(105)	1,238	*1,472*	*(96)*	*1,376*
Total	**1,418**	**(112)**	**1,306**	**1,559**	**(114)**	**1,445**

(All amounts are in EUR thousand, unless otherwise stated)

g) Modifications of loans to customers

Group follows legal treatment for loan contract amendments, i.e. amended loan contracts are accounted for as modifications.

The amortized cost before the modification of loans with lifetime ECL whose cash flows were modified during 2024 as part of Group restructuring activities was EUR 51,353 thousand, these modifications resulted in a net loss of EUR 80 thousand. The amortized cost before modification of loans with lifetime ECL whose cash flows were modified during 2022 as part of Group restructuring activities was EUR 78,774 thousand, these modifications resulted in a net gain of EUR 13 thousand.

1.6. Finance lease receivables

Finance lease receivables are summarized as follows:

		2024		2023
	Group	**Bank**	**Group**	**Bank**
Business customers	279 528	279 528	260,303	259,415
Individuals	44 056	44 056	33,804	33,804
Gross	**323,584**	**323,584**	**294,107**	**293,219**
Subtract: Allowance for impairment	(6,687)	(6,687)	(7,574)	(6,768)
Net	**316,897**	**316,897**	**286,533**	**286,451**

During the year ended 31 December 2024, finance lease receivables portfolio of the Group increased by 10.6% (2023: increased by 18.2%). Total impairment provisions for finance lease receivables of the Group amount to EUR 6,687 thousand (2023: EUR 7,574 thousand) and account for 2.07% of the respective portfolio (2023: 2.58%).

a) Credit grades of finance lease receivables

								Group finance lease receivables
				2024				**2023**
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	266,927	2,939	-	269,866	239,174	1,177	-	240,351
Watch	35,704	3,291	-	38,995	28,248	3,002	-	31,250
Substandard	19	11,997	-	12,016	40	14,914	-	14,954
Problem	-	-	2,707	2,707	-	-	7,552	7,552
Gross	**302,650**	**18,227**	**2,707**	**323,584**	**267,462**	**19,093**	**7,552**	**294,107**
Less: allowance for impairment	(4,961)	(720)	(1,006)	(6,687)	(2,941)	(1,077)	(3,556)	(7,574)
Net	**297,689**	**17,507**	**1,701**	**316,897**	**264,521**	**18,016**	**3,996**	**286,533**

								Bank finance lease receivables
				2024				**2023**
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	266,927	2,939	-	269,866	239,174	1,177	-	240,351
Watch	35,704	3,291	-	38,995	28,248	3,002	-	31,250
Substandard	19	11,997	-	12,016	40	14,829	-	14,869
Problem	-	-	2,707	2,707	-	-	6,750	6,750
Gross	**302,650**	**18,227**	**2,707**	**323,584**	**267,462**	**19,008**	**6,750**	**293,220**
Less: allowance for impairment	(4,961)	(720)	(1,006)	(6,687)	(2,941)	(1,074)	(2,754)	(6,769)
Net	**297,689**	**17,507**	**1,701**	**316,897**	**264,521**	**17,934**	**3,996**	**286,451**

								Group finance lease receivables – business customers
				2024				**2023**
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	225,427	897	-	226,324	208,188	813	-	209,001
Watch	35,627	3,089	-	38,716	28,119	1,221	-	29,340
Substandard	-	11,997	-	11,997	-	14,888	-	14,888
Problem	-	-	2,491	2,491	-	-	7,074	7,074
Gross	**261,054**	**15,983**	**2,491**	**279,528**	**236,307**	**16,922**	**7,074**	**260,303**
Less: allowance for impairment	(4,174)	(661)	(921)	(5,756)	(2,609)	(1,007)	(3,435)	(7,051)
Net	**256,880**	**15,322**	**1,570**	**273,772**	**233,698**	**15,915**	**3,639**	**253,252**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Bank finance lease receivables – business customers

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	225,427	897	-	226,324	208,188	813	-	209,001
Watch	35,627	3,089	-	38,716	28,119	1,221	-	29,340
Substandard	-	11,997	-	11,997	-	14,803	-	14,803
Problem	-	-	2,491	2,491	-	-	6,272	6,272
Gross	**261,054**	**15,983**	**2,491**	**279,528**	**236,307**	**16,837**	**6,272**	**259,416**
Less: allowance for impairment	(4,174)	(661)	(921)	(5,756)	(2,609)	(1,004)	(2,633)	(6,246)
Net	**256,880**	**15,322**	**1,570**	**273,772**	**233,698**	**15,833**	**3,639**	**253,170**

Group finance lease receivables – individuals

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	41,500	2,042	-	43,542	30,986	364	-	31,350
Watch	77	202	-	279	129	1,781	-	1,910
Substandard	19	-	-	19	40	26	-	66
Problem	-	-	216	216	-	-	478	478
Gross	**41,596**	**2,244**	**216**	**44,056**	**31,155**	**2,171**	**478**	**33,804**
Less: allowance for impairment	(787)	(59)	(85)	(931)	(332)	(70)	(121)	(523)
Net	**40,809**	**2,185**	**131**	**43,125**	**30,823**	**2,101**	**357**	**33,281**

Bank finance lease receivables – individuals

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Standard	41,500	2,042	-	43,542	30,986	364	-	31,350
Watch	77	202	-	279	129	1,781	-	1,910
Substandard	19	-	-	19	40	26	-	66
Problem	-	-	216	216	-	-	478	478
Gross	**41,596**	**2,244**	**216**	**44,056**	**31,155**	**2,171**	**478**	**33,804**
Less: allowance for impairment	(787)	(59)	(85)	(931)	(332)	(70)	(121)	(523)
Net	**40,809**	**2,185**	**131**	**43,125**	**30,823**	**2,101**	**357**	**33,281**

b) Payment delays of finance lease receivables

Group finance lease receivables

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	285,578	14,121	322	300,021	240,528	17,133	4,089	261,750
Past due up to 30 days	16,626	1,735	356	18,717	26,934	895	212	28,041
Past due 31-90 days	409	2,281	486	3,176	-	1,065	1,143	2,208
Past due more than 90 days	37	91	1,542	1,670	-	-	2,108	2,108
Gross	**302,650**	**18,228**	**2,706**	**323,584**	**267,462**	**19,093**	**7,552**	**294,107**
Less: allowance for impairment	(4,961)	(720)	(1,006)	(6,687)	(2,941)	(1,077)	(3,556)	(7,574)
Net	**297,689**	**17,508**	**1,700**	**316,897**	**264,521**	**18,016**	**3,996**	**286,533**

Bank finance lease receivables

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	285,578	14,121	322	300,021	240,528	17,056	4,089	261,673
Past due up to 30 days	16,626	1,735	356	18,717	26,934	895	212	28,041
Past due 31-90 days	409	2,281	486	3,176	-	1,057	1,143	2,200
Past due more than 90 days	37	91	1,542	1,670	-	-	1,306	1,306
Gross	**302,650**	**18,228**	**2,706**	**323,584**	**267,462**	**19,008**	**6,750**	**293,220**
Less: allowance for impairment	(4,961)	(720)	(1,006)	(6,687)	(2,941)	(1,074)	(2,754)	(6,769)
Net	**297,689**	**17,508**	**1,700**	**316,897**	**264,521**	**17,934**	**3,996**	**286,451**

Group finance lease receivables – business customers

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	245,800	12,404	290	258,494	210,277	15,198	3,894	229,369
Past due up to 30 days	14,997	1,604	269	16,870	26,030	761	184	26,975
Past due 31-90 days	220	1,885	463	2,568	-	963	1,112	2,075
Past due more than 90 days	37	90	1,469	1,596	-	-	1,884	1,884
Gross	**261,054**	**15,983**	**2,491**	**279,528**	**236,307**	**16,922**	**7,074**	**260,303**
Less: allowance for impairment	(4,174)	(661)	(921)	(5,756)	(2,609)	(1,007)	(3,435)	(7,051)
Net	**256,880**	**15,322**	**1,570**	**273,772**	**233,698**	**15,915**	**3,639**	**253,252**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

								Bank finance lease receivables – business customers
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	245,800	12,404	290	258,494	210,277	15,121	3,894	229,292
Past due up to 30 days	14,997	1,604	269	16,870	26,030	761	184	26,975
Past due 31-90 days	220	1,885	463	2,568	-	955	1,112	2,067
Past due more than 90 days	37	90	1,469	1,596	-	-	1,082	1,082
Gross	**261,054**	**15,983**	**2,491**	**279,528**	**236,307**	**16,837**	**6,272**	**259,416**
Less: allowance for impairment	(4,174)	(661)	(921)	(5,756)	(2,609)	(1,004)	(2,633)	(6,246)
Net	**256,880**	**15,322**	**1,570**	**273,772**	**233,698**	**15,833**	**3,639**	**253,170**

								Group finance lease receivables – individuals
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	39,779	1,718	32	41,529	30,251	1,935	195	32,381
Past due up to 30 days	1,629	131	87	1,847	904	134	28	1,066
Past due 31-90 days	189	396	23	608	-	102	31	133
Past due more than 90 days	-	1	73	74	-	-	224	224
Gross	**41,597**	**2,246**	**215**	**44,058**	**31,155**	**2,171**	**478**	**33,804**
Less: allowance for impairment	(789)	(59)	(85)	(933)	(332)	(70)	(121)	(523)
Net	**40,808**	**2,187**	**130**	**43,125**	**30,823**	**2,101**	**357**	**33,281**

								Bank finance lease receivables – individuals
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	39,779	1,718	32	41,529	30,251	1,935	195	32,381
Past due up to 30 days	1,629	131	87	1,847	904	134	28	1,066
Past due 31-90 days	189	396	23	608	-	102	31	133
Past due more than 90 days	-	1	73	74	-	-	224	224
Gross	**41,597**	**2,246**	**215**	**44,058**	**31,155**	**2,171**	**478**	**33,804**
Less: allowance for impairment	(789)	(59)	(85)	(933)	(332)	(70)	(121)	(523)
Net	**40,808**	**2,187**	**130**	**43,125**	**30,823**	**2,101**	**357**	**33,281**

c) Stage 3 Finance lease receivables

31 December 2024

				Group				Bank
	Gross value	Allowance for impairment	Net value	Fair value of collateral	Gross value	Allowance for impairment	Net value	Fair value of collateral
31 December 2024:								
Business customers	2,491	(921)	1,570	13,110	2,491	(921)	1,570	13,110
Individuals	216	(85)	131	346	216	(85)	131	346
Total finance lease receivables	**2,707**	**(1,006)**	**1,701**	**13,456**	**2,707**	**(1,006)**	**1,701**	**13,456**

31 December 2023

				Group				Bank
	Gross value	Allowance for impairment	Net value	Fair value of collateral	Gross value	Allowance for impairment	Net value	Fair value of collateral
31 December 2023:								
Business customers	*7,074*	*(3,435)*	*3,639*	*473*	*6,272*	*(2,633)*	*3,639*	*473*
Individuals	*478*	*(121)*	*357*	*6,181*	*478*	*(121)*	*357*	*6,181*
Total finance lease receivables	**7,552**	**(3,556)**	**3,996**	**6,653**	**6,750**	**(2,754)**	**3,996**	**6,653**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Information about risk mitigation measures for finance lease receivables

Upon initial recognition of financial lease receivables, the fair value of risk mitigation measures is based on valuation approaches commonly used for the corresponding types of assets. Market values are used for real estate and movable assets serving as risk mitigation measures. In subsequent periods, the fair value of risk mitigation measures is updated based on their depreciation rates.

If exposure is secured by several different types of risk mitigation measures, priority in their recognition is based on their liquidity. Transport vehicles are treated as having highest liquidity followed by residential real estate and then other real estate. Equipment and other assets are treated as having lowest liquidity.

The lender remains the owner of the leased object. Therefore, in case of customer default it is able to gain control on the risk mitigation measures and realize them in rather short period.

Following tables present the lower of lease receivable and collateral amount per agreement.

						The Group
			2024			**2023**
	Individuals	**Business customers**	**Total**	**Individuals**	**Business customers**	**Total**
Unsecured finance lease receivables	4,805	-	4,805	5,960	-	5,960
Finance lease receivables secured by:						
transport vehicles -	43,709	223,514	267,223	33,441	199,511	232,952
real estate -	1,266	15,777	17,043	626	18,822	19,448
equipment and other -	32	34,480	34,512	22	35,725	35,747
Total	**49,812**	**273,771**	**323,583**	**40,049**	**254,058**	**294,107**

						The Bank
			2024			**2023**
	Individuals	**Business customers**	**Total**	**Individuals**	**Business customers**	**Total**
Unsecured finance lease receivables	4,805	-	4,805	5,960	-	5,960
Finance lease receivables secured by:						
transport vehicles -	43,709	223,514	267,223	33,441	199,511	232,952
real estate -	1,266	15,777	17,043	626	18,822	19,448
equipment and other -	32	34,480	34,512	22	34,837	34,859
Total	**49,812**	**273,771**	**323,583**	**40,049**	**253,170**	**293,219**

The following tables present the LTV distributions of finance lease receivables:

								Group finance lease receivables – LTV distribution
				2024				**2023**
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	42,783	3,779	324	46,886	155,913	6,736	5,278	167,927
50% to 60%	32,434	2,555	400	35,389	41,962	2,384	462	44,808
60% to 70%	21,422	1,675	220	23,317	28,933	1,772	323	31,028
70% to 80%	19,651	1,282	157	21,090	23,407	3,418	496	27,321
80% to 90%	2,714	161	128	3,003	13,961	4,139	95	18,195
90% to 100%	1,275	-	-	1,275	1,937	491	-	2,428
higher than 100%	182,120	8,776	1,469	192,365	1,237	68	-	1,305
no collateral	251	-	8	259	112	85	898	1,095
Total gross loans	**302,650**	**18,228**	**2,706**	**323,584**	**267,462**	**19,093**	**7,552**	**294,107**

								Bank finance lease receivables – LTV distribution
				2024				**2023**
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	42,783	3,779	324	46,886	155,914	6,736	5,278	167,928
50% to 60%	32,434	2,555	400	35,389	41,962	2,384	462	44,808
60% to 70%	21,422	1,675	220	23,317	28,933	1,772	323	31,028
70% to 80%	19,651	1,282	157	21,090	23,407	3,418	496	27,321
80% to 90%	2,714	161	128	3,003	13,961	4,139	95	18,195
90% to 100%	1,275	-	-	1,275	1,937	491	-	2,428
higher than 100%	182,120	8,776	1,469	192,365	1,237	68	-	1,305
no collateral	251	-	8	259	111	-	96	207
Total gross loans	**302,650**	**18,228**	**2,706**	**323,584**	**267,462**	**19,008**	**6,750**	**293,220**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

	Group finance lease receivables: Individuals – LTV distribution							
				2024				2023
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	3,480	175	26	3,681	21,514	1,392	269	23,175
50% to 60%	3,909	291	12	4,212	2,412	262	73	2,747
60% to 70%	3,984	92	32	4,108	2,660	170	5	2,835
70% to 80%	3,367	36	-	3,403	2,762	232	92	3,086
80% to 90%	542	83	25	650	1,312	84	34	1,430
90% to 100%	48	-	-	48	335	28	-	363
higher than 100%	26,016	1,568	119	27,703	53	3	-	56
no collateral	250	-	1	251	107	-	5	112
Total gross loans	**41,596**	**2,245**	**215**	**44,056**	**31,155**	**2,171**	**478**	**33,804**

	Bank finance lease receivables: Individuals – LTV distribution							
				2024				2023
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	3,480	175	26	3,681	21,514	1,392	269	23,175
50% to 60%	3,909	291	12	4,212	2,412	262	73	2,747
60% to 70%	3,984	92	32	4,108	2,660	170	5	2,835
70% to 80%	3,367	36	-	3,403	2,762	232	92	3,086
80% to 90%	542	83	25	650	1,312	84	34	1,430
90% to 100%	48	-	-	48	335	28	-	363
higher than 100%	26,016	1,568	119	27,703	53	3	-	56
no collateral	250	-	1	251	107	-	5	112
Total gross loans	**41,596**	**2,245**	**215**	**44,056**	**31,155**	**2,171**	**478**	**33,804**

	Group finance lease receivables: Business customers – LTV distribution							
				2024				2023
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	39,304	3,604	298	43,206	134,399	5,344	5,009	144,752
50% to 60%	28,526	2,264	388	31,178	39,550	2,122	389	42,061
60% to 70%	17,438	1,583	188	19,209	26,273	1,602	318	28,193
70% to 80%	16,284	1,246	157	17,687	20,645	3,186	404	24,235
80% to 90%	2,172	78	103	2,353	12,649	4,055	61	16,765
90% to 100%	1,227	-	-	1,227	1,602	463	-	2,065
higher than 100%	156,102	7,208	1,350	164,660	1,184	65	-	1,249
no collateral	1	-	7	8	5	85	893	983
Total gross loans	**261,054**	**15,983**	**2,491**	**279,528**	**236,307**	**16,922**	**7,074**	**260,303**

	Bank finance lease receivables: Business customers – LTV distribution							
				2024				2023
LTV ratio:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
lower than 50%	39,304	3,604	298	43,206	134,400	5,344	5,009	144,753
50% to 60%	28,526	2,264	388	31,178	39,550	2,122	389	42,061
60% to 70%	17,438	1,583	188	19,209	26,273	1,602	318	28,193
70% to 80%	16,284	1,246	157	17,687	20,645	3,186	404	24,235
80% to 90%	2,172	78	103	2,353	12,649	4,055	61	16,765
90% to 100%	1,227	-	-	1,227	1,602	463	-	2,065
higher than 100%	156,102	7,208	1,350	164,660	1,184	65	-	1,249
no collateral	1	-	7	8	4	-	91	95
Total gross loans	**261,054**	**15,983**	**2,491**	**279,528**	**236,307**	**16,837**	**6,272**	**259,416**

(All amounts are in EUR thousand, unless otherwise stated)

e) Finance lease receivables against which no impairment loss allowance is recognized

Finance lease receivables contain receivables against which no loss impairment loss allowance was recognized because of sufficiency of collateral. Such receivables are summarized in the following table:

At 31 December 2024:				Gross value	
	Stage 1	Stage 2	Stage 3	Total	LTV
Business customers	7	500	-	507	7%
Individuals	229	31	-	261	2%
Total	**237**	**531**	**-**	**768**	**4%**

At 31 December 2023:				Gross value	
	Stage 1	Stage 2	Stage 3	Total	LTV
Business customers	1,217	-	-	1,217	28%
Individuals	303	-	-	303	15%
Total	**1,519**	**-**	**-**	**1,519**	**24%**

1.7. Other financial assets

Other financial assets consist of amounts receivable. Their performance is monitored based on the past due status.

						The Group
			2024			2023
	Individuals	Business customers	Total	Individuals	Business customers	Total
Stage 1	731	7,502	8,233	1,010	7,458	8,468
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Gross	**731**	**7,502**	**8,233**	**1,010**	**7,458**	**8,468**
Less: allowance for impairment	-	(975)	(975)	-	(1,117)	(1,117)
Net	**731**	**6,527**	**7,258**	**1,010**	**6,341**	**7,351**

						The Bank
			2024			2023
	Individuals	Business customers	Total	Individuals	Business customers	Total
Stage 1	730	6,804	7,534	1,009	8,381	9,390
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Gross	**730**	**6,804**	**7,534**	**1,009**	**8,381**	**9,390**
Less: allowance for impairment	-	(975)	(975)	-	(1,101)	(1,101)
Net	730	5,829	6,559	**1,009**	**7,280**	**8,289**

(All amounts are in EUR thousand, unless otherwise stated)

1.8. Concentration of risks of financial assets with credit risk exposure

Industry sectors

The following table breaks down the main credit exposures at their carrying amounts, as categorized by the industry sectors of our counterparties.

Group	Financial intermediation	Wholesale and retail	Manufacturing	Real estate and rent	Construction	Agriculture, hunting and forestry	Public administration and defense, compulsory social security	Transport, storage and communication	Health and social work	Loans to individuals	Other	Total
At 31 December 2024:												
Cash equivalents	**267,305**	**-**	**-**	**-**	**-**	**-**	**48,294**	**-**	**-**	**-**	**-**	**315,599**
Loans and advances to banks	**3,121**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,121**
Loans and advances to customers:	**142,308**	**173,943**	**253,294**	**459,133**	**147,226**	**91,894**	**37,968**	**41,377**	**62,398**	**1,431,482**	**276,677**	**3,117,700**
Loans and advances to financial institutions	**20,287**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,287**
Loans to individuals (Retail):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,431,482**	**-**	**1,431,482**
Consumer loans -	-	-	-	-	-	-	-	-	-	305,329	-	305,329
Mortgages -	-	-	-	-	-	-	-	-	-	915,760	-	915,760
Other -	-	-	-	-	-	-	-	-	-	210,393	-	210,393
Loans to business customers:	**122,021**	**173,943**	**253,294**	**459,133**	**147,226**	**91,894**	**37,968**	**41,377**	**62,398**	**-**	**276,677**	**1,665,931**
Large corporates -	-	1,692	123,779	-	19,162	-	-	7,815	49,255	-	14,953	216,656
SME -	122,021	172,251	129,515	454,850	128,064	91,894	-	33,562	5,180	-	258,268	1,395,605
Central and local authorities, administrative bodies and other -	-	-	-	4,283	-	-	37,968	-	7,963	-	3,456	53,670
Finance lease receivables:	**1,075**	**33,628**	**11,640**	**12,097**	**18,597**	**9,931**	**60,066**	**3,300**	**-**	**43,125**	**123,438**	**316,897**
Individuals -	-	-	-	-	-	-	-	-	-	43,125	-	43,125
Business customers -	1,075	33,628	11,640	12,097	18,597	9,931	60,066	3,300	-	-	123,438	273,772
Securities in the trading book:	**174,911**	**-**	**-**	**1,507**	**-**	**-**	**23,059**	**-**	**-**	**-**	**35,633**	**235,110**
Debt securities -	7,939	-	-	1,504	-	-	23,059	-	-	-	24,115	56,617
Equity securities -	166,972	-	-	3	-	-	-	-	-	-	11,519	178,493
Derivative financial instruments	**183**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**910**	**1,093**
Investment securities at fair value:	**7,677**	**527**	**-**	**-**	**-**	**-**	**24,327**	**-**	**-**	**-**	**11,337**	**43,868**
Equity securities -	2,396	-	-	-	-	-	-	-	-	-	478	2,874
Debt securities -	5,281	527	-	-	-	-	24,327	-	-	-	10,859	40,994
Investment securities at amortized cost:	**10,247**	**-**	**8,585**	**-**	**-**	**-**	**695,622**	**-**	**1,202**	**-**	**11,281**	**726,937**
Debt securities -	10,247	-	8,585	-	-	-	695,622	-	1,202	-	11,281	726,937
Other financial assets	**5,721**	**21**	**41**	**303**	**18**	**4**	**7**	**16**	**1**	**-**	**1,126**	**7,258**
Credit risk exposures relating to off – balance sheet items are as follows:												-
Financial guarantees -	10,371	11,705	5,896	1,499	12,311	600	298	1,396	-	217	43,692	87,985
Letters of credit -	-	-	135	-	-	-	-	-	-	-	-	135
Loan commitments and other credit related liabilities -	20,216	38,432	34,672	63,469	47,240	7,979	160	8,741	1,605	97,539	73,435	393,488
Total at 31 December 2024	**647,370**	**258,256**	**314,263**	**538,008**	**225,392**	**110,408**	**889,801**	**54,830**	**65,206**	**1,572,363**	**573,294**	**5,249,191**
At 31 December 2023:												
Cash equivalents	**608,675**	**-**	**-**	**-**	**-**	**-**	**71,135**	**-**	**-**	**-**	**-**	**679,810**
Loans and advances to banks	**3,013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,013**
Loans and advances to customers:	**95,193**	**153,594**	**174,864**	**448,785**	**132,011**	**90,111**	**55,825**	**48,989**	**29,527**	**1,041,239**	**374,966**	**2,645,104**
Loans and advances to financial institutions	**26,413**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26,413**
Loans to individuals (Retail):	**-**	**14**	**-**	**55,928**	**1,852**	**369**	**-**	**-**	**-**	**1,041,239**	**158,801**	**1,258,203**
Consumer loans -	-	-	-	-	-	-	-	-	-	260,902	12	260,914
Mortgages -	-	14	-	-	25	-	-	-	-	772,076	6,816	778,931
Other -	-	-	-	55,928	1,827	369	-	-	-	8,261	151,973	218,358
Loans to business customers:	**68,780**	**153,580**	**174,864**	**392,857**	**130,159**	**89,742**	**55,825**	**48,989**	**29,527**	**-**	**216,165**	**1,360,488**
Large corporates -	-	-	58,945	2,018	7,825	-	-	8,641	17,024	-	13,616	108,069
SME -	68,780	153,576	115,919	386,106	122,334	89,742	-	40,348	6,301	-	200,733	1,183,839
Central and local authorities, administrative bodies and other -	-	4	-	4,733	-	-	55,825	-	6,202	-	1,816	68,580
Finance lease receivables:	**1,232**	**25,171**	**11,380**	**15,204**	**15,510**	**13,510**	**-**	**58,740**	**3,474**	**33,281**	**109,031**	**286,533**
Individuals -	-	-	-	-	-	-	-	-	-	33,281	-	33,281
Business customers -	1,232	25,171	11,380	15,204	15,510	13,510	-	58,740	3,474	-	109,031	253,252
Securities in the trading book:	**132,717**	**204**	**24**	**12,125**	**403**	**-**	**9,604**	**32**	**-**	**-**	**52,568**	**207,677**
Debt securities -	3,492	204	-	12,120	403	-	9,604	-	-	-	39,938	65,761
Equity securities -	129,225	-	24	5	-	-	-	32	-	-	12,630	141,916
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**251**	**251**
Investment securities at fair value:	**7,597**	**522**	**-**	**1,927**	**-**	**-**	**53,949**	**-**	**-**	**-**	**10,505**	**74,500**
Equity securities -	2,588	-	-	-	-	-	-	-	-	-	172	2,760
Debt securities -	5,009	522	-	1,927	-	-	53,949	-	-	-	10,333	71,740
Investment securities at amortized cost:	**29,451**	**199**	**23,769**	**-**	**-**	**-**	**663,211**	**-**	**3,211**	**-**	**31,386**	**751,227**
Debt securities –	29,451	199	23,769	-	-	-	663,211	-	3,211	-	31,386	751,227
Other financial assets	**3,732**	**116**	**47**	**271**	**20**	**4**	**6**	**16**	**1**	**42**	**3,096**	**7,351**
Credit risk exposures relating to off – balance sheet items are as follows:												-
Financial guarantees -	12,542	10,582	10,849	1,154	10,759	592	352	1,193	-	141	11,052	59,216
Letters of credit -	-	-	538	-	-	-	-	-	-	-	-	538
Loan commitments and other credit related liabilities -	25,464	41,871	82,600	77,162	50,727	7,575	2,392	11,933	3,493	21,442	157,368	482,027
Total at 31 December2023)	**919,616**	**232,259**	**304,071**	**556,628**	**209,430**	**111,792**	**856,474**	**120,903**	**39,706**	**1,096,145**	**750,223**	**5,197,247**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Bank	Financial intermediation	Wholesale and retail	Manufacturing	Real estate and rent	Construction	Agriculture, hunting and forestry	Public administration and defense, compulsory social security	Transport, storage and communication	Health and social work	Loans to individuals	Other	Total
At 31 December 2024:												
Cash equivalents	**258,887**	**-**	**-**	**-**	**-**	**-**	**48,294**	**-**	**-**	**-**	**-**	**307,181**
Loans and advances to banks	**3,121**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,121**
Loans and advances to customers:	**433,125**	**173,943**	**253,294**	**459,133**	**147,226**	**91,894**	**37,968**	**41,377**	**62,398**	**1,127,971**	**276,678**	**3,105,007**
Loans and advances to financial institutions	**311,104**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**311,104**
Loans to individuals (Retail):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,127,971**	**-**	**1,127,971**
Consumer loans -	-	-	-	-	-	-	-	-	-	1,818	-	1,818
Mortgages -	-	-	-	-	-	-	-	-	-	915,760	-	915,760
Other -	-	-	-	-	-	-	-	-	-	210,393	-	210,393
Loans to business customers:	**122,021**	**173,943**	**253,294**	**459,133**	**147,226**	**91,894**	**37,968**	**41,377**	**62,398**	**-**	**276,678**	**1,665,932**
Large corporates -	-	1,692	123,779	-	19,162	-	-	7,815	49,255	-	14,954	216,657
SME -	122,021	172,251	129,515	454,850	128,064	91,894	-	33,562	5,180	-	258,268	1,395,605
Central and local authorities, administrative bodies and other -	-	-	-	4,283	-	-	37,968	-	7,963	-	3,456	53,670
Finance lease receivables:	**1,075**	**33,628**	**11,640**	**12,097**	**18,597**	**9,931**	**60,066**	**3,300**	**-**	**43,125**	**123,438**	**316,897**
Individuals -	-	-	-	-	-	-	-	-	-	43,125	-	43,125
Business customers -	1,075	33,628	11,640	12,097	18,597	9,931	60,066	3,300	-	-	123,438	273,772
Securities in the trading book:	**7,959**	**-**	**-**	**1,507**	**-**	**-**	**-**	**-**	**-**	**-**	**4,077**	**13,543**
Debt securities -	7,939	-	-	1,504	-	-	-	-	-	-	4,078	13,521
Equity securities -	19	-	-	3	-	-	-	-	-	-	-	22
Derivative financial instruments	**183**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**910**	**1,093**
Investment securities at fair value:	**7,677**	**527**	**-**	**-**	**-**	**-**	**24,327**	**-**	**-**	**-**	**11,089**	**43,620**
Equity securities -	2,396	-	-	-	-	-	-	-	-	-	230	2,626
Debt securities -	5,281	527	-	-	-	-	24,327	-	-	-	10,859	40,994
Investment securities at amortized cost:	**9,028**	**-**	**8,585**	**-**	**-**	**-**	**690,083**	**-**	**1,002**	**-**	**8,166**	**716,864**
debt securities -	9,028	-	8,585	-	-	-	690,083	-	1,002	-	8,166	716,864
Other financial assets	**5,022**	**21**	**41**	**303**	**18**	**4**	**7**	**16**	**1**	**-**	**1,126**	**6,559**
Credit risk exposures relating to off – balance sheet items are as follows:												
Financial guarantees -	10,371	11,705	5,896	1,499	12,311	600	298	1,396	-	217	43,692	87,985
Letters of credit -	-	-	135	-	-	-	-	-	-	-	-	135
Loan commitments and other credit related liabilities -	37,844	38,432	34,672	63,469	47,240	7,979	160	8,741	1,605	97,540	66,029	403,711
Total at 31 December 2024:	**778,527**	**258,256**	**314,263**	**538,008**	**225,392**	**110,408**	**861,203**	**54,830**	**65,006**	**1,268,853**	**530,970**	**5,005,716**
At 31 December 2023:												
Cash equivalents	**600,255**	**-**	**-**	**-**	**-**	**-**	**71,135**	**-**	**-**	**-**	**-**	**671,390**
Loans and advances to banks	**3,013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,013**
Loans and advances to customers:	**342,746**	**153,594**	**174,864**	**448,785**	**132,011**	**90,111**	**55,825**	**48,989**	**29,527**	**782,065**	**374,965**	**2,633,482**
Loans and advances to financial institutions	**273,966**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**273,966**
Loans to individuals (Retail):	**-**	**14**	**-**	**55,928**	**1,852**	**369**	**-**	**-**	**-**	**782,065**	**158,800**	**999,028**
Consumer loans -	-	-	-	-	-	-	-	-	-	1,728	11	1,739
Mortgages -	-	14	-	-	25	-	-	-	-	772,076	6,816	778,931
Other -	-	-	-	55,928	1,827	369	-	-	-	8,261	151,973	218,358
Loans to business customers:	**68,780**	**153,580**	**174,864**	**392,857**	**130,159**	**89,742**	**55,825**	**48,989**	**29,527**	**-**	**216,165**	**1,360,488**
Large corporates -	-	-	58,945	2,018	7,825	-	-	8,641	17,024	-	13,616	108,069
SME -	68,780	153,576	115,919	386,106	122,334	89,742	-	40,348	6,301	-	200,733	1,183,839
Central and local authorities, administrative bodies and other -	-	4	-	4,733	-	-	55,825	-	6,202	-	1,816	68,580
Finance lease receivables:	**1,232**	**25,171**	**11,380**	**15,204**	**15,510**	**13,510**	**-**	**58,740**	**3,474**	**33,281**	**108,949**	**286,451**
Individuals -	-	-	-	-	-	-	-	-	-	33,281	-	33,281
Business customers -	1,232	25,171	11,380	15,204	15,510	13,510	-	58,740	3,474	-	108,949	253,170
Securities in the trading book:	**3,593**	**-**	**24**	**12,125**	**151**	**-**	**2,637**	**32**	**-**	**-**	**1,840**	**20,402**
Debt securities -	3,492	-	-	12,120	151	-	2,637	-	-	-	1,840	20,240
Equity securities -	101	-	24	5	-	-	-	32	-	-	-	162
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**241**	**241**
Investment securities at fair value:	**7,597**	**522**	**-**	**1,927**	**-**	**-**	**53,949**	**-**	**-**	**-**	**10,387**	**74,382**
Equity securities -	2,588	-	-	-	-	-	-	-	-	-	54	2,642
Debt securities -	5,009	522	-	1,927	-	-	53,949	-	-	-	10,333	71,740
Investment securities at amortized cost:	**28,639**	**-**	**23,769**	**-**	**-**	**-**	**657,445**	**-**	**3,004**	**-**	**27,012**	**739,869**
debt securities -	28,639	-	23,769	-	-	-	657,445	-	3,004	-	27,012	739,869
Other financial assets	**5,022**	**27**	**43**	**271**	**20**	**4**	**6**	**16**	**1**	**42**	**2,837**	**8,289**
Credit risk exposures relating to off – balance sheet items are as follows:												
Financial guarantees -	12,582	10,582	10,849	1,154	10,759	592	352	1,193	-	141	11,052	59,256
Letters of credit -	-	-	538	-	-	-	-	-	-	-	-	538
Loan commitments and other credit related liabilities -	41,103	41,871	82,600	77,162	50,727	7,575	2,392	11,933	3,493	21,442	149,357	489,655
Total at 31 December 2023:	**1,045,782**	**231,767**	**304,067**	**556,628**	**209,178**	**111,792**	**843,741**	**120,903**	**39,499**	**836,971**	**686,640**	**4,986,968**

As at 31 December 2024 and 31 December 2023 the Group and the Bank were compliant with the internal limits.

Concentration exposure

As at 31 December 2024, the largest single exposure comprising loans to several related borrowers treated as a single borrower amounted to EUR 62,5 million, i.e. 11.3% of the Bank's calculated Tier 1 capital (2023: EUR 68 million or 13.2% of the Bank's calculated Tier 1 capital).

2. MARKET RISK

The Group takes on exposure to market risk, which means the risk for the Group to incur losses due to the adverse fluctuations in the market parameters such as currency exchange rates (foreign currency risk), interest rates (interest rate risk) or securities prices (securities risk). Securities and interest rate risks are the most significant market risks for the Group while other market risks are of lower significance.

2.1. Foreign exchange risk

The management of the currency exchange risk is regulated by the "Currency Exchange Risk Management Procedures" which specify the principles allowing the Group to reduce the incurred foreign currency fluctuation risk to minimum. The Group is not engaged in any speculative transactions through which it could expect to earn profit from the open currency positions after changes in currency rate. The limits are imposed by the Risk Management Committee and subject to review on demand.

The Group and the Bank monitors the foreign currency risk by calculating open currency position. Open currency position (OCP) is equal to assets in the balance sheet and off-balance sheet less balance sheet and off-balance sheet liabilities in a single currency. There are two types of OCP, i.e. long and short. Long position means that Group's assets exceed liabilities in given currency, whereas short position means that liabilities exceed assets. The Group also calculates Overall net open position (ONOP), which is the higher of the total short or total long positions. As at 31 December 2024 the Group's ONOP to capital ratio was 0.40% (2023: 0.54%), the Bank's ONOP to capital ratio was 0.03% (2023: 0.03%).

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Open positions

The Group's open positions of prevailing currencies were as follows:

	USD	Other currencies	Total currencies	EUR	Total
At 31 December 2024:					
Assets					
Cash and cash equivalents	6,742	5,928	12,670	382,466	395,136
Due from other banks	-	-	-	235,110	235,110
Securities in the trading book	-	-	-	3,121	3,121
Derivative financial instruments	-	-	-	1,093	1,093
Loans granted to customers, finance lease receivables	-	-	-	3,434,597	3,434,597
Investment securities at fair value	3,780	229	4,009	39,859	43,868
Investment securities at amortized cost	-	-	-	726,937	726,937
Investments in subsidiaries	-	-	-	270	270
Intangible assets	-	-	-	43,617	43,617
Property, plant and equipment and investment property	-	-	-	15,261	15,261
Other assets	102	9	111	23,498	23,609
Total assets	**10,624**	**6,166**	**16,790**	**4,905,829**	**4,922,619**
Liabilities and shareholders' equity					
Due to other banks and financial institutions	6,915	10	6,925	58,935	65,860
Derivative financial instruments	-	-	-	123	123
Due to customers	65,963	11,598	77,561	3,460,411	3,537,972
Debt securities in issue	-	-	-	448,159	448,159
Special and lending funds	-	-	-	23,037	23,037
Liabilities related to insurance activities	-	-	-	198,432	198,432
Other liabilities	4,037	85	4,122	59,742	63,864
Shareholders' equity	-	-	-	585,172	585,172
Total liabilities and shareholders' equity	**76,915**	**11,693**	**88,608**	**4,834,011**	**4,922,619**
Net balance sheet position	**(66,291)**	**(5,527)**	**(71,818)**	**71,818**	**-**
Open currency exchange transactions	67,783	6,929	74,712	(75,305)	(593)
Net open position	**1,492**	**1,402**	**2,894**	**(3,487)**	**(593)**
At 31 December 2023:					
Assets					
Cash and cash equivalents	16,452	9,121	25,573	725,926	751,499
Due from other banks	2,453	221	2,674	205,003	207,677
Securities in the trading book	95		95	2,918	3,013
Derivative financial instruments	-	-	-	251	251
Loans granted to customers, finance lease receivables	-	-	-	2,931,637	2,931,637
Investment securities at fair value	328		328	74,172	74,500
Investment securities at amortized cost	-	-	-	751,227	751,227
Investments in subsidiaries	-	-	-	100	100
Intangible assets	-	-	-	45,138	45,138
Property, plant and equipment and investment property	-	-	-	16,774	16,774
Other assets	3	9	12	27,493	27,505
Total assets	**19,331**	**9,351**	**28,682**	**4,780,639**	**4,809,321**
Liabilities and shareholders' equity					
Due to other banks and financial institutions	8,690	6	8,696	561,298	569,994
Derivative financial instruments	-	-	-	1,041	1,041
Due to customers	74,072	15,950	90,022	3,072,635	3,162,657
Debt securities in issue	-	-	-	276,480	276,480
Special and lending funds	-	-	-	15,718	15,718
Liabilities related to insurance activities	-	-	-	179,318	179,318
Other liabilities	1,959	103	2,062	58,923	60,985
Shareholders' equity	-	-	-	543,128	543,128
Total liabilities and shareholders' equity	**84,721**	**16,059**	**100,780**	**4,708,541**	**4,809,321**
Net balance sheet position	**(65,390)**	**(6,708)**	**(72,098)**	**72,098**	**-**
Open currency exchange transactions	67,783	6,929	74,712	(75,305)	(593)
Net open position	**2,393**	**221**	**2,614**	**(3,207)**	**(593)**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

The Bank's open positions of prevailing currencies were as follows:

	USD	Other currencies	Total currencies	EUR	Total
At 31 December 2024:					
Assets					
Cash and cash equivalents	6,671	5,921	12,592	373,773	386,365
Due from other banks	-	-	-	13,543	13,543
Securities in the trading book	-	-	-	3,121	3,121
Derivative financial instruments	-	-	-	1,093	1,093
Loans granted to customers, finance lease receivables	-	-	-	3,421,904	3,421,904
Investment securities at fair value	236		236	43,384	43,620
Investment securities at amortized cost	-	-	-	716,864	716,864
Investments in subsidiaries	-	-	-	84,069	84,069
Intangible assets	-	-	-	7,859	7,859
Property, plant and equipment and investment property	-	-	-	14,689	14,689
Other assets	102	9	111	17,819	17,930
Total assets	**7,009**	**5,930**	**12,939**	**4,698,118**	**4,711,057**
Liabilities and shareholders' equity					
Due to other banks and financial institutions	6,915	10	6,925	61,562	68,487
Derivative financial instruments	-	-	-	123	123
Due to customers	65,963	11,598	77,561	3,465,730	3,543,291
Debt securities in issue	-	-	-	448,159	448,159
Special and lending funds	-	-	-	23,037	23,037
Other liabilities	2,545	85	2,630	38,326	40,956
Shareholders' equity	-	-	-	587,004	587,004
Total liabilities and shareholders' equity	**75,423**	**11,693**	**87,116**	**4,623,941**	**4,711,057**
Net balance sheet position	**(68,414)**	**(5,763)**	**(74,177)**	**74,177**	**-**
Open currency exchange transactions	67,783	6,929	74,712	(75,305)	(593)
Net open position	**(631)**	**1,166**	**535**	**(1,128)**	**(593)**
At 31 December 2023:					
Assets					
Cash and cash equivalents	16,413	9,117	25,530	717,439	742,969
Due from other banks	-	-	-	20,402	20,402
Securities in the trading book	95	-	95	2,918	3,013
Derivative financial instruments	-	-	-	241	241
Loans granted to customers, finance lease receivables	-	-	-	2,919,933	2,919,933
Investment securities at fair value	328		328	74,054	74,382
Investment securities at amortized cost	-	-	-	739,869	739,869
Investments in subsidiaries)	-	-	-	76,672	76,672
Intangible assets	-	-	-	8,149	8,149
Property, plant and equipment and investment property	-	-	-	14,702	14,702
Other assets	3	9	12	22,766	22,778
Total assets	**16,839**	**9,126**	**25,965**	**4,597,145**	**4,623,110**
Liabilities and shareholders' equity					
Due to other banks and financial institutions	8,690	6	8,696	567,620	576,316
Derivative financial instruments	-	-	-	1,041	1,041
Due to customers	74,072	15,950	90,022	3,076,886	3,166,908
Debt securities in issue	-	-	-	276,480	276,480
Special and lending funds	-	-	-	15,718	15,718
Other liabilities	1,959	103	2,062	40,144	42,206
Shareholders' equity	-	-	-	544,441	544,441
Total liabilities and shareholders' equity	**84,721**	**16,059**	**100,780**	**4,522,330**	**4,623,110**
Net balance sheet position	**(67,882)**	**(6,933)**	**(74,815)**	**74,815**	**-**
Open currency exchange transactions	67,783	6,929	74,712	(75,305)	(593)
Net open position	**(99)**	**(4)**	**(103)**	**(490)**	**(593)**

(All amounts are in EUR thousand, unless otherwise stated)

The Bank has also granted loans in foreign currency. Although they are usually financed in the same currency, depending on the main currency of the debtor's cash flows, the strengthening of foreign currency against the local currency may adversely affect the debtors' ability to repay the loans, which increases the probability of future losses from loans.

2.2. Interest rate risk in the banking book

An interest rate risk is a risk to incur losses because of the mismatch of re-evaluation possibility between the Bank's and the Group's assets and liabilities.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank and the Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.

The risk management is regulated by the Procedures for Interest Rate Risk Management, which were updated in 2023. Bank uses a system of internal risk limits and indicators, which establish methods of risk measurement and set up measures for risk management. These procedures are approved by the Board of the Bank and define that:

- the Bank observes the principle to avoid the speculation with future interest rates;
- the risk is evaluated using a system of internal key risk indicator;
- Risk Department provides the information on regular basis to Risk Management Committee about compliance with internal risk limits.

. **Sensitivity of interest rate risk**

The table below summarizes Group's interest rates sensitive assets and liabilities based on reprising dates based on which cash flow interest rate risk is estimated.

Group	Overnight	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total
31 December 2024							
Total cashflow from interest rate sensitive assets	38,129	749,395	1,624,143	1,443,998	269,796	1,037,627	5,163,088
Total cashflow from interest rate sensitive liabilities	1,077,544	164,179	294,067	613,427	613,817	1,386,223	4,149,257
Net interest sensitivity gap at 31 December 2024	(1,039,415)	585,216	1,330,076	830,571	(344,021)	(348,596)	-
31 December 2023							
Total cashflow from interest rate sensitive assets	121,316	1,611,282	1,746,334	1,423,568	162,463	872,890	5,937,853
Total cashflow from interest rate sensitive liabilities	1,055,306	121,331	259,950	491,233	1,558,071	990,553	4,476,444
Net interest sensitivity gap at 31 December 2023	(933,990)	1,489,951	1,486,384	932,335	(1,395,608)	(117,663)	-

Assessing the sensitivity of the Group's profit and other components of equity towards the change of interest rates, it has been assumed that interest is to change by 2 percentage point.

The table below summarizes the effect on the Group's profit and other components of equity of interest rate risk in the banking book as at 31 December 2024 and 31 December 2023.

	31 December 2024			31 December 2023)		
	Pre-tax increase (decrease) in profit	Pre-tax increase (decrease) in other components of equity	Total impact on equity (post-tax)	Pre-tax increase (decrease) in profit	Pre-tax increase (decrease) in other components of equity	Total impact on equity (post-tax)
Interest rate increase by 2 p.p.	38,408	(2,415)	35,993	31,866	(3,207)	28,659
Interest rate decrease by 2 p.p.	(38,867)	2,650	(36,217)	(31,867)	3,555	(28,312)

The shift of yield curve according to above mentioned parameters creates significant impact on Financial Group's total comprehensive income and makes EUR 35,993 thousand in 2024 (2023: EUR 28,659 thousand) higher impact and EUR 36,217 thousand in 2024 (2023: EUR 28,312 thousand) lower impact on comprehensive income.

The table below summarizes the Bank's interest rates sensitive assets and liabilities based on reprising dates based on which cash flow interest rate risk is estimated.

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Bank	Overnight	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total
31 December 2024							
Total cashflow from interest rate sensitive assets	38,091	737,290	1,600,832	1,411,361	213,726	817,713	4,819,013
Total cashflow from interest rate sensitive liabilities	1,077,551	164,181	293,940	613,902	613,902	1,386,233	4,149,709
Net interest sensitivity gap at 31 December 2024	(1,039,460)	573,109	1,306,892	797,459	(400,176)	(568,520)	-
31 December 2023							
Total cashflow from interest rate sensitive assets	121,282	1,601,042	1,726,659	1,396,374	116,178	690,087	5,651,622
Total cashflow from interest rate sensitive liabilities	1,055,306	121,618	260,066	490,961	1,558,047	990,552	4,476,550
Net interest sensitivity gap at 31 December 2023	(934,024)	1,479,424	1,466,593	905,413	(1,441,869)	(300,465)	-

Assessing the sensitivity of the Bank's profit and other components of equity towards the change of interest rates, it has been assumed that interest is to change by 2 percentage point.

The table below summarizes the effect on the Bank's profit and other components of equity of interest rate risk in the banking book as at 31 December 2024 and 31 December 2023.

	31 December 2024			31 December 2023)		
	Pre-tax increase (decrease) in profit	**Pre-tax increase (decrease) in other components of equity**	**Total impact on equity (post-tax)**	**Pre-tax increase (decrease) in profit**	**Pre-tax increase (decrease) in other components of equity**	**Total impact on equity (post-tax)**
Interest rate increase by 2 p.p.	38,250	(2,360)	35,890	31,826	(3,207)	28,619
Interest rate decrease by 2 p.p.	(38,914)	2,592	(36,322)	(31,826)	3,555	(28,271)

The shift of yield curve according to above mentioned parameters creates significant impact on Bank's total comprehensive income and makes EUR 35,890 thousand in 2024 (2023: EUR 28,619 thousand) higher impact and EUR 36,322 thousand in 2024 (2023: EUR 28,271 thousand) lower impact on comprehensive income.

2.3. Securities risk

Securities risk is the risk to incur losses from the investment in securities.

The management of the securities risk is regulated by the Investment in Securities Limits Procedure. In order to properly manage the debt securities portfolio risk, the Bank uses an internal limit system that combines maturity/rating limits, geographical region limits imposed on total debt securities portfolio, VaR ratio limits imposed on debt securities at amortized cost portfolio, and VaR and capital requirements amount limits imposed on other debt securities portfolios. For the equity portfolio risk management, a limit system that combines decision taking limits, issuer limits, portfolio limits is used. The compliance with limits must be checked before taking the investment decisions, monthly reports on the compliance with the limits set are submitted to the Bank's Risk Management Committee.

Securities concentrations

Sector concentration of the securities portfolio is disclosed in Financial Risk Management disclosure, section 1.8. Maturities concentration of securities portfolio is disclosed in Financial Risk Management disclosure, section 3.2. Credit quality of the securities portfolio is disclosed in Notes 12 and Note 15. Geographical concentration of the debt securities portfolio is presented in tables below, which contain Top 20 countries in which the Group and the Bank have exposures:

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Top 20 countries in which the Group has debt security exposures:

	2024				2023			
	Name of the country	Public	Corporate	Total	Name of the country	Public	Corporate	Total
1.	Lithuania	654,785	24,264	679,049	Lithuania	609,795	30,916	640,711
2.	Netherlands	-	6 453	6 453	Latvia	96,572	9,507	106,079
3.	Germany	-	2 077	2 077	Netherlands	-	16,340	16,340
4.	USA	-	5 422	5 422	Poland	11,119	4,593	15,712
5.	Latvia	70 486	9 873	80 359	Germany	702	14,043	14,745
6.	Great Britain	-	5 574	5 574	France	496	13,903	14,399
7.	Estonia	478	677	1 155	USA	-	11,395	11,395
8.	France	-	5 678	5 678	Great Britain	211	9,890	10,101
9.	Italy	-	1 189	1 189	Romania	6,034	2,813	8,847
10.	Poland	1 910	3 233	5 143	Czech Republic	211	6,429	6,640
11.	Romania	5 345	1 461	6 806	Ireland	-	5,251	5,251
12.	Sweden	-	-	-	Italy	2,050	3,198	5,248
13.	Ireland	-	201	201	Luxembourg	-	5,246	5,246
14.	Spain	505	442	947	Slovenia	3,252	1,481	4,733
15.	Czech Republic	209	4 979	5 188	Sweden	2,067	1,012	3,079
16.	Luxembourg	-	2 250	2 250	Estonia	-	3,019	3,019
17.	Finland	-	205	205	Finland	496	2,218	2,714
18.	Mexico	2 025	-	2 025	Peru	2,160	-	2,160
19.	Slovenia	3 123	-	3 123	Mexico	1,686	-	1,686
20.	Peru	2 107	-	2 107	Spain	987	462	1,449
	Other countries	3 783	3 963	7 746	Other countries	6,251	3,044	9,295
	Total	**744 756**	**77 941**	**822 697**	**Total**	**744,089**	**144,760**	**888,849**

Top 20 countries in which the Bank has debt security exposures:

	2024				2023			
	Name of the country	Public	Corporate	Total	Name of the country	Public	Corporate	Total
1.	Lithuania	636,140	22,686	658,826	Lithuania	595,133	25,764	620,897
2.	Netherlands	-	4,967	4,967	Latvia	96,572	9,507	106,079
3.	Germany	-	1,002	1,002	Netherlands	-	15,936	15,936
4.	USA	-	5,013	5,013	Germany	-	13,631	13,631
5.	Latvia	70,486	9,759	80,245	France	-	13,081	13,081
6.	Great Britain	-	4,941	4,941	USA	-	10,766	10,766
7.	Estonia	-	472	472	Poland	9,261	-	9,261
8.	France	-	5,065	5,065	Great Britain	-	8,648	8,648
9.	Italy	-	1,189	1,189	Italy	2,050	3,198	5,248
10.	Poland	-	-	-	Sweden	-	5,050	5,050
11.	Romania	2,049	-	2,049	Luxembourg	-	4,996	4,996
12.	Ireland	-	-	-	Slovenia	3,191	-	3,191
13.	Sweden	-	-	-	Romania	3,089	-	3,089
14.	Spain	505	-	505	Ireland	2,067	1,012	3,079
15.	Czech Republic	-	2,090	2,090	Czech Republic	-	2,163	2,163
16.	Luxembourg	-	2,000	2,000	Peru	2,160	-	2,160
17.	Finland	-	-	-	Finland	-	2,012	2,012
18.	Austria	-	-	-	Austria	-	1,014	1,014
19.	Slovenia	3,123	-	3,123	Estonia	-	692	692
20.	Peru	2,107	-	2,107	Spain	507	-	507
	Other countries	-	434	434	Other countries	-	349	349
	Total	**714,410**	**59,618**	**774,028**	**Total**	**714,030**	**117,819**	**831,849**

(All amounts are in EUR thousand, unless otherwise stated)

Sensitivity of securities risk

The sensitivity of debt securities portfolio (at fair value through profit or loss – i.e. trading book is included in profit and at fair value through other comprehensive income is included in other components of equity) to parallel shift of the interest rate curve by 2 percentage point is presented in the table below:

	31 December 2024			31 December 2023		
	Pre-tax increase (decrease) in profit	**Pre-tax increase (decrease) in other components of equity**	**Total impact on equity (post-tax)**	**Pre-tax increase (decrease) in profit**	**Pre-tax increase (decrease) in other components of equity**	**Total impact on equity (post-tax)**
Group:						
Interest rate increase by 2 p.p.	(206)	(2,415)	(2,621)	(283)	(3,207)	(3,490)
Interest rate decrease by 2 p.p.	203	2,650	3,848	293	3,555	3,848
Bank:						
Interest rate increase by 2 p.p.	(206)	(2,360)	(2,566)	(283)	(3,207)	(3,490)
Interest rate decrease by 2 p.p.	203	2,592	2,795	293	3,555	3,848

3. LIQUIDITY RISK

Liquidity risk means the risk that the Bank is unable to meet its financial obligations in time or that it will not manage to receive financial resources during a short time by borrowing or selling the assets.

3.1. Liquidity risk management process

The liquidity risk management depends on the Bank's ability to cover the cash shortage by borrowing from the market; and the liquidity of the market itself. The Bank seeks not to depend on the ability to borrow in the market in case of liquidity problems and constructs its liquidity strategy based on hypothetical scenario it does not have access to market funding. Due to that fact the Bank possesses a significant debt securities portfolio, which is highly liquid and can be used either as collateral for borrowing by repos, or sold.

Liquidity risk management is regulated by the Procedures for Liquidity Risk Management approved by the Bank's Board. Liquidity risk is evaluated by analyzing the dynamics of various liquidity ratios. A list of these ratios as well as recommended limits to their change are defined in the above-mentioned procedures. Decisions regarding liquidity management issues are made by the Bank's Risk Management Committee with reference to the information submitted by the Bank's Risk Department or by the Bank's Board with reference to the information submitted by the Risk Management Committee. Current liquidity (up to 7 days) risk management is based on short-term cash flow analysis and projections. The Market and Treasury Department is responsible for this.

The Group controls short-term and long-term liquidity risk through established ratios and limits.

Starting from 2015, the Bank is subject to regulatory Liquidity coverage ratio (LCR). The Bank complied with this ratio with a substantial cushion (requirement for the LCR is set at 100%).

Internal liquidity limit system was updated in 2019. It includes normative, prospective, quality and concentration ratios.

3.2. Structure of assets and liabilities by maturity

The structure of the Group's assets and liabilities by maturity is presented in the table below. Maturity bands used in the table represent maturities of assets and liabilities under most likely scenario, which is contractual maturities scenario adjusted for expectations. For liabilities and assets with no payment breaches, contractual terms are used as the representation of most likely scenario unless information indicating otherwise is available.

Past due part of the assets with payment breaches over 30 days and total amount of assets past due over 90 days are included in "Maturity undefined" band.

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
At 31 December 2023:									
Assets									
Cash and cash equivalents	395,136	-	-	-	-	-	-	-	395,136
Due from other banks	-	179	-	2,520	332	90	-	-	3,121
Securities in the trading book	-	5,193	1,164	2,130	8,503	15,200	24,427	178,493	235,110
Derivative financial instruments	-	726	353	14	-	-	-	-	1,093
Loans to customers, finance lease receivables	-	98,735	143,190	131,888	262,744	1,021,645	1,757,317	19,078	3,434,597
Investment securities at fair value	-	144	615	76	1,530	14,808	23,950	2,745	43,868
Investment securities at amortized cost	-	2,064	7,293	22,748	151,159	540,013	3,660	-	726,937
Investments in subsidiaries	-	-	-	-	-	-	-	270	270
Intangible assets	-	-	-	-	-	-	-	43,617	43,617
Property, plant and equipment and investment property	-	-	-	-	-	-	-	15,261	15,261
Other assets	154	8,961	605	831	1,028	3,586	77	8,367	23,609
Total assets	**395,290**	**116,002**	**153,220**	**160,207**	**425,296**	**1,595,342**	**1,809,431**	**267,831**	**4,922,619**
Due to other banks and financial institutions	27,918	7,500	2,726	11,676	774	2,014	13,252	-	65,860
Due to customers	1,651,322	150,560	285,762	568,401	611,010	252,712	18,205	-	3,537,972
Special and lending funds	23,037								23,037
Debt securities in issue	-	(125)	(251)	(376)	(738)	(359)	450,008	-	448,159
Liabilities related to insurance activities		4,091	233	469	1,763	11,321	180,555		198,432
Other liabilities	35,520	14,023	650	1,776	6,559	3,312	2,147		63,987
Shareholders' equity	-	-	-	-	-	-	-	585,172	585,172
Total liabilities and shareholders' equity	**1,737,797**	**176,049**	**289,120**	**581,946**	**619,368**	**269,000**	**664,167**	**585,172**	**4,922,619**
Net liquidity gap	**(1,342,507)**	**(60,047)**	**(135,900)**	**(421,739)**	**(194,072)**	**1,326,342**	**1,145,264**	**(317,341)**	**-**
At 31 December 2022:									
Assets									
Cash and cash equivalents	751,499	-	-	-	-	-	-	-	751,499
Due from other banks	-	393	2,520	4	5	90	1	-	3,013
Securities in the trading book	-	577	1,733	13,771	1,201	13,433	35,046	141,916	207,677
Derivative financial instruments	-	169	21	61	-	-	-	-	251
Loans to customers, finance lease receivables	-	77,529	125,566	124,389	258,024	821,828	1,512,652	11,649	2,931,637
Investment securities at fair value	-	133	17	19,712	13,513	13,448	25,035	2,642	74,500
Investment securities at amortized cost	-	62,396	13,289	174,341	69,116	418,739	13,346	-	751,227
Investments in subsidiaries	-	-	-	-	-	-	-	100	100
Intangible assets	-	-	-	-	-	-	-	45,138	45,138
Property, plant and equipment and investment property	-	-	-	-	-	-	-	16,774	16,774
Other assets	275	8,412	413	535	5,228	796	91	11,755	27,505
Total assets	**751,774**	**149,609**	**143,559**	**332,813**	**347,087**	**1,268,334**	**1,586,171**	**229,974**	**4,809,321**
Due to other banks and financial institutions	31,783	7,869	8,783	14,599	492,553	3,097	11,310	-	569,994
Due to customers	1,614,638	100,138	213,600	430,322	558,535	222,810	22,614	-	3,162,657
Special and lending funds	15,718	-	-	-	-	-	-	-	15,718
Debt securities in issue	-	-	-	-	203,617	-	72,863	-	276,480
Liabilities related to insurance activities	92,322	-	-	-	1,050	2,366	83,580	-	179,318
Other liabilities	29,079	11,664	934	7,248	5,882	5,171	2,048	-	62,026
Shareholders' equity	-	-	-	-	-	-	-	543,128	543,128
Total liabilities and shareholders' equity	**1,783,540**	**119,671**	**223,317**	**452,169**	**1,261,637**	**233,444**	**192,415**	**543,128**	**4,809,321**
Net liquidity gap	**(1,031,766)**	**29,938**	**(79,758)**	**(119,356)**	**(914,550)**	**1,034,890**	**1,393,756**	**(313,154)**	**-**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

The Structure of the Bank's assets and liabilities by maturity was as follows:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
At 31 December 2024:									
Assets									
Cash and cash equivalents	386,365	-	-	-	-	-	-	-	386,365
Due from other banks	-	179	-	2,520	332	90	-	-	3,121
Securities in the trading book	-	677	1,078	1,966	7,181	2,619	-	22	13,543
Derivative financial instruments	-	726	353	14	-	-	-	-	1,093
Loans to customers, finance lease receivables	-	89,808	414,469	106,240	218,560	908,373	1,676,938	7,516	3,421,904
Investment securities at fair value	-	15	615	76	1,530	14,808	23,950	2,626	43,620
Investment securities at amortized cost	-	2,063	7,074	22,687	150,373	533,643	1,024	-	716,864
Investments in subsidiaries	-	-	-	-	-	-	-	84,069	84,069
Intangible assets	-	-	-	-	-	-	-	7,859	7,859
Property, plant and equipment and investment property	-	-	-	-	-	-	-	14,689	14,689
Other assets	154	8,106	605	829	938	204	77	7,017	17,930
Total assets	**386,519**	**101,574**	**424,194**	**134,332**	**378,914**	**1,459,737**	**1,701,989**	**123,798**	**4,711,057**
Due to other banks and financial institutions	30,545	7,500	2,726	11,676	774	2,014	13,252	-	68,487
Due to customers	1,651,441	150,560	285,762	573,601	611,010	252,712	18,205	-	3,543,291
Special and lending funds	23,037	-	-	-	-	-	-	-	23,037
Debt securities in issue	-	(125)	(251)	(376)	(738)	(359)	450,008	-	448,159
Other liabilities	31,087	1,211	588	1,322	1,917	3,062	1,892	-	41,079
Shareholders' equity	-	-	-	-	-	-	-	587,004	587,004
Total liabilities and shareholders' equity	**1,736,110**	**159,146**	**288,825**	**586,223**	**612,963**	**257,429**	**483,357**	**587,004**	**4,711,057**
Net liquidity gap	**(1,349,591)**	**(57,572)**	**135,369**	**(451,891)**	**(234,049)**	**1,202,308**	**1,218,632**	**(463,206)**	**-**
At 31 December 2023:									
Assets									
Cash and cash equivalents	742,969	-	-	-	-	-	-	-	742,969
Due from other banks	-	393	2,520	4	5	90	1	-	3,013
Securities in the trading book	-	255	10	13,455	751	5,768		163	20,402
Derivative financial instruments	-	169	21	51					241
Loans to customers, finance lease receivables	-	69,465	351,975	102,330	225,087	727,726	1,442,278	1,072	2,919,933
Investment securities at fair value	-	15	17	19,712	13,513	13,448	25,035	2,642	74,382
Investment securities at amortized cost	-	62,391	13,270	173,872	69,096	416,212	5,028		739,869
Investments in subsidiaries)	-	-	-	-	-	-	-	76,672	76,672
Intangible assets	-	-	-	-	-	-	-	8,149	8,149
Property, plant and equipment and investment property	-	-	-	-	-	-	-	14,702	14,702
Other assets	275	9,190	398	526	5,227	268	90	6,804	22,778
Total assets	**743,244**	**141,878**	**368,211**	**309,950**	**313,679**	**1,163,512**	**1,472,432**	**110,204**	**4,623,110**
Due to other banks and financial institutions	38,105	7,869	8,783	14,599	492,553	3,097	11,310	-	576,316
Due to customers	1,614,638	100,138	214,100	434,073	558,535	222,810	22,614	-	3,166,908
Special and lending funds	15,718	-	-	-	-	-	-	-	15,718
Debt securities in issue	-	-	-	-	203,617	-	72,863	-	276,480
Other liabilities	28,797	886	795	7,165	1,155	2,693	1,756	-	43,247
Shareholders' equity	-	-	-	-	-	-	-	544,441	544,441
Total liabilities and shareholders' equity	**1,697,258**	**108,893**	**223,678**	**455,837**	**1,255,860**	**228,600**	**108,543**	**544,441**	**4,623,110**
Net liquidity gap	**(954,014)**	**32,985**	**144,533**	**(145,887)**	**(942,181)**	**934,912**	**1,363,889**	**(434,237)**	**-**

(All amounts are in EUR thousand, unless otherwise stated)

3.3. Non - derivative cash flows

Undiscounted cash flows in the table below describe contractual liability side outflows which are stated including nominal contract amounts together with interest till the end of the contract.

Group

31 December 2024	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities							
Due to banks	-	33,362	2,850	12,594	2,063	-	50,869
Due to customers	-	1,826,442	285,777	1,209,543	277,652	4,698	3,604,112
Debt securities in issue	-	2,329	4,449	20,686	477,934	87,528	592,926
Special and lending funds	-	23,037	-	-	-	-	23,037
Liabilities related to insurance activities	-	4,091	233	2,232	22,434	169,442	198,432
Total liabilities (contractual maturity dates)	**-**	**1,889,261**	**293,309**	**1,245,055**	**780,083**	**261,668**	**4,469,376**

Group

31 December 2023	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities							
Due to banks	-	34,792	5,981	524,368	3,316	811	569,268
Due to customers	-	1,715,713	215,814	1,010,423	254,513	3,961	3,200,424
Debt securities in issue	-	186	360	217,741	26,420	95,256	339,963
Special and lending funds	-	15,718	-	-	-	-	15,718
Liabilities related to insurance activities	-	92,331	-	1,050	8,887	77,059	179,327
Total liabilities (contractual maturity dates)	**-**	**1,858,740**	**222,155**	**1,753,582**	**293,136**	**177,087**	**4,304,700**

Bank

31 December 2024	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities							
Due to banks	-	35,989	2,850	12,594	2,063	-	53,496
Due to customers	-	1,826,576	289,497	1,211,044	277,652	4,698	3,609,467
Debt securities in issue	-	2,329	4,449	20,686	477,934	87,528	592,926
Special and lending funds	-	23,037	-	-	-	-	23,037
Total liabilities (contractual maturity dates)	**-**	**1,887,931**	**296,796**	**1,244,324**	**757,649**	**92,226**	**4,278,926**

Bank

31 December 2023	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities							
Due to banks	-	41,114	5,981	524,368	3,316	811	575,590
Due to customers	-	1,715,713	216,314	1,014,174	254,513	3,961	3,204,675
Debt securities in issue	-	186	360	217,741	26,420	95,256	339,963
Special and lending funds	-	15,718	-	-	-	-	15,718
Total liabilities (contractual maturity dates)	**-**	**1,772,731**	**222,655**	**1,756,283**	**284,249**	**100,028**	**4,135,946**

(All amounts are in EUR thousand, unless otherwise stated)

3.4. Remaining contractual maturity off - balance sheet items

Analysis of off-balance sheet items by the remaining maturity is as follows:

Group

At 31 December 2024	*Up to one month*	*From 1 to 3 months*	*From 3 to 6 months*	*From 6 to 12 months*	*From 1 to 5 years*	*Over 5 years*	*Total*
Loan commitments	393,325	-	-	-	-	-	393,325
Guarantees	87,985	-	-	-	-	-	87,985
Other commitments	,223	75	-	-	-	-	,298
Total	**481,533**	**75**	**-**	**-**	**-**	**-**	**481,608**

Group

At 31 December 2023	*Up to one month*	*From 1 to 3 months*	*From 3 to 6 months*	*From 6 to 12 months*	*From 1 to 5 years*	*Over 5 years*	*Total*
Loan commitments	476,294	-	-	-	-	-	476,294
Guarantees	59,216	-	-	-	-	-	59,216
Other commitments	2,235	1,020	2,458	335	223	-	6,271
Total	**537,745**	**1,020**	**2,458**	**335**	**223**	**-**	**541,781**

Bank

At 31 December 2024	*Up to one month*	*From 1 to 3 months*	*From 3 to 6 months*	*From 6 to 12 months*	*From 1 to 5 years*	*Over 5 years*	*Total*
Loan commitments	403,548	-	-	-	-	-	403,548
Guarantees	87,985	-	-	-	-	-	87,985
Other commitments	223	75	-	-	-	-	298
Total	**491,756**	**75**	**-**	**-**	**-**	**-**	**491,831**

Bank

At 31 December 2023	*Up to one month*	*From 1 to 3 months*	*From 3 to 6 months*	*From 6 to 12 months*	*From 1 to 5 years*	*Over 5 years*	*Total*
Loan commitments	483,922	-	-	-	-	-	483,922
Guarantees	59,256	-	-	-	-	-	59,256
Other commitments	2,235	1,020	2,458	335	223	-	6,271
Total	**545,413**	**1,020**	**2,458**	**335**	**223**	**-**	**549,449**

4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

4.1. Financial assets and liabilities not measured at fair value

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's and Group's balance sheets at their fair value. The valuation methods for the assets and liabilities are summarized below.

a) Loans and advances to banks

The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value.

The fair value of fixed interest bearing deposits is estimated using valuation technique attributable to Level 3 in the fair value hierarchy, based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

b) Loans and advances to customers and finance lease receivables

Loans and advances and finance lease receivables are net of charges for impairment. The fair value of loans and advances to customers and finance lease receivables is estimated using valuation technique attributable to Level 3 in the fair value hierarchy. The estimated fair value of loans, advances and finance lease receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates (average interest rates on outstanding loans published by the Bank of Lithuania) to determine fair value.

c) Investment securities

The fair value for held-to-collect assets is based on market prices or broker/dealer price quotations – i.e. it is estimated using valuation technique attributable to Level 1 in the fair value hierarchy.

d) Deposits from banks, due to customers, debt securities in issue and special lending funds

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand.

The fair value of fixed interest-bearing deposits, debt securities in issue and special and lending funds not quoted in an active market is estimated using valuation technique attributable to Level 3 in the fair value hierarchy based on discounted cash flows using interest rates for new debts with similar remaining maturity. Interest rates for new deposits of Šiaulių bankas are used for calculation purposes as discount rates.

e) Other financial assets and other financial liabilities

The fair value of lease liabilities is estimated using valuation technique attributable to Level 3 in the fair value hierarchy based on discounted cash flows using interest rates for new leases with similar remaining maturity. The estimated fair value of other financial assets and liabilities is similar to the carrying value due to short maturities of these assets and liabilities.

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Group

	As of 31 December 2024		As of 31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Due from other banks	**3,121**	**3,121**	**3,013**	**3,013**
Loans	**3,117,700**	**3,091,524**	**2,645,104**	**2,680,780**
Loans to individuals:	**1,431,482**	**1,437,497**	**1,258,203**	**1,284,883**
Consumer loans -	305,329	319,420	260,914	272,531
Mortgages -	915,760	906,702	778,931	790,663
Other -	210,393	211,375	218,358	221,689
Loans to business customers	**1,665,931**	**1,636,621**	**1,360,488**	**1,371,906**
Central and other authorities -	53,670	51,174	68,580	66,991
Large corporates -	216,656	211,156	108,069	107,434
SME -	1,395,605	1,374,292	1,183,839	1,197,481
Loans and advances to financial institutions	**20,287**	**17,405**	**26,413**	**23,991**
Finance lease receivables	**316,897**	**348,540**	**286,533**	**326,840**
Investment securities at amortized cost	**726,937**	**712,961**	**751,227**	**712,594**
Government bonds -	695,622	686 774	663,211	633,163
Corporate bonds -	31,315	26 187	88,016	79,431
Other financial assets	7,258	7,258	**7,351**	**7,351**
Liabilities				
Due to other banks and financial institutions	**65,860**	**65,353**	**569,994**	**557,412**
Due to customers	**3,537,972**	**3,547,785**	**3,162,657**	**3,161,733**
Due to individuals	2,187,936	2,196,105	1,912,137	1,910,526
Due to private companies	1,067,440	1,068,879	965,352	966,058
Due to other enterprises	282,596	282,801	285,168	285,149
Debt securities in issue	**448,159**	**450,008**	**276,480**	**263,810**
Special and lending funds	**23,037**	**23,037**	**15,718**	**15,718**
Other financial liabilities	**46,426**	**47,228**	**40,017**	**40,317**

Bank

	As of 31 December 2024		As of 31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Due from other banks	**3,121**	**3,121**	**3,013**	**3,013**
Loans	**3,105,007**	**3,066,230**	**2,633,482**	**2,658,814**
Loans to individuals:	**1,127,971**	**1,119,880**	**999,028**	**1,014,079**
Consumer loans -	1,818	1,803	1,739	1,727
Mortgages -	915,760	906,702	778,931	790,663
Other -	210,393	211,375	218,358	221,689
Loans to business customers	**1,665,932**	**1,636,621**	**1,360,488**	**1,371,906**
Central and other authorities -	53,670	51,174	68,580	66,991
Large corporates -	216,657	211,156	108,069	107,434
SME -	1,395,605	1,374,292	1,183,839	1,197,481
Loans and advances to financial institutions	**311,104**	**309,728**	**273,966**	**272,829**
Finance lease receivables	**316,897**	**348,539**	**286,451**	**326,754**
Investment securities at amortized cost	**716,864**	**713,387**	**739,869**	**713,437**
Government bonds -	690,083	687 045	657,445	633,642
Corporate bonds -	26,781	26 342	82,424	79,795
Other financial assets	**6,559**	**6,559**	**8,289**	**8,289**
Liabilities				
Due to other banks and financial institutions	**68,487**	**67,980**	**576,316**	**563,734**
Due to customers	**3,543,291**	**3,553,104**	**3,166,908**	**3,165,984**
Due to individuals	2,187,936	2,196,105	1,912,137	1,910,526
Due to private companies	1,072,759	1,074,198	969,103	969,809
Other	282,596	282,801	285,668	285,649
Debt securities in issue	**448,159**	**450,008**	**276,480**	**263,810**
Special and lending funds	**23,037**	**23,037**	**15,718**	**15,718**
Other financial liabilities	**39,245**	**40,039**	**34,359**	**34,687**

(All amounts are in EUR thousand, unless otherwise stated)

4.2. Financial assets and liabilities measured at fair value

a) Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, NASDAQ Stock Exchange, London Stock Exchange, Frankfurt Stock Exchange) or public price quotations (for example, for Lithuanian government bonds, average price quotations from the most active banks that participate in the primary placement auctions of the Lithuanian Government securities are used).
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The Group uses fair value calculated based on Level 2 inputs for accounting of currency derivatives and derivatives related to prices of equity instruments.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes Group's investments into unlisted equity securities, derivatives related to interest rate floor in variable rate loan contracts and liabilities designated at fair value through profit or loss. Details on fair value measurement of these instruments are described in subsection "Details on the main models used in valuation of Level III instruments" (Financial Risk Management disclosure, section 4.2.b), below.

b) Measurement of financial assets and liabilities according to the fair value hierarchy

		2024		2023
	Group	Bank	Group	Bank
LEVEL I				
Financial assets in the trading book				
Listed equity securities	1,858	22	2,748	162
Units of investment funds	163,435	-	87,049	-
Government bonds	10,789	-	26,306	2,637
Corporate bonds	17,758	149	24,215	2,615
Investment securities at fair value				
Government bonds	-	-	53,949	53,949
Corporate bonds	10,255	10,255	16,105	16,105
Investment fund units	-	-	-	-
Total Level I financial assets	**204,095**	**10,426**	**210,372**	**75,468**
LEVEL II				
Financial assets in the trading book				
Derivative financial instruments	1,093	1,093	251	241
Corporate bonds	5,271	5,271		
Investment securities at fair value				
Government bonds	36,597	24,327		
Corporate bonds	9,084	6,657		
Investment fund units	1,169	-		
Total Level II financial assets	**53,213**	**37,348**	**251**	**241**
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	123	123	1,041	1,041
Total Level II financial liabilities	**123**	**123**	**1,041**	**1,041**
LEVEL III				
Financial assets in the trading book				
Corporate bonds	8,101	8,101	15,240	14,988
Units of investment funds	12,032	-	51,862	-
Unlisted equity securities	-	-	257	-
Investment securities at fair value				
Corporate bonds	-	-	1,927	1,927
Unlisted equity securities	541	293	501	383
Investment fund units	2,088	2,088	2,018	2,018
Securitization related financial assets (see Notes 13, 16)				
Unlisted equity securities	270	270	100	100
Loans granted	6,137	6,137	3,208	3,208
Total Level III financial assets	**29,169**	**16,889**	**75,113**	**22,624**

(All amounts are in EUR thousand, unless otherwise stated)

FINANCIAL RISK MANAGEMENT (CONTINUED)

Following a review of asset valuation models and available information on the value of assets, reclassifications of the Bank's financial assets took place during 2024, with EUR 33 694 thousand reclassified from level 1 to level 2 and EUR 2 561 thousand reclassified from level 3 to level 2. Correspondingly, in the Group, EUR 48 391 thousand was reclassified from level 1 to level 2 and EUR 39 559 thousand was reclassified from level 3 to level 1 (EUR 38 430 thousand) and to level 2 (EUR 1 169 thousand).

The following table presents the changes in Level III instruments during 2024 and 2023:

The Group

	Financial assets in the trading book						Investment securities at fair value					
	Corporate bonds		Investment fund units		Unlisted equities		Corporate bonds		Unlisted equities		Investment fund units	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Value as of 1 January	**15,240**	**19,126**	**51,862**	**27,191**	**257**	**18**	**1,927**	**1,935**	**501**	**243**	**2,018**	**4,425**
Additions / Recognition	16,770	18,313	1,412	2,290	-	278	-	-	-	-	-	-
Disposals	(20,223)	(19,416)	(807)	(22)	(257)	(48)	(1,927)	-	(90)	-	-	(2,058)
Obtained during business acquisition transaction (see Note 16)	-	-	-	35,835	-	-	-	-	-	-	-	-
Reclassification	(2,561)	(983)	(39,599)	(13,585)	-	-	-	-	-	-	-	-
Derecognition	(1,111)	-	-	-	-	-	-	-	-	-	-	-
Changes due to interest accrued/paid	(165)	309	-	-	-	-	-	56	-	-	-	-
Revaluations through profit or loss	151	(2,109)	(836)	153	-	9	-	(64)	130	258	70	(349)
Value as of 31 December	**8,101**	**15,240**	**12,032**	**51,862**	**-**	**257**	**-**	**1,927**	**541**	**501**	**2,088**	**2,018**

The Bank

	Financial assets in the trading book				Investment securities at fair value					
	Corporate bonds		Unlisted equities		Corporate bonds		Unlisted equities		Investment fund units	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Value as of 1 January	**14,988**	**17,888**	**-**	**18**	**1,927**	**1,935**	**383**	**243**	**2,018**	**4,425**
Additions / Recognition	16,770	18,313	-	21	-	-	-	-	-	-
Disposals	(19,973)	(19,416)	-	(48)	(1,927)	-	(90)	-	-	(2,058)
Conversion to shares	-	-	-	-	-	-	-	-	-	-
Reclassification	(2,561)	-	-	-	-	-	-	-	-	-
Derecognition	(1,111)		-	-	-	-	-	-	-	-
Changes due to interest accrued/paid	(158)	301	-	-	-	56	-	-	-	-
Revaluations through profit or loss	146	(2,098)	-	9	-	(64)	-	140	(70)	(349)
Value as of 31 December	**8,101**	**14,988**	**-**	**-**	**-**	**1,927**	**293**	**383**	**2,088**	**2,018**

	2024		2023	
	Group	Bank	Group	Bank
Total result from revaluation of Level III instruments included in the income statement	**1,768**	**301**	**(2,102)**	**(2,362)**
from trading securities (corporate bonds)	146	146	(2,109)	(2,098)
from investment securities at fair value (corporate bonds)	(64)	(64)	(64)	(64)
from trading securities (unlisted equities)	9	9	9	9
from investment securities at fair value (unlisted equities)	258	140	258	140
from trading securities (investment fund units)	1,349	-	153	
from investment securities at fair value (investment fund units)	70	70	(349)	(349)

Details on the main models used in valuation of Level III instruments:

Unlisted debt securities. Most commonly used fair value measures in the Group are assessment of discounted cash flows from the security carried out by employees of the Group.

Unlisted equity securities. Most commonly used fair value measures in the Group are valuations from external independent certified appraisers or assessment of discounted cash flows from the security carried out by employees of the Group.

(All amounts are in EUR thousand, unless otherwise stated)

Investments funds that are not publicly traded and/or whose net asset value or unit value is not determined daily are valued based on the most recently determined net asset value or the last published/submitted unit value. This value may be adjusted to reflect changes, such as significant events, capital calls, distributions of liabilities, income distributions, or other relevant factors. The Group's valuation is based on information provided by asset managers regarding net asset value or unit price.

	2024	**2023**
Unobservable Input	Estimate Range	Estimate Range
Unlisted debt securities		
Probability of Default (PD)	0.5 – 6 %	0.5 – 8 %
Discount Rate	4 – 14 %	5 – 15 %
Unlisted equity securities		
Discount Rate (WACC)	8 – 15 %	8 – 16 %
Investments funds		
Fund-reported NAV	Investment based	Investment based

4.3. Offsetting financial assets and financial liabilities

As of 31 December 2024 and 31 December 2023, only currency derivative instruments were subject to master netting arrangements and similar arrangements. As of 31 December 2024, derivative financial instruments classified as assets in amount of EUR 123 thousand and derivative financial instruments classified as liabilities in amount of EUR 1,093 thousand were subject to those agreements. As of 31 December 2023, derivative financial instruments classified as assets in amount of EUR 251 thousand and derivative financial instruments classified as liabilities in amount of EUR 1,041 thousand were subject to those agreements.

The Group receives collateral in the form of marketable securities in respect of reverse repurchase agreements, which are included in loans to customers. Gross amount of reverse repurchase agreements: 31 December 2024: EUR 30,189 thousand; 31 December 2023: EUR 2,920 thousand. Securities received as a collateral for reverse repurchase agreements can be pledged or sold during the term of transaction but have to be returned on maturity of the transaction. The Group did not pledge or sell any collateral received for reverse repurchase agreements during 2024 and 2023.

(All amounts are in EUR thousand, unless otherwise stated)

4.4. Classes of financial instruments

A table below provides reconciliation of items of financial assets and liabilities as presented in Statement of Financial Position to classes of financial instruments:

	31 December 2024		31 December 2023	
	Group	Bank	Group	Bank
FINANCIAL ASSETS				
Financial assets mandatorily measured at fair value through profit or loss:	**245,214**	**23,399**	**213,896**	**26,493**
Trading securities	76,517	13,543	63,190	20,402
trading debt securities: government bonds -	23,059	-	*24,839*	*2,637*
trading debt securities: corporate bonds -	33,558	13,521	*38,189*	*17,603*
trading equities -	19,900	22	*162*	*162*
Other trading book securities	158,593	-	144,487	-
other trading book debt securities: government bonds -	-	-	*2,733*	-
Investment funds -	*149 863*	-	*138 790*	-
other trading book equities -	*8 730*	-	*2 964*	-
Investment securities at fair value	2,874	2,626	2,760	2,642
non-trading equities -	2,874	2,626	*2,760*	*2,642*
Derivative financial instruments	1,093	1,093	251	241
Investment securities at fair value	6,137	6,137	3,208	3,208
loans granted -	6,137	6,137	3,208	3,208
Financial assets measured at fair value through other comprehensive income:	**40,994**	**40,994**	**71,740**	**71,740**
Debt securities at fair value through other comprehensive income	40,994	40,994	71,740	71,740
government bonds -	24,327	24,327	*53,949*	*53,949*
corporate bonds -	16,667	16,667	*17,791*	*17,791*
Financial assets measured at amortized cost:	**4,244,015**	**4,211,779**	**4,154,986**	**4,124,414**
Cash and cash equivalents	395,136	386,365	751,499	742,969
Due from other banks	3,121	3,121	3,013	3,013
Loans to customers	3,111,563	3,098,870	***2,641,896***	***2,630,274***
loans to financial institutions -	14,150	304,967	*23,205*	*270,758*
loans to individuals (retail): consumer loans -	305,329	1,818	*260,914*	*1,739*
loans to individuals (retail): mortgages -	915,760	915,760	*778,931*	*778,931*
loans to individuals (retail): other -	210,393	210,393	*218,358*	*218,358*
loans to business customers: SME -	1,395,605	1,395,605	*1,183,839*	*1,183,839*
loans to business customers: large corporates -	216,656	216,657	*108,069*	*108,069*
loans to business customers: central and local authorities and other -	53,670	53,670	*68,580*	*68,580*
Investment securities at amortized cost	726,937	716,864	751,227	739,869
government bonds -	695,622	690,083	*663,211*	*657,445*
corporate bonds -	31,315	26,781	*88,016*	*82,424*
Other financial assets	7,258	6,559	7,351	8,289
Finance lease receivables:	**316,897**	**316,897**	**286,533**	**286,451**
Finance lease receivables	316,897	316,897	286,533	286,451
individuals -	43,125	43,125	*33,281*	*33,281*
business customers -	273,772	273,772	*253,252*	*253,170*
TOTAL FINANCIAL ASSETS	**4,847,120**	**4,593,069**	**4,727,155**	**4,509,098**
FINANCIAL LIABILITIES				
Financial liabilities mandatorily measured at fair value through profit or loss:	**123**	**123**	**1,041**	**1,041**
Derivative financial instruments	123	123	1,041	1,041
Financial liabilities measured at authorized cost:	**4,121,454**	**4,122,219**	**4,064,866**	**4,069,781**
Due to banks and financial institutions	65,860	68,487	569,994	576,316
Due to customers	3,537,972	3,543,291	3,162,657	3,166,908
due to individuals -	2,187,936	2,187,936	*1,912,137*	*1,912,137*
due to private companies -	1,067,440	1,072,759	*965,352*	*969,103*
other -	282,596	282,596	*285,168*	*285,668*
Special and lending funds	23,037	23,037	15,718	15,718
Debt securities in issue	448,159	448,159	276,480	276,480
Other financial liabilities	46,426	39,245	40,017	34,359
TOTAL FINANCIAL LIABILITIES	**4,121,577**	**4,122,342**	**4,065,907**	**4,070,822**

5. THE RISK INHERENT IN INSURANCE ACTIVITIES

The Bank’s subsidiary GD UAB SB Draudimas (hereinafter - the Company) is engaged in life insurance business.

Insurance risk

An insurance risk is a loss risk, or a risk associated with adverse changes in the value of insurance obligations, which are caused by improper pricing and provisioning assumptions. Based on the insurance contract, the Company assumes the protection of a person's financial interests for the insurance premium in the event of insured events, therefore, there is a risk of incurring losses due to improper assessment of the assumed insurance risk, calculated insurance premiums, which may not be sufficient to cover the actual insurance benefits and expenses, in case of insurance risk assumed by the Company.

The Company assumes the risks of mortality, morbidity, survival, mortality and injuries due to accidents, termination, expenses, catastrophes.

The risks of mortality, morbidity, injuries are due to optimistic assumptions about future mortality, morbidity, and frequency of injuries, used in the calculations of insurance premiums, which would lead to the fact that future insurance premiums will be insufficient to cover future benefits in case of death, illness, injury. The increase in the risk of mortality, morbidity can be influenced by epidemics (AIDS, SARS), pandemics, lifestyle changes - a change in the habits of eating, smoking, moving. The risk of survival is due to longer life expectancy than planned. This increase is due to the development of medical science, the improvement of the health care system, the growing standard of living. The increase in the risk of injury can be influenced by non-compliance with occupational safety in workplaces, the use of outdated technologies, increasing accident rates.

The Company manages the assumed insurance risks by assessing the state of health of the insured person, life habits, history of the state of family health. The company has a multi-level risk assessment system, depending on the size of the risks assumed. This system ensures that the insurance premium paid by the policyholder corresponds to the insured person's health.

Concentration of risk is measured by the insurance amount of the accepted risks:

Risk	***2024***	***2024 (%)***	***2023***	***2023 (%)***
Death	545,553	0.27	545,586	0.27
Critical illness	368,154	0.17	341,672	0.17
Death due to accident	286,798	0.14	299,249	0.15
Trauma	880,049	0.42	822,483	0.41
Total	**2,080,554**	**100**	**2,008,990**	**100**

The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits.

The Company follows the principles of conservatism and prudence to settle the price for insurance risk therefore the increase in loss rate of any insurance risk would not impact the result of the Group significantly.

Insurance risk sensitivity analysis

Sensitivity analysis is carried out by changing the corresponding assumption with the indicated value, leaving the sizes of other variables unchanged. The reinsurance effect on the performed sensitivity analysis is immaterial.

The Company's sensitivity to changes in variables that have a significant impact on December 31, 2024:

In thousand EUR	**Change in variables**	**Change Contractual service margin**	**Change in Profit or loss**	**Change in Equity**
Mortality rates	+10%	(1,395)	(827)	827
Mortality rates	-10%	1,324	756	(756)
Disability/Morbidity	+10%	(1,714)	(689)	689
Disability/Morbidity	-10%	1,717	690	(690)
Lapse rates	+10%	(4,286)	(530)	530
Lapse rates	-10%	5,416	727	(727)
Expenses	+10%	(2,751)	(1,303)	1,303
Expenses	-10%	2,781	1,272	(1,272)

FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's sensitivity to changes in variables that have a significant impact on 31 December 2023:

In thousand EUR	Change in variables	Change Contractual service margin	Change in Profit or loss	Change in Equity
Mortality rates	+10%	(1,961)	(162)	162
Mortality rates	-10%	1,849	160	(160)
Disability/Morbidity	+10%	(1,830)	(207)	207
Disability/Morbidity	-10%	1,831	207	(207)
Lapse rates	+10%	(2,723)	(59)	59
Lapse rates	-10%	3,085	60	(60)
Expenses	+10%	(3,120)	(695)	695
Expenses	-10%	3,130	684	(684)

6. OPERATIONAL RISK

Operational risk is the risk of experiencing losses due to improper or unimplemented internal control processes, employee errors and/or illegal actions, disruptions in information system operations, or the influence of external events. Operational risk, unlike other types of risks (credit, market, liquidity), is not intentionally assumed with the expectation of gaining benefits; it arises naturally in the course of the Bank's activities.

In 2024, the Bank focused on strengthening the operational and reputational risk culture across the entire Bank Group. At the beginning of the year, the operational risk management e-learning modules were updated for all Group companies.

A significant emphasis was also placed on improving the management processes for outsourced services. These processes were extended to all Group companies, and the process was updated in accordance with the requirements for ICT services set out in the Digital Operational Resilience Act (DORA) for the financial sector.

Business continuity management remains one of the Bank's key areas. In 2024, a Comprehensive business continuity test was successfully conducted, and no significant shortcomings in ensuring business continuity were identified.

To enhance resilience and ensure operational stability, the Bank will continue to improve and comprehensively ensure business continuity, management of critical outsourced services, and the strengthening of operational and reputational risk culture across the entire Group in the coming year.

7. ICT RISK

Information and communication technology (ICT) risk means any reasonably identifiable circumstance in relation to the use of network and information systems which, if materialized, may compromise the security of the network and information systems, of any technology dependent tool or process, of operations and processes, or of the provision of services by producing adverse effects in the digital or physical environment.

Main goal of Bank’s ICT risk management – to assess probability of possible losses, balance risk and investments to ICT risk management, to detect and manage weak points early, ensure effectiveness of ICT risk management measures (in line with appetite of ICT risk of Bank’s group and legal requirements) and permanent improvement of it, provide timely information to management of Bank’s group. ICT risk management goal is accomplished by employing risk management and control system, which include implementation of ICT risk management functions, processes and management measures, monitoring system of ICT risk management indicators and set limits, also ICT risk identification, monitoring and risk management internal control. Risk management and control system is permanently improved according to best practices of the world and experience gained while implementing and exercising monitoring of this system.

Digital technologies not only increase efficiency of operational processes and improve experience of users of financial services but also contribute to increase in ICT risk therefore the Bank reacting to changes in digital environment and trends improves and develops process and systems continuously ensuring Bank’s digital resilience towards cyber threats and ICT disorders. Priority is given to organizational and technical ICT and information security including cyber security risk management measures (preventive, detective and corrective) installation and reinforcement. Effectiveness of these measures is regularly reviewed by organizing tests of operational continuity of critical systems, cyber resilience tests, performing other reviews, looking for high availability, safety and continuous improvement of data handled and systems used.

ICT risks arise from vulnerabilities in networks and systems that can affect the security and stability of operations. The Group continuously strengthens its cyber resilience, invests in preventive and corrective security measures, carries out regular testing and assesses the robustness of systems. The Digital Operational Resilience Act (DORA) strategy implemented in 2024 continued to improve the availability of systems, the continuous monitoring of the operational and security status of systems and the response to security threats.

8. COMPLIANCE RISK

Compliance Risk – the risk that the Bank's activities or inaction may fail to comply with the laws governing the Bank's operations, other applicable legal acts, and/or the guidelines and positions of the Bank of Lithuania and/or other supervisory authorities, as well as internal regulations and conduct standards. Such non-compliance may result in enforcement measures, financial losses, or reputational and credibility damage to the Bank. The Bank ensures compliance oversight and aims to prevent legal violations that could harm the interests of the Bank and its clients, damage the Bank's reputation, result in fines or other enforcement actions, and lead to financial or other losses for the Bank.

The scope of compliance functions within the Bank is determined based on the scale of operations, the complexity of activities, the nature of transactions conducted, and their associated risk levels. The compliance function conducts an annual compliance risk assessment using a risk-based approach and informs the Bank's management about identified risks and corresponding mitigation measures.

In 2024, the compliance function continued to play an active role in the areas of anti-money laundering (AML) and counter-terrorist financing (CTF), sanctions screening, data protection, financial markets regulation, anti-corruption, and market abuse prevention, among others. Particular focus was placed on strengthening the compliance control function and implementing a training program to ensure adherence to compliance requirements across various areas.

Within the structure of the Legal, Compliance, and Prevention Division, the compliance function is divided into two departments: the Compliance Department and the Anti-Money Laundering Compliance Department. The Compliance Department performs second-line (compliance assurance) functions in the areas of general regulatory compliance and investment services compliance. The Anti-Money Laundering Compliance Department performs second-line (compliance assurance) functions in the areas of AML/CTF and the implementation of international sanctions areas.

Compliance risk arises if the Group's activities do not comply with legal or regulatory requirements. To mitigate this risk, the Group carries out ongoing supervision, assessments and training of its employees, and ensures the prevention of money laundering and terrorist financing and compliance with international sanctions.

9. MODEL RISK

The Bank defines model risk as the risk to incur a financial loss or to make incorrect business decisions, publish false reporting disclosures because of the usage of models. Model risk management is regulated by model risk policy which is regularly reviewed and enhanced. Model risk is managed within the Bank using risk-based approach - the Bank maintains a model inventory and performs assessment of model's importance based on which independent validation of the selected models is prioritized. Acceptable level of model risk is defined in risk appetite statement. Use of unsatisfactory models is not tolerated in the Bank, timely remediation of identified deficiencies is ensured.

Model risk can lead to incorrect decisions or financial losses due to inappropriate application of models. The Group systematically assesses the robustness of its models using risk-based methodologies and independent verification procedures.

10. ESG RISK

ESG (Environmental, social and governance) risks are the risks of any negative financial impact on the Bank stemming from the current or prospective impacts of ESG factors on its counterparties or invested assets. The Environmental risk is further mainly defined as Climate-related and environmental risk, consisting of physical and transition risk:

• Physical risk, which is the risks of any negative financial impact on the institution stemming from the current or prospective impacts of the physical effects of environmental factors on its counterparties or invested assets.

• Transition risk, which is the risks of any negative financial impact on the institution stemming from the current or prospective impacts of the transition to an environmentally sustainable economy on its counterparties or invested assets. Detailed information on ESG risk and its management in the Group is provided in Sustainability Report.

11. STRESS TESTS

The Group develops test scenarios and assesses the solvency position under the identified stress scenarios, taking into account possible internal and external environmental changes, historical data, market forecasts and other relevant criteria. The results of the testing shall be analyzed, documented and used for risk and strategy review as well as business plan development.

Stress testing is an integral part of the Bank's Internal Capital Adequacy Assessment Process (ICAAP), covering risks identified as material. It assesses whether the Group's capital would be sufficient to absorb potential losses in the event of a deterioration in its financial condition. In accordance with supervisory requirements, all risks are tested once a year.

The Group also employs the Own Risk and Solvency Assessment (ORSA) process as part of its risk management system. This process determines the projected solvency position of the Company, as well as the amount of own funds required to ensure that overall solvency needs are met throughout the planning period. It takes into account the nature, scale, and complexity of the risks inherent to the business.

The ORSA process begins with business planning. Based on the objectives set out in the Company's business plan, financial performance, and projected asset and insurance liability volumes, a forward-looking solvency capital assessment is conducted. Additionally, adverse scenario testing is performed, considering potential internal and external environmental changes, historical data, market forecasts, and other relevant factors for the Company, to evaluate solvency under predefined stress test.

Ad hoc stress tests for separate risks are performed in case there is a need to understand the possible impacts of underlying factors.

12. CAPITAL MANAGEMENT

The capital of the Bank and its subsidiaries in the prudential scope of calculation (Financial Group, please see Note 31) is calculated and allocated for the risk coverage following the Capital requirements regulation and directive – CRR/CRD IV. The Bank's objectives when managing own funds are as follows:

- to comply with the own funds requirements set by the European Parliament and the Council of the European Union as well as the internal target capital requirements;
- to safeguard the Bank's and the Financial Group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders;
- to support the development of the Group's business with the help of the strong capital base.

Information regarding capital adequacy is submitted to the supervising authority quarterly in accordance with the CRR/CRD IV requirements.

During the years ended 31 December 2024 and 31 December 2023, the Bank and the Financial Group complied with capital requirements to which it was subject.

According to Solvency II directive Bank's subsidiary SB Draudimas GD UAB has to ensure that all the time its own funds must be higher than Solvency Capital Requirement and Minimum Capital Requirement, which enables the company to cover potential losses and reasonably assure policyholders that payables will be paid out. Solvency II ratio is being calculated and reported quarterly to supervisory authority, the Bank of Lithuania. During the years ended 31 December 2024 and 31 December 2023, Company complied with the Solvency II ratio requirements to which it was subject.

Capital requirement applicable also to UAB "SB Assets Management" has been approved by the Bank of Lithuania. According to this requirement, the capital ratio cannot be lower than 1.4.

12. CAPITAL MANAGEMENT (CONTINUED)

Other companies comprising the Group are not subject to supervisory requirements on a company level. General principles stipulated in the Republic of Lithuania Law on Limited Liability Companies apply – i.e. share capital of the company cannot be less than EUR 2.5 thousand, it the company's shareholders' equity becomes less than ½ of the share capital in the charter of the company, the company has to remediate the situation over the prescribed period of time.

During the years ended 31 December 2024 and 31 December 2023, the Group and the Bank complied with prudential requirements to which it was subject.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment losses on loans and finance lease receivables. The Bank and the Group review their loan and finance lease portfolios to assess impairment at least on a quarterly basis. In determining the impairment loss amount, the Group makes multiple judgements and estimates, including forward looking assumptions. When making expected credit loss estimate, the Bank and the Group analyze financial information received from a client and client's performance in servicing its loans. The methodology and assumptions used (the credit rating of the client; usage of low credit risk exemption for the loans that have 'standard' internal ratings; the recoverability ratio applied; discounted market value of pledged assets) for assessment of client's ability to service debt and estimating both the amount and timing of future cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience. However due to inherent limitations of the methodology, the calculated impairment loss as at 31 December 2024 may be inadequate to reflect the losses of the loan portfolio. Please see section 1.3.b of Financial risk management disclosure for the impairment loss sensitivity analysis.

Impairment losses on investments in subsidiaries. The Bank tests investments in its subsidiaries for impairment when impairment indicators are identified. The Bank establishes recoverable amount of investments in subsidiary companies based on discounted future estimated net cash flows to be earned by a subsidiary. Future net cash flows to be earned by funds management and real estate development subsidiaries are based on estimated inflow from management and sales of financial and other assets held by these subsidiaries less estimated cash outflow related to management and development costs. Future net cash flows from subsidiary involved in leasing operations are estimated based on future expected interest income to be earned on lease portfolio less cash outflows related to financing activities and administration costs. Discount rates are based on current cost of capital used for investments in these subsidiaries. The Group's management applies judgement in estimating cash flows and discount rates used in impairment testing.

Impairment of goodwill. Goodwill is tested for impairment annually. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated is valued using present value techniques, which are further described in Note 17. The Group's management applies judgement in estimating cash flows and discount rates used in impairment testing, changes in these judgements and estimates can significantly affect the assessed value of goodwill. An increase of 2% in the discount rate used for impairment testing in 2023 and 2024, assuming all other factors remain constant, would not result in any additional impairment of goodwill..

Liabilities related to insurance activities. The value of liabilities related to insurance activities is determined by making assumptions and estimates that have impact on the reported amounts. These estimates and assumptions are regularly reviewed and based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Please see section 5. of Financial risk management disclosure for the liabilities related to insurance activities sensitivity analysis.

Fair value measurements for Level 3 assets or liabilities. Measurement of the fair value of assets or liabilities assigned to Level 3 requires usage of inputs that are not based on observable market data (unobservable inputs). The Group's management applies judgement in choosing appropriate methodology, estimating cash flows, discount rates and other parameters used in such valuations. Please see section 4. of Financial risk management disclosure for the fair value approaches used.

Taxes. The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year and may impose additional tax assessments and penalties. The Bank's management is not aware of any circumstances which may give rise to a potential material liability in this respect. The deferred tax assets recognized at 31 December 2024 have been based on future profitability assumptions of the Bank over a five-year horizon. In the event of changes to these profitability assumptions, the tax assets recognized may be adjusted.

Non-consolidated entities. In 2024, the Bank established a subsidiary, UAB "SB modernizavimo fondas 2" in which it holds a 100% share. The operating principles of this entity do not significantly differ from those of UAB " SB modernizavimo fondas" a subsidiary established by the Bank in 2022, where the Bank also holds a 100% share. Both of these Group entities (hereinafter – the Funds) are not consolidated in the Group consolidated Financial Statements. The Bank's management has determined that due to the restrictions imposed on the Funds' activities under the Cooperation Agreement concluded between the Bank and the European Investment Bank (hereinafter – EIB), as well as agreements with investors investing in the Funds' activities, the Bank does not receive variable returns in its capacity as a shareholder of the Funds. The Bank acts as an agent for the EIB and other investors rather than as a principal in the operations of the Funds, and therefore, it is not required to consolidate these subsidiaries. Further information on activities related to the Funds and transactions with UAB " SB modernizavimo fondas" and UAB "SB modernizavimo fondas 2" is provided in Notes 13, 16, and 30.

(All amounts are in EUR thousand, unless otherwise stated)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Business combinations. During year 2023 Group companies have acquired two separate business units (see Note 16). Both business units were acquired during single transaction. Group management has applied judgement in defining if business units acquired meet definition of business as described in IFRS 3 also if from Group perspective separate business units acquisition should be accounted as one transaction. Significant inputs and assumptions were applied to perform purchase price allocation and calculate fair value of net assets acquired during business combination. Changes in these judgements and estimates can significantly affect amounts accounted because of this business combination. Decrease of discount rate used in fair value assessment of assets and liabilities acquired through business combination by 0.5% (other factors held constant) would decrease goodwill accounted from the business combination in 2023 by EUR 2,131 thousand.

SEGMENT INFORMATION

In relation to adjusted strategy of the Bank, business model and strategic decisions are divided into three business lines – corporate, private and investment. Due to such reasons Group's segment information is provided in different form if compared to previous periods starting from 1 January 2024. Comparable segmentation information for 2023 is also provided using new form.

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 December 2024 and in the Statement of comprehensive income for 2024 period then ended is presented in the table below.

	2024-12-31			
	Segmentation by profit centers			
	Corporate	***Private***	***Investment***	***Total***
Net interest income	**90,664**	**54,065**	**15,479**	**160,209**
Net fee and commission income	13,742	9,373	5,965	**29,080**
Net gain from insurance activities	-	1,078	4,572	**5,650**
Other income	2,912	1,416	3,699	**8,027**
Salaries and related expenses	(21,651)	(20,305)	(7,551)	**(49,507)**
Other expenses	(16,911)	(22,842)	(6,364)	**(46,117)**
Impairment expenses	(5,092)	(5,926)	122	**(10,896)**
Profit before income tax	**63,665**	**16,859**	**15,922**	**96,446**
Income tax				**(17,659)**
Net profit center result				**78,786**
Total segment assets	2,113,076	1,314,491	1,495,053	**4,922,619**

A summary of major indicators (restated) for the main business segments of the Group included in the Statement of financial position as at 31 December 2023 and in the Statement of comprehensive income for 2023 period then ended is presented in the table below.

	2023-12-31			
	Segmentation by profit centers			
	Corporate	***Private***	***Investment***	***Total***
Net interest income	**66,435**	**38,011**	**52,407**	**156,853**
Net fee and commission income	11,799	5,105	3,348	**20,251**
Net gain from insurance activities	-	(8)	(1,464)	**(1,472)**
Other income	2,733	2,830	2,614	**8,177**
Salaries and related expenses	(16,218)	(15,680)	(4,328)	**(36,226)**
Other expenses	(12,010)	(19,645)	(4,955)	**(36,610)**
Impairment expenses	(6,610)	(8,614)	(9)	**(15,232)**
Profit before income tax	**46,129**	**2,000**	**47,613**	**95,742**
Income tax				**(20,367)**
Net profit center result				**75,375**
Total segment assets	1,782,081	1,089,423	1,937,826	**4,809,331**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 1
NET INTEREST INCOME

	2024		2023	
	Group	Bank	Group	Bank
Interest revenue calculated using the effective interest method (on financial assets at amortized cost and fair value through other comprehensive income):	243,478	227,237	195,726	181,049
on loans to other banks and financial institutions and placements with credit institutions	*21,001*	*35,202*	*13,022*	*22,124*
on loans to customers	*208,163*	*177,861*	*173,748*	*150,290*
on debt securities at amortized cost	*13,933*	*13,793*	*8,265*	*8,080*
on debt securities at fair value through other comprehensive income	*381*	*381*	*691*	*555*
Other similar income:	26,735	24,953	21,242	21,070
on debt securities at fair value through profit or loss	*3,072*	*1,292*	*1,887*	*1,741*
on loans at fair value through profit or loss	*-*	*-*	*374*	*374*
on finance leases	*22,829*	*22,827*	*18,981*	*18,955*
other interest income	*834*	*834*	*-*	*-*
Total interest income	**270,213**	**252,190**	**216,968**	**202,119**
Interest expense:				
on financial liabilities designated at fair value through profit or loss	-	-	-	-
on financial liabilities measured at authorized cost	(109,985)	(110,138)	(60,083)	(60,172)
on other liabilities	(19)	(8)	(32)	(17)
Total interest expense	**(110,004)**	**(110,146)**	**(60,115)**	**(60,189)**
Net interest income	**160,209**	**142,044**	**156,853**	**141,930**

NOTE 2
NET FEE AND COMMISSION INCOME

	2024		2023	
	Group	Bank	Group	Bank
Fee and commission income:				
for administration of loans of third parties	7,526	7,526	5,249	5,249
for settlement services	5,144	5,146	5,428	5,443
for cash operations	4,097	4,097	4,750	4,750
for account administration	6,545	6,545	6,271	6,271
for guarantees, letters of credit, documentary collection	1,072	1,072	888	888
for collection of utility and similar payments	254	254	259	259
for services related to securities	4,896	4,947	3,978	3,980
for services related to pension and investment funds management	7,548	-	795	290
other fee and commission income	939	3,000	992	1,838
Total fee and commission income	**38,021**	**32,587**	**28,610**	**28,968**
Fee and commission expense:				
for payment cards	(5,435)	(5,434)	(5,126)	(5,126)
for cash operations	(632)	(632)	(838)	(838)
for correspondent bank and payment system fees	(619)	(483)	(583)	(458)
for services of financial data vendors	-	-	(304)	(304)
for services related to securities	(1,027)	(1,027)	(888)	(938)
for services related to pension and investment funds management	(65)	-	(49)	-
other fee and commission expenses	(1,163)	(468)	(570)	(450)
Total fee and commission expense	**(8,941)**	**(8,044)**	**(8,358)**	**(8,114)**
Net fee and commission income	**29,080**	**24,543**	**20,252**	**20,854**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 3
NET GAIN FROM TRADING ACTIVITIES

	2024		2023	
	Group	Bank	Group	Bank
Net gain (losses) from operations with securities	13,708	551	4,471	(1,738)
Net gain from foreign exchange and related derivatives	421	404	8,574	8,567
Net gain (loss) from other derivatives	5,293	5,293	(1,097)	(1,097)
Total net gain from trading activities	**19,422**	**6,248**	**11,948**	**5,732**

NET GAIN FROM OPERATIONS WITH SECURITIES

	2024		2023	
	Group	Bank	Group	Bank
Securities in the trading book:				
Realized gain (loss) on equity securities	6,152	(67)	161	(135)
Unrealized gain (loss) on equity securities	5,170	7	5,481	16
Realized gain on debt securities	880	290	148	98
Unrealized gain (loss) on debt securities	1,026	31	(1,229)	(1,628)
Dividend and other income from equity securities in the trading book	2	3	2	3
Net gain (loss) on securities in the trading book	**13,230**	**264**	**4,563**	**(1,646)**
	-	**-**		
Investment securities:	**-**			
Realized gain (loss) on investment equities at fair value through profit or loss	253	253	158	158
Unrealized gain on investment equities at fair value through profit or loss	23	23	(249)	(249)
Realized gain on debt securities at fair value through other comprehensive income	-	-	(13)	(13)
Realized gain on debt securities at amortized cost	-	-	-	-
Dividend and other income from investment equities	202	11	12	12
Net gain on investment securities	**478**	**287**	**(92)**	**(92)**
Total	**13,708**	**551**	**4,471**	**(1,738)**

Bank's internal policy allows frequent, but strictly limited in scale and infrequent but larger scale sales of debt securities at amortized cost.

NET GAIN FROM FOREIGN EXCHANGE AND RELATED DERIVATIVES

	2024		2023	
	Group	Bank	Group	Bank
Net gain from foreign exchange	421	404	8,574	8,567
Net gain (loss) from derivatives related with foreign exchange	5,293	5,293	(1,097)	(1,097)
Total	**5,714**	**5,697**	**7,477**	**7,470**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 4
OTHER OPERATING EXPENSES

	2024		2023	
	Group	Bank	Group	Bank
Rent of buildings and premises	(411)	(394)	(300)	(304)
Utility services for buildings and premises	(1,294)	(1,274)	(1,292)	(1,252)
Other expenses related to buildings and premises	(812)	(809)	(781)	(781)
Transportation expenses	(447)	(366)	(391)	(309)
Legal costs	(117)	(117)	(703)	(703)
Personnel and training expenses	(2,047)	(1,995)	(1,414)	(1,344)
IT and communication expenses	(16,697)	(14,864)	(11,987)	(10,983)
Marketing and charity expenses	(6,434)	(4,086)	(5,331)	(2,524)
Service organization expenses	(4,761)	(4,389)	(4,099)	(3,611)
Non-income taxes, fines	(2,862)	(2,220)	(2,404)	(1,803)
Costs incurred due to debt recovery	(862)	(576)	(923)	(675)
Other expenses	(1,367)	(1,312)	(1,622)	(1,268)
Total	**(38,111)**	**(32,402)**	**(31,247)**	**(25,557)**

NOTE 5
REVENUE AND EXPENSES RELATED TO INSURANCE ACTIVITIES

Bank's subsidiary SB Draudimas GD UAB (hereinafter - insurance company) is engaged in life insurance business. Revenue and expenses from main activities of this company are presented in the tables below.

REVENUE RELATED TO INSURANCE ACTIVITIES

	2024	2023
Amounts relating to changes in LFRC	**Group**	**Group**
- Expected benefits incurred	3,017	1,661
- Expected expenses incurred	3,390	1,766
- Change in the risk adjustment	268	(236)
- CSM recognized	2,780	835
Recovery of acquisition cash flows	996	919
Other insurance related revenue	2,639	739
Total	**13,090**	**5,684**

EXPENSES RELATED TO INSURANCE ACTIVITIES

	2024		2023	
	Group	Bank	Group	Bank
Expenses related to insurance activities:				
Incurred claims expenses	(2 472)	-	(2,186)	-
Losses on onerous contracts and reversal of those losses	(354)	-	(927)	-
Insurance acquisition costs	(435)	-	(519)	-
Other expenses	(3 652)	-	(1,878)	-
Interest accrued to insurance contracts	(2 762)	-	(1,018)	-
Change in financial assumptions through P&L	(10 092)	-	(4,972)	-
Changes related to effect of discount rates applied on initial recognition	32	-	122	-
Change in financial liabilities	11	-	(35)	-
Commissions for investment contracts	(1 023)	-	(1,100)	-
Costs of insurance policies	-	-	(1)	-
Total	**(20 747)**	**-**	**(12,514)**	**-**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 5
REVENUE AND EXPENSES RELATED TO INSURANCE ACTIVITIES (CONTINUED)

RESULT FROM REINSURANCE CONTRACTS HELD

	2024 Group	2023 Group
Amounts relating to changes in LFRC		
- Expected recovery of claims and other expenses	(133)	(196)
- Change in the risk adjustment	(2)	(5)
- CSM recognized	(7)	26
Allocation of reinsurer premium	(142)	(175)
Amounts recovered for claims and other expenses	41	95
Incurred directly attributable expenses	-	-
Changes that relate to past service - recoverable claims and other expenses	17	(68)
Amounts recoverable from reinsurer and incurred expenses	58	27
Total	**(84)**	**(148)**

INSURANCE FINANCE RESULT

	2024 Group	2023 Group
Interest accrued to insurance contracts	(2,762)	(1,018)
Change in financial assumptions through P&L	(10,092)	(4,972)
Effect of unlocking CSM at locked-in rates and FCF at current rates	32	122
Change in assets covering insurance contract liabilities	13,616	6,027
Insurance finance result	**794**	**159**

	2024 Group	2023 Group
Interest accrued to insurance contracts	1	1
Change in financial assumptions through P&L	-	-
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	-
Change in assets covering reinsurance contract liabilities		
Reinsurance finance result	**1**	**1**

Expenses related to insurance activities

	2024 Group	2024 Bank	2023 Group	2023 Bank
*Part of the change of insurance contract liabilities that covers the result of investment of assets under unit-linked contracts**	(13,307)	-	(7,738)	-
Other changes of insurance contract liabilities and other expenses related to insurance activities	(7,440)	-	(4,776)	-
Total expenses related to insurance activities	**(20,747)**	**-**	**(12,514)**	**-**

* The investment result of the insurance company assets under unit-linked contracts is included in the following income statement lines:

	2024 Group	2024 Bank	2023 Group	2023 Bank
Interest and similar income	1,602	-	136	-
Net gain (loss) from operations with securities	11,705	-	7,602	-
Net gain (loss) from foreign exchange	-	-	-	-
Total	**13,307**	**-**	**7,738**	**-**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 6
OTHER INCOME

NET GAIN FROM DISPOSAL OF TANGIBLE ASSETS

In 2023 net gain on disposal of tangible assets (mostly real estate, accounted for as Property, plant and equipment, Investment property or Inventories in the statement of financial position) at the Group amounted to EUR 593 thousand (Bank: net gain of EUR 141 thousand). In 2023 net gain on disposal of tangible assets (mostly real estate, accounted for as Property, plant and equipment, Investment property or Inventories in the statement of financial position) at the Group amounted to EUR 864 thousand (Bank: net gain of EUR 97 thousand).

NET GAIN FROM DERECOGNITION OF FINANCIAL ASSETS

Net gain from derecognition of financial assets (for the year ended 31 December 2024: Group EUR 544 thousand, Bank EUR 778 thousand; for the year ended 31 December 2023: Group EUR 809 thousand, Bank EUR 532 thousand) is based on the difference of the carrying value of loans to customers (accounted at amortized cost) at the moment of sale and the proceeds from sale. Loans to customers facing credit difficulties sold as part of the Group's problem loan recovery activities comprise the major part of loans sold.

Net gain from sale of debt securities at amortized cost as well as from other securities in included in trading income (Note 3).

OTHER OPERATING INCOME

		2024		2023
	Group	**Bank**	**Group**	**Bank**
Income from rent of investment property and other income from investment property	108	-	171	-
Income from rent of other assets	672	819	92	286
Net gain (loss) from modification of financial assets	(40)	-	(11)	(20)
Other income	35	565	(211)	1,456
Total	**775**	**1,384**	**41**	**1,722**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 7
IMPAIRMENT LOSSES

	2024 Group	2024 Bank	2023 Group	2023 Bank
Impairment losses on loans:				
Impairment charge for the year, net (see Note 13)	11,575	5,187	13,198	5,745
Recoveries of loans previously written off	(176)	(161)	(210)	(208)
Total impairment losses (reversals) on loans	**11,399**	**5,026**	**12,988**	**5,537**
Impairment losses on finance lease receivables:				
Impairment charge for the year, net (see Note 14)	(82)	(81)	2,273	2,274
Recovered previously written-off finance lease receivables	-	-	-	-
Total impairment losses (reversals) on finance lease receivables	**(82)**	**(81)**	**2,273**	**2,274**
Total impairment losses (reversals) on loans and finance lease receivables	**11,317**	**4,945**	**15,261**	**7,811**
Impairment losses on financial assets other than loans and finance lease receivables:				
Due from other banks: impairment charge, net (see Note 10)	(42)	(42)	8	8
Debt securities: impairment charge, net (see Note 15)	(150)	(148)	(369)	(378)
Other financial assets: impairment charge, net (see Note 19)	(120)	(120)	618	618
Total impairment losses on financial assets other than loans and finance lease receivables:	**(312)**	**(310)**	**257**	**248**
Non-financial assets:				
Goodwill: impairment charge	-	-	-	-
Non-financial assets other than goodwill: impairment charge	-	-	-	-
Non-financial assets other than goodwill: reversal of impairment charge	-	-	-	-
Total impairment losses on non-financial assets:	**-**	**-**	**-**	**-**
Provisions (see Note 25):				
Provisions for pending legal issues: charge	-	-	-	-
Provisions for commitments and guarantees given: charge / (reversal)	(109)	-	(286)	-
Total provisions:	**(109)**	**-**	**(286)**	**-**
Total impairment losses on other assets	**(421)**	**(310)**	**(29)**	**248**
Impairment losses on subsidiaries (see Note 16):				
Investments in subsidiaries: impairment charge	-	-	-	-
Investments in subsidiaries: reversal of impairment charge	-	-	-	-
Total impairment losses on subsidiaries	**-**	**-**	**-**	**-**
Total	**10,896**	**4,635**	**15,232**	**8,059**

The Bank and the Group held no significant direct loan positions in Russia, Belarus and Ukraine. However, in 2022, the Bank carried out an additional customer analysis due to geopolitical risks and the indirect impact of the Russia/Ukraine war. Since then financial position of part of clients improved and risks related to geopolitical circumstances were managed therefore carrying value of loans still in Watch List decreased to EUR 406 thousand as at 31 December 2023. Due to NPE status removal or partial repayment of loans there were no loans included in NPE list as at 31 December. 31 December 2024, the positions that were included in the Watch List decreased to EUR 8 thousand, No new clients were added to Watchlist during year 2024 because of geopolitical situation. Of the impairment losses of EUR 390 thousand recognized, an impairment reversal for the full amount of the impairment charge was recognized at 31 December 2024.

Impairment losses on other non-financial assets other than goodwill include impairment of investment properties (Note 26), investments classified as held for sale and other non-financial assets (Note 19).

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 8
INCOME TAX

	2024		2023	
	Group	Bank	Group	Bank
Current tax	17,403	16,078	19,662	18,608
Deferred taxes	857	333	984	905
Deferred tax adjustment due to change in tax rate	-	-	-	-
Adjustment of previous year income tax	(601)	(601)	(279)	(279)
Total	**17,659**	**15,810**	**20,367**	**19,234**

The tax on the Bank's and the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2024		2023	
	Group	Bank	Group	Bank
Profit before income tax from continuing operations	96,447	95,096	95,742	94,854
Tax calculated at a tax rate of 15%	14,467	14,264	14,361	14,228
Tax calculated at a tax rate of 5%	4,755	4,755	4,346	4,346
Income not subject to tax	(10,506)	(1,410)	(2,866)	(300)
Expenses not deductible for tax purposes	10,905	163	4,971	1,405
Additional deduction of film, charity expenses	(1,361)	(1,361)	(166)	(166)
Adjustments of previous year income tax	(601)	(601)	(279)	(279)
Unrecognized deferred tax assets for recognized tax losses	-	-	-	-
Income tax charge	**17,659**	**15,810**	**20,367**	**19,234**

Deferred tax assets

	Group							Bank			
	Revaluation of financial instruments and other assets	Impairment of investment property and inventories	Accruals	Right of use	Goodwill (see Note 16)	Carry forward of unused tax losses	Total	Accruals	Right of use	Revaluation of financial instruments and other assets	Total
At 1 January 2023	**4,326**	**208**	**902**	**7**	**-**	**215**	**5,658**	**900**	**7**	**4,326**	**5,233**
To be credited/(charged) to net profit	(776)	(2)	(126)	-	-	(7)	(911)	(125)	(3)	(776)	(904)
To be credited/ (charged) to other comprehensive income	(671)	-	-	-	3,501	-	2,830	-	-	(671)	(671)
At 31 December 2023	**2,879**	**206**	**776**	**7**	**3,501**	**208**	**7,577**	**775**	**4**	**2,879**	**3,658**
To be credited/(charged) to net profit	(979)	(118)	380	33	-	(208)	(892)	615	31	(979)	(333)
To be credited/ (charged) to other comprehensive income	(609)	-	-	-	-	-	(609)	-		(609)	(609)
At 31 December 2024	**1,291**	**88**	**1,156**	**40**	**3,501**	**-**	**6,076**	**1,390**	**35**	**1,291**	**2,716**

NOTE 8
INCOME TAX (CONTINUED)

Deferred tax liabilities

Group

	Funds management rights (see Note 16)	Revaluation of financial instruments and other assets	Total
At 1 January 2023	**-**	**(1,463)**	**(1,463)**
To be credited/(charged) to net profit	(4,574)	(88)	(4,662)
To be credited/ (charged) to other comprehensive income	-	-	-
At 31 December 2023	**(4,574)**	**(1,551)**	**(6,125)**
To be credited/(charged) to net profit	183	(199)	(16)
To be credited/ (charged) to other comprehensive income	-	-	-
At 31 December 2024	**(4,391)**	**(1,750)**	**(6,141)**

Taxable losses of the Group and the Bank are carried forward for indefinite term through the use of future taxable profits. Management of the Bank has estimated that future taxable profits of the Bank and the Group will be sufficient to realize the accumulated tax losses. Therefore deferred tax asset from the accumulated tax losses was recognized.

Projected terms of expected utilization of deferred tax assets, netted with projected payment of deferred tax liabilities, are presented in the table below:

		2024		2023
	Group	**Bank**	**Group**	**Bank**
Up to 1 year	(65)	2,168	1,225	3,227
2-5 years	-	548	227	431
Total	**(65)**	**2,716**	**1,452**	**3,658**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. In Group DTL and DTA not be offset due to differences in their origin. The following amounts are shown in the balance sheet:

		2024		2023
	Group	**Bank**	**Group**	**Bank**
Deferred tax assets	6,076	2,716	7,577	3,658
Deferred tax liabilities	(6,141)	-	(6,125)	-

NOTE 9
EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period. There were no potential ordinary shares at 31 December 2024 and 31 December 2023, therefore the Group had no dilutive potential ordinary shares and diluted earnings per share are equal to basic earnings per share.

The number of shares in issue for the year ended 31 December 2024 was 662.997 and for the year ended 31 December 2023 was 662,997 thousand. Weighted average number of shares in issue for the year ended 31 December 2023 was 662.318 thousand (2023: 602,693 thousand).

Basic earnings per share

Group

	2024	2023
Net profit from continuing operations attributable to equity holders	78,787	75 375
Net profit (loss) from discontinued operations attributable to equity holders	-	-
Net profit attributable to equity holders	**78,787**	**75 375**
Weighted average number of shares in issue during the period (thousand units)	662 318	602 693
Basic earnings per share (EUR)	**0.12**	**0,13**
Basic earnings per share (EUR) from continuing operations	0.12	0,13
Basic earnings per share (EUR) from discontinued operations	-	-

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 10
CASH AND CASH EQUIVALENTS

	2024		2023	
	Group	Bank	Group	Bank
Cash and other valuables	79,537	79,184	71,689	71,579
Balances in bank correspondent accounts:				
Gross value	267,311	258,891	608,719	600,299
Allowance for impairment	(6)	(4)	(44)	(44)
Total balances in bank correspondent accounts, net value	267,305	258,887	608,675	600,255
Placements with Central Bank:				
Correspondent account with Central Bank	28,106	28,106	40,519	40,519
Mandatory reserves in local currency, gross value	20,190	20,190	30,618	30,618
Mandatory reserves in local currency, allowance for impairment	(2)	(2)	(2)	(2)
Total placements with Central Bank, net value	48,294	48,294	71,135	71,135
Total	**395,136**	**386,365**	**751,499**	**742,969**

The compulsory reserves held in the Bank of Lithuania are estimated on a monthly basis based on the value of indicated liabilities using the established compulsory reserve rate. With effect from 1 January 2015, the compulsory reserve rate was set at 1%. The mandatory reserves are held with the Bank of Lithuania in the form of current deposits. The Bank is free to use the funds held in the current account with the Bank of Lithuania, the average monthly amount of which may be not less than the estimated compulsory reserves.

The balances in bank correspondent accounts and placements with Central Bank are classified as Stage 1 financial assets. Breakdown of balances in bank correspondent accounts by credit rating is presented in the table below:

Rating *

	2024		2023	
	Group	Bank	Group	Bank
From AA- to AA+	12,030	4,296	9,981	2,727
From A- to A+	9,096	8,458	27,051	25,890
From BBB- to BBB+	-	-	1,935	1,935
Lower than BBB-	2	2	10	10
No external credit rating (Standard internal rating)	109	109	209	209
No external rating (Substandard internal rating)	47	1	332	327
Total	**21,284**	**12,866**	**39,518**	**31,098**

* for local banks that are subsidiaries of foreign banks, credit rating of the parent institution is used in case no credit rating of the local institution is available.

Reconciliation of allowance for impairment of cash and cash equivalents (including due from banks presented in Note 11) is presented in the table below:

	Group	*Bank*
Allowance for impairment of cash equivalents and due from banks as of 1 January 2023:	**38**	**38**
Change in allowance for impairment	8	8
FX and other movements	-	-
Allowance for impairment of cash equivalents and due from banks as of 31 December 2023:	**46**	**46**
Change in allowance for impairment	(38)	(40)
FX and other movements	-	-
Allowance for impairment of cash equivalents and due from banks as of 31 December 2024:	**8**	**6**

As of 31 December 2024, balances in correspondent accounts in amount of EUR 585 thousand (as of 31 December 2023 - EUR 1,199 thousand) were pledged for derivatives contracts.

Liabilities from financing activities

The table below sets out movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

	2024				2023			
	Dividends payable	Debt securities in issue	Lease liabilities	Total	Dividends payable	Debt securities in issue	Lease liabilities	Total
As at 1 January	**94**	**283,312**	**7,224**	**290,630**	**94**	**180,422**	**7,603**	**188,119**
Dividends declared	32,095	-	-	32,095	15,919	-	-	15,919
Issuance in cash	-	375,000	-	375,000	-	100,000	-	100,000
Contract additions / terminations	-	(210,000)	1,063	(208,937)	-	-	653	653
Payment in cash	(32,159)	-	(1,039)	(33,198)	(15,919)	-	(1,066)	(16,985)
Redemption in cash	-	-	-	-	-	-	-	-
Accrued interest	-	13,166	41	13,207	-	5,795	34	5,829
Coupon payments in cash	-	(13,387)	-	(13,387)	-	(2,905)	-	(2,905)
As at of 31 December	**30**	**448,091**	**7,289**	**455,410**	**94**	**283,312**	**7,224**	**290,630**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 10
CASH AND CASH EQUIVALENTS (CONTINUED)

The table below sets out movements in the Bank's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

				2024				2023
	Dividends payable	**Debt securities in issue**	**Lease liabilities**	**Total**	**Dividends payable**	**Debt securities in issue**	**Lease liabilities**	**Total**
As at 1 January	**94**	**283,312**	**6,393**	**289,799**	**94**	**180,422**	**7,328**	**187,844**
Dividends declared	32,095	-	-	32,095	15,919	-	-	15,919
Issuance in cash	-	375,000	-	375,000	-	100,000	-	100,000
Contract additions / terminations	-	(210,000)	2,063	(207,937)	-	-	559	559
Payment in cash	(32,159)	-	(2,038)	(34,197)	(15,919)	-	(1,524)	(17,443)
Redemption in cash	-	-	-	-	-	-	-	-
Accrued interest	-	13,166	35	13,201	-	5,795	30	5,825
Coupon payments in cash	-	(13,387)	-	(13,387)	-	(2,905)	-	(2,905)
As at of 31 December	**30**	**448,091**	**6,453**	**454,574**	**94**	**283,312**	**6,393**	**289,799**

NOTE 11
DUE FROM OTHER BANKS

		2024		2023
	Group	**Bank**	**Group**	**Bank**
Pledged deposits	2,520	2,520	2,520	2,520
Term deposits	97	97	109	109
Loans	504	504	384	384
Gross value	**3,121**	**3,121**	**3,013**	**3,013**
Allowance for impairment	-	-	-	-
Net value	**3,121**	**3,121**	**3,013**	**3,013**
Breakdown due from other banks by the maturity:				
Short-term (up to 1 year)	3,031	3,031	2,922	2,922
Long-term (over 1 year)	90	90	91	91
Total	**3,121**	**3,121**	**3,013**	**3,013**

As of 31 December 2024 pledged deposits consisted of funds pledged for derivatives contracts. As of 31 December 2024, term deposits amounting to EUR 90 thousand were pledged for the guarantees or letters of credit issued for the Bank's clients. As of 31 December 2023, term deposits amounting to EUR 109 thousand were pledged for the guarantees or letters of credit issued for the Bank's clients.

All amounts due from banks are classified as Stage 1 financial assets. Breakdown of balances due from banks by credit rating is presented in the table below:

Rating *

		2024		2023
	Group	**Bank**	**Group**	**Bank**
From AA- to AA+	90	90	99	99
From A- to A+	2,870	2,870	2,787	2,787
From BBB- to BBB+	161	161	127	127
Total	**3,121**	**3,121**	**3,013**	**3,013**

* for local banks that are subsidiaries of foreign banks, credit rating of the parent institution is used in case no credit rating of the local institution.

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 12
FINANCIAL ASSETS AND LIABILITIES IN THE TRADING BOOK

Total balances of financial assets and liabilities in the trading book are presented in the table below:

		2024		2023
	Group	Bank	Group	Bank
Assets:				
Derivatives:	1,093	1,093	251	241
currency derivatives	1,093	1.093	*251*	*241*
derivatives related to prices of financial instruments	-	-	-	-
Securities in the trading book	235,110	13,543	207,677	20,402
Liabilities:				
Derivatives:	(123)	(123)	(1,041)	(1,041)
currency derivatives	(123)	(123)	*(1,041)*	*(1,041)*
derivatives related to prices of financial instruments	-	-	-	-

Derivative Financial Instruments – Currency Derivatives

As of 31 December 2024 and 31 December 2023, the Group and the Bank had exposure to currency forwards, which represent commitments to purchase and/or sell foreign and local currency in the future at a fixed price.

		2024		2023
	Group	Bank	Group	Bank
Currency forwards:				
Assets	1,093	1,093	251	241
Liabilities	(123)	(123)	(1,041)	(1,041)
Notional amount	93,434	93,434	127,829	127,799
Net gain (loss) from currency derivatives in profit or loss	5,293	5,293	(1,097)	(1,097)

Securities in the Trading Book

		2024		2023
	Group	Bank	Group	Bank
Trading debt securities:	**56,617**	**13,521**	**65 761**	**20 240**
Government bonds	23,059	-	24 839	2 637
Corporate bonds	33,558	13,521	40 922	17 603
Trading equity securities	19,900	22	162	162
Units of investment funds	158,593	-	141,754	-
Total securities in the trading book	**235,110**	**13,543**	**207 677**	**20 402**

Securities in the trading book are comprised of trading securities and other securities that cover technical insurance provisions under unit-linked insurance contracts of life insurance subsidiary. These securities are measured at fair value through profit or loss.

Securities in the trading book have not been pledged as at 31 December 2024 and 2023.

All of the securities in the trading book, except for unlisted securities, are accounted at fair value that is determined using level 1 requirements as described in fair value hierarchy in Section 4.2 of Financial Risk Management, i.e. fair value is based on quoted prices in active markets for identical assets and liabilities. Unlisted securities are accounted at fair value that is determined using level 3 requirements.

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 12
FINANCIAL ASSETS AND LIABILITIES IN THE TRADING BOOK (CONTINUED)

Breakdown of securities in the trading book as at 31 December 2024 and 2023:

	2024		2023	
	Group	Bank	Group	Bank
Trading securities:				
Debt securities	**28,828**	**13,521**	**27,663**	**20,240**
from AA- to AAA	3,492	-	1,588	-
from A- to A+	9,571	-	8,016	2,637
from BBB- to BBB+	1,812	-	204	-
from BB- to BB+	580	148	-	-
lower than BB-	-	-	-	-
no rating	13,373	13,373	17,855	17,603
Equity securities	**22**	**22**	**162**	**162**
listed	22	22	162	162
unlisted	-	-	-	-
units of investment funds	**19,878**	**-**	**-**	**-**
Total trading securities	**48,728**	**13,543**	**27,825**	**20,402**
Other trading book securities:				
Debt securities	**27,789**	**-**	**38,098**	**-**
from AA- to AAA	-	-	106	-
from A- to A+	10,210	-	12,296	-
from BBB- to BBB+	10,591	-	17,826	-
from BB- to BB+	6,454	-	7,804	-
lower than BB-	384	-	-	-
no rating	150	-	66	-
Equity securities	**8,730**	**-**	**2.964**	**-**
listed		-	2,843	-
unlisted	8,730	-	121	-
Total other trading book securities	**36,519**	**-**	**41,062**	**-**
units of investment funds	**149,863**	**-**	**138,790**	**-**
TOTAL	**235,110**	**13,543**	**207,677**	**20,402**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS

	2023 Group	2023 Bank	2022 Group	2022 Bank
Gross loans to customers	3,161,288	3,132,437	2,685,454	2,661,035
Allowance for loan impairment	(49,725)	(33,567)	(43,558)	(30,761)
Net loans at amortized cost	**3,111,563**	**3,098,870**	**2,641,896**	**2,630,274**
Loans at fair value	6,137	6,137	3,208	3,208
NET LOANS TO CUSTOMERS	**3,117,700**	**3,105,007**	**2,645,104**	**2,633,482**
Breakdown of loans to customers according to maturity				
Short-term (up to 1 year)	533,451	725,971	490,392	653,801
Long-term (over 1 year)	2,584,249	2,379,036	2,154,712	1,979,681
Total	**3,117,700**	**3,105,007**	**2,645,104**	**2,633,482**

Due to the macroeconomic situation, the Group maintained a cautious approach to lending in 2024 – the Group's loan portfolio grew by 18% in 2024, primarily driven by strong demand for retail loans, particularly housing and consumer loans (in 2023, the Group's loan portfolio increased by 11%). Despite the accelerated growth, the main focus remained on maintaining the quality of the loan portfolio, ensuring that the share of Stage 2 and Stage 3 loans increased only marginally.

The Bank has provided loans as investment to securitization vehicle through Banks's subsidiaries SB Modernizavimo Fondas UAB and SB Modernizavimo Fondas 2 UAB for financing multiapartment buildings renovation projects. Bank's investments in securitization are provided in several tranches to different investment layers bearing different risk levels.

Reconciliation of the gross loan amount is presented in the following tables.

Group gross loans to customers

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total
Gross carrying amount as at 1 January	**2,410,184**	**200,739**	**77,737**	**2,688,660**	**2,182,994**	**175,801**	**67,067**	**2,425,862**
Transfer between stages:								
from Stage 1 to Stage 2	*(87,951)*	*87,951*	-	-	*(113,847)*	*113,847*	-	-
from Stage 1 to Stage 3	*(12,880)*	-	*12,880*	-	*(15,963)*	-	*15,963*	-
from Stage 2 to Stage 1	*46,910*	*(46,910)*	-	-	*69,792*	*(69,792)*	-	-
from Stage 2 to Stage 3	-	*(15,575)*	*15,575*	-	-	*(22,264)*	*22,264*	-
from Stage 3 to Stage 1	*8,724*	-	*(8,724)*	-	*1,849*	-	*(1,849)*	-
from Stage 3 to Stage 2	-	*3,336*	*(3,336)*	-	-	*13,642*	*(13,642)*	-
New loans originated or loan amounts increased	1,127,742	38,395	5,539	1,171,676	918,841	48,687	13,939	981,467
Loans derecognized during the period (other than write-offs)	(608,537)	(60,289)	(18,682)	(687,508)	(633,478)	(59,131)	(22,190)	(714,799)
Loans written-off during the period	(4)	(84)	(5,311)	(5,399)	(4)	(51)	(3,815)	(3,870)
Reclassifications, FX and other movements	-	(4)	4	-	-	-	-	-
Gross carrying amount as at 31 December	**2,884,188**	**207,559**	**75,682**	**3,167,429**	**2,410,184**	**200,739**	**77,737**	**2,688,660**

Bank gross loans to customers

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total
Gross carrying amount as at 1 January	**2,165,922**	**428,156**	**70,164**	**2,664,242**	**1,986,715**	**349,388**	**61,368**	**2,397,471**
Transfer between stages:								
from Stage 1 to Stage 2	*(78,855)*	*78,855*	-	-	*(101,434)*	*101,434*	-	-
from Stage 1 to Stage 3	*(8,864)*	-	*8,864*	-	*(11,657)*	-	*11,657*	-
from Stage 2 to Stage 1	*40,380*	*(40,380)*	-	-	*69,074*	*(69,074)*	-	-
from Stage 2 to Stage 3	-	*(12,635)*	*12,635*	-	-	*(21,357)*	*21,357*	-
from Stage 3 to Stage 1	*7,586*	-	*(7,586)*	-	*1,200*	-	*(1,200)*	-
from Stage 3 to Stage 2	-	*2,467*	*(2,467)*	-	-	*13,118*	*(13,118)*	-
New loans originated or loan amounts increased	977,242	73,523	3,117	1,053,882	775,147	109,289	12,347	896,783
Loans derecognized during the period (other than write-offs)	(508,541)	(51,866)	(16,770)	(577,177)	(553,123)	(54,642)	(20,556)	(628,321)
Loans written-off during the period	-	-	(2,372)	(2,372)	-	-	(1,690)	(1,690)
Reclassifications, FX and other movements	-	-	-	-	-	-	(1)	(1)
Gross carrying amount as at 31 December	**2,594,870**	**478,120**	**65,585**	**3,138,575**	**2,165,922**	**428,156**	**70,164**	**2,664,242**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

	Group gross loans to individuals (retail)							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**1,201,489**	**44,713**	**31,762**	**1,277,964**	**1,091,641**	**18,135**	**15,721**	**1,125,497**
Transfer between stages:								
from Stage 1 to Stage 2	*(34,270)*	*34,270*	*-*	*-*	*(24,011)*	*24,011*	*-*	*-*
from Stage 1 to Stage 3	*(11,150)*	*-*	*11,150*	*-*	*(15,003)*	*-*	*15,003*	*-*
from Stage 2 to Stage 1	*15,882*	*(15,882)*	*-*	*-*	*4,486*	*(4,486)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(5,542)*	*5,542*	*-*	*-*	*(4,168)*	*4,168*	*-*
from Stage 3 to Stage 1	*8,672*	*-*	*(8,672)*	*-*	*1,771*	*-*	*(1,771)*	*-*
from Stage 3 to Stage 2	*-*	*3,211*	*(3,211)*	*-*	*-*	*1,808*	*(1,808)*	*-*
New loans originated or loan amounts increased	415,324	11,054	4,656	431,034	387,341	16,058	6,881	410,280
Loans derecognized during the period (other than write-offs)	(231,874)	(13,148)	(5,937)	(250,959)	(244,732)	(6,594)	(4,239)	(255,565)
Loans written-off during the period	(4)	(84)	(3,128)	(3,216)	(4)	(51)	(2,193)	(2,248)
Reclassifications, FX and other movements	-	(4)	4	-	-	-	-	-
Gross carrying amount as at 31 December	**1,364,069**	**58,588**	**32,166**	**1,454,823**	**1,201,489**	**44,713**	**31,762**	**1,277,964**

	Bank gross loans to individuals (retail)							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**957,227**	**24,577**	**24,189**	**1,005,993**	**895,362**	**14,449**	**10,022**	**919,833**
Transfer between stages:								
from Stage 1 to Stage 2	*(25,174)*	*25,174*	*-*	*-*	*(11,598)*	*11,598*	*-*	*-*
from Stage 1 to Stage 3	*(7,134)*	*-*	*7,134*	*-*	*(10,697)*	*-*	*10,697*	*-*
from Stage 2 to Stage 1	*9,352*	*(9,352)*	*-*	*-*	*3,768*	*(3,768)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(2,602)*	*2,602*	*-*	*-*	*(3,261)*	*3,261*	*-*
from Stage 3 to Stage 1	*7,534*	*-*	*(7,534)*	*-*	*1,122*	*-*	*(1,122)*	*-*
from Stage 3 to Stage 2	*-*	*2,342*	*(2,342)*	*-*	*-*	*1,284*	*(1,284)*	*-*
New loans originated or loan amounts increased	264,824	2,917	2,233	269,974	243,647	6,380	5,289	255,316
Loans derecognized during the period (other than write-offs)	(131,877)	(4,725)	(4,025)	(140,627)	(164,377)	(2,105)	(2,605)	(169,087)
Loans written-off during the period	-	-	(189)	(189)	-	-	(68)	(68)
Reclassifications, FX and other movements	-	-	-	-	-	-	(1)	(1)
Gross carrying amount as at 31 December	**1,074,752**	**38,331**	**22,068**	**1,135,151**	**957,227**	**24,577**	**24,189**	**1,005,993**

	Group gross loans to individuals (retail): Consumer loans							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**245,875**	**20,289**	**7,752**	**273,916**	**199,202**	**3,767**	**5,886**	**208,855**
Transfer between stages:								
from Stage 1 to Stage 2	*(9,153)*	*9,153*	*-*	*-*	*(12,533)*	*12,533*	*-*	*-*
from Stage 1 to Stage 3	*(4,081)*	*-*	*4,081*	*-*	*(4,429)*	*-*	*4,429*	*-*
from Stage 2 to Stage 1	*6,565*	*(6,565)*	*-*	*-*	*728*	*(728)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(2,997)*	*2,997*	*-*	*-*	*(946)*	*946*	*-*
from Stage 3 to Stage 1	*1,146*	*-*	*(1,146)*	*-*	*650*	*-*	*(650)*	*-*
from Stage 3 to Stage 2	*-*	*872*	*(872)*	*-*	*-*	*528*	*(528)*	*-*
New loans originated or loan amounts increased	151,393	8,206	2,464	162,063	144,610	9,749	1,627	155,986
Loans derecognized during the period (other than write-offs)	(100,755)	(8,466)	(2,041)	(111,262)	(82,349)	(4,563)	(1,796)	(88,708)
Loans written-off during the period	(4)	(84)	(2,950)	(3,038)	(4)	(51)	(2,162)	(2,217)
Reclassifications, FX and other movements	-	(4)	4	-	-	-	-	-
Gross carrying amount as at 31 December	**290,986**	**20,404**	**10,289**	**321,679**	**245,875**	**20,289**	**7,752**	**273,916**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

	Bank gross loans to individuals (retail): Consumer loans							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**1,613**	**153**	**179**	**1,945**	**2,924**	**81**	**186**	**3,191**
Transfer between stages:								
from Stage 1 to Stage 2	*(57)*	*57*	*-*	*-*	*(120)*	*120*	*-*	*-*
from Stage 1 to Stage 3	*(65)*	*-*	*65*	*-*	*(123)*	*-*	*123*	*-*
from Stage 2 to Stage 1	*35*	*(35)*	*-*	*-*	*10*	*(10)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(57)*	*57*	*-*	*-*	*(39)*	*39*	*-*
from Stage 3 to Stage 1	*8*	*-*	*(8)*	*-*	*1*	*-*	*(1)*	*-*
from Stage 3 to Stage 2	*-*	*3*	*(3)*	*-*	*-*	*4*	*(4)*	*-*
New loans originated or loan amounts increased	893	69	43	1,005	915	71	35	1,021
Loans derecognized during the period (other than write-offs)	(757)	(43)	(130)	(930)	(1,994)	(74)	(162)	(2,230)
Loans written-off during the period	-	-	(11)	(11)	-	-	(37)	(37)
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**1,670**	**147**	**192**	**2,009**	**1,613**	**153**	**179**	**1,945**

	Group gross loans to individuals (retail): Mortgages							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**752,135**	**18,379**	**10,929**	**781,443**	**649,660**	**9,828**	**5,762**	**665,250**
Transfer between stages:								
from Stage 1 to Stage 2	*(23,237)*	*23,237*	*-*	*-*	*(9,904)*	*9,904*	*-*	*-*
from Stage 1 to Stage 3	*(4,686)*	*-*	*4,686*	*-*	*(5,462)*	*-*	*5,462*	*-*
from Stage 2 to Stage 1	*5,874*	*(5,874)*	*-*	*-*	*2,890*	*(2,890)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(1,831)*	*1,831*	*-*	*-*	*(1,073)*	*1,073*	*-*
from Stage 3 to Stage 1	*1,843*	*-*	*(1,843)*	*-*	*392*	*-*	*(392)*	*-*
from Stage 3 to Stage 2	*-*	*1,402*	*(1,402)*	*-*	*-*	*1,063*	*(1,063)*	*-*
New loans originated or loan amounts increased	217,890	1,754	420	220,064	179,876	3,120	997	183,993
Loans derecognized during the period (other than write-offs)	(78,315)	(3,393)	(1,762)	(83,470)	(65,317)	(1,573)	(910)	(67,800)
Loans written-off during the period	-	-	(102)	(102)	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**871,504**	**33,674**	**12,757**	**917,935**	**752,135**	**18,379**	**10,929**	**781,443**

	Bank gross loans to individuals (retail): Mortgages							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**752,135**	**18,379**	**10,929**	**781,443**	**649,660**	**9,828**	**5,762**	**665,250**
Transfer between stages:								
from Stage 1 to Stage 2	*(23,237)*	*23,237*	*-*	*-*	*(9,904)*	*9,904*	*-*	*-*
from Stage 1 to Stage 3	*(4,686)*	*-*	*4,686*	*-*	*(5,462)*	*-*	*5,462*	*-*
from Stage 2 to Stage 1	*5,874*	*(5,874)*	*-*	*-*	*2,890*	*(2,890)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(1,831)*	*1,831*	*-*	*-*	*(1,073)*	*1,073*	*-*
from Stage 3 to Stage 1	*1,843*	*-*	*(1,843)*	*-*	*392*	*-*	*(392)*	*-*
from Stage 3 to Stage 2	*-*	*1,402*	*(1,402)*	*-*	*-*	*1,063*	*(1,063)*	*-*
New loans originated or loan amounts increased	217,890	1,754	419	220,063	179,876	3,120	997	183,993
Loans derecognized during the period (other than write-offs)	(78,315)	(3,393)	(1,762)	(83,470)	(65,317)	(1,573)	(910)	(67,800)
Loans written-off during the period	-	-	(102)	(102)	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**871,504**	**33,674**	**12,756**	**917,934**	**752,135**	**18,379**	**10,929**	**781,443**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

	Group gross loans to individuals (retail): Other							
				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January	**203,479**	**6,045**	**13,081**	**222,605**	**242,779**	**4,540**	**4,073**	**251,392**
Transfer between stages:								
from Stage 1 to Stage 2	*(1,880)*	*1,880*	*-*	*-*	*(1,574)*	*1,574*	*-*	*-*
from Stage 1 to Stage 3	*(2,383)*	*-*	*2,383*	*-*	*(5,112)*	*-*	*5,112*	*-*
from Stage 2 to Stage 1	*3,443*	*(3,443)*	*-*	*-*	*868*	*(868)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(714)*	*714*	*-*	*-*	*(2,149)*	*2,149*	*-*
from Stage 3 to Stage 1	*5,683*	*-*	*(5,683)*	*-*	*729*	*-*	*(729)*	*-*
from Stage 3 to Stage 2	*-*	*937*	*(937)*	*-*	*-*	*217*	*(217)*	*-*
New loans originated or loan amounts increased	46,041	1,094	1,772	48,907	62,855	3,189	4,257	70,301
Loans derecognized during the period (other than write-offs)	(52,804)	(1,289)	(2,134)	(56,227)	(97,066)	(458)	(1,533)	(99,057)
Loans written-off during the period	-	-	(76)	(76)	-	-	(31)	(31)
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**201,579**	**4,510**	**9,120**	**215,209**	**203,479**	**6,045**	**13,081**	**222,605**

	Bank gross loans to individuals (retail): Other							
				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January	**203,479**	**6,045**	**13,081**	**222,605**	**242,779**	**4,540**	**4,073**	**251,392**
Transfer between stages:								
from Stage 1 to Stage 2	*(1,880)*	*1,880*	*-*	*-*	*(1,574)*	*1,574*	*-*	*-*
from Stage 1 to Stage 3	*(2,383)*	*-*	*2,383*	*-*	*(5,112)*	*-*	*5,112*	*-*
from Stage 2 to Stage 1	*3,443*	*(3,443)*	*-*	*-*	*868*	*(868)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(714)*	*714*	*-*	*-*	*(2,149)*	*2,149*	*-*
from Stage 3 to Stage 1	*5,683*	*-*	*(5,683)*	*-*	*729*	*-*	*(729)*	*-*
from Stage 3 to Stage 2	*-*	*937*	*(937)*	*-*	*-*	*217*	*(217)*	*-*
New loans originated or loan amounts increased	46,041	1,094	1,771	48,906	62,855	3,189	4,257	70,301
Loans derecognized during the period (other than write-offs)	(52,805)	(1,289)	(2,133)	(56,227)	(97,066)	(458)	(1,533)	(99,057)
Loans written-off during the period	-	-	(76)	(76)	-	-	(31)	(31)
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**201,578**	**4,510**	**9,120**	**215,208**	**203,479**	**6,045**	**13,081**	**222,605**

	Group gross loans to financial institutions							
				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January	**26,596**	**-**	**-**	**26,596**	**18,088**	**-**	**-**	**18,088**
Transfer between stages:								
from Stage 1 to Stage 2	-	-	-	-	-	-	-	-
from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
from Stage 2 to Stage 1	-	-	-	-	-	-	-	-
from Stage 2 to Stage 3	-	-	-	-	-	-	-	-
from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
New loans originated or loan amounts increased	20,314	(1)	-	20,313	26,596	-	-	26,596
Loans derecognized during the period (other than write-offs)	(26,596)	-	-	(26,596)	(18,088)	-	-	(18,088)
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**20,314**	**(1)**	**-**	**20,313**	**26,596**	**-**	**-**	**26,596**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

	Bank gross loans to financial institutions							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**26,596**	**247,553**	**-**	**274,149**	**18,088**	**177,273**	**-**	**195,361**
Transfer between stages:								
from Stage 1 to Stage 2	-	-	-	-	-	-	-	-
from Stage 1 to Stage 3	-	-	-	-	-	-	-	-
from Stage 2 to Stage 1	-	-	-	-	-	-	-	-
from Stage 2 to Stage 3	-	-	-	-	-	-	-	-
from Stage 3 to Stage 1	-	-	-	-	-	-	-	-
from Stage 3 to Stage 2	-	-	-	-	-	-	-	-
New loans originated or loan amounts increased	20,314	43,264	-	63,578	26,596	70,280	-	96,876
Loans derecognized during the period (other than write-offs)	(26,596)	-	-	(26,596)	(18,088)	-	-	(18,088)
Loans written-off during the period	-	-	-	-	-	-		-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**20,314**	**290,817**	**-**	**311,131**	**26,596**	**247,553**	**-**	**274,149**

	Group gross loans to business customers							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**1,182,099**	**156,026**	**45,975**	**1,384,100**	**1,073,265**	**157,666**	**51,346**	**1,282,277**
Transfer between stages:								
from Stage 1 to Stage 2	(53,681)	53,681	-	-	(89,836)	89,836	-	-
from Stage 1 to Stage 3	(1,730)	-	1,730	-	(960)	-	960	-
from Stage 2 to Stage 1	31,028	(31,028)	-	-	65,306	(65,306)	-	-
from Stage 2 to Stage 3	-	(10,033)	10,033	-	-	(18,096)	18,096	-
from Stage 3 to Stage 1	52	-	(52)	-	78	-	(78)	-
from Stage 3 to Stage 2	-	125	(125)	-	-	11,834	(11,834)	-
New loans originated or loan amounts increased	692,104	27,342	883	720,329	504,904	32,629	7,058	544,591
Loans derecognized during the period (other than write-offs)	(350,067)	(47,141)	(12,745)	(409,953)	(370,658)	(52,537)	(17,951)	(441,146)
Loans written-off during the period	-	-	(2,183)	(2,183)	-	-	(1,622)	(1,622)
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**1,499,805**	**148,972**	**43,516**	**1,692,293**	**1,182,099**	**156,026**	**45,975**	**1,384,100**

	Bank gross loans to business customers							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**1,182,099**	**156,026**	**45,975**	**1,384,100**	**1,073,265**	**157,666**	**51,346**	**1,282,277**
Transfer between stages:								
from Stage 1 to Stage 2	(53,681)	53,681	-	-	(89,836)	89,836	-	-
from Stage 1 to Stage 3	(1,730)	-	1,730	-	(960)	-	960	-
from Stage 2 to Stage 1	31,028	(31,028)	-	-	65,306	(65,306)	-	-
from Stage 2 to Stage 3	-	(10,033)	10,033	-	-	(18,096)	18,096	-
from Stage 3 to Stage 1	52	-	(52)	-	78	-	(78)	-
from Stage 3 to Stage 2	-	125	(125)	-	-	11,834	(11,834)	-
New loans originated or loan amounts increased	692,104	27,342	884	720,330	504,904	32,629	7,058	544,591
Loans derecognized during the period (other than write-offs)	(350,068)	(47,141)	(12,745)	(409,954)	(370,658)	(52,537)	(17,951)	(441,146)
Loans written-off during the period	-	-	(2,183)	(2,183)	-	-	(1,622)	(1,622)
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**1,499,804**	**148,972**	**43,517**	**1,692,293**	**1,182,099**	**156,026**	**45,975**	**1,384,100**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

Group gross loans to business customers: Large corporates

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total
Gross carrying amount as at 1 January	**89,586**	**3,058**	**17,209**	**109,853**	**74,257**	**29,964**	**1,596**	**105,817**
Transfer between stages:								
from Stage 1 to Stage 2	*(1,771)*	*1,771*	*-*	*-*	*(4,808)*	*4,808*	*-*	*-*
from Stage 1 to Stage 3	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 2 to Stage 1	*1,768*	*(1,768)*	*-*	*-*	*8,005*	*(8,005)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*-*	*-*	*-*	*-*	*(15,558)*	*15,558*	*-*
from Stage 3 to Stage 1	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 3 to Stage 2	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
New loans originated or loan amounts increased	156,440	3,457	97	159,994	52,549	-	1,575	54,124
Loans derecognized during the period (other than write-offs)	(48,487)	(1,068)	(120)	(49,675)	(40,417)	(8,151)	(1,520)	(50,088)
Loans written-off during the period	-	-	(924)	(924)	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**197,536**	**5,450**	**16,262**	**219,248**	**89,586**	**3,058**	**17,209**	**109,853**

Bank gross loans to business customers: Large corporates

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total
Gross carrying amount as at 1 January	**89,586**	**3,058**	**17,209**	**109,853**	**74,257**	**29,964**	**1,596**	**105,817**
Transfer between stages:								
from Stage 1 to Stage 2	*(1,771)*	*1,771*	*-*	*-*	*(4,808)*	*4,808*	*-*	*-*
from Stage 1 to Stage 3	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 2 to Stage 1	*1,768*	*(1,768)*	*-*	*-*	*8,005*	*(8,005)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*-*	*-*	*-*	*-*	*(15,558)*	*15,558*	*-*
from Stage 3 to Stage 1	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 3 to Stage 2	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
New loans originated or loan amounts increased	156,440	3,457	97	159,994	52,549	-	1,575	54,124
Loans derecognized during the period (other than write-offs)	(48,487)	(1,068)	(120)	(49,675)	(40,417)	(8,151)	(1,520)	(50,088)
Loans written-off during the period	-	-	(924)	(924)	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**197,536**	**5,450**	**16,262**	**219,248**	**89,586**	**3,058**	**17,209**	**109,853**

Group gross loans to business customers: SME

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total
Gross carrying amount as at 1 January	**1,029,699**	**148,125**	**27,423**	**1,205,247**	**918,608**	**125,779**	**48,308**	**1,092,695**
Transfer between stages:								
from Stage 1 to Stage 2	*(51,451)*	*51,451*	*-*	*-*	*(81,238)*	*81,238*	*-*	*-*
from Stage 1 to Stage 3	*(1,730)*	*-*	*1,730*	*-*	*(960)*	*-*	*960*	*-*
from Stage 2 to Stage 1	*25,405*	*(25,405)*	*-*	*-*	*57,301*	*(57,301)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(10,033)*	*10,033*	*-*	*-*	*(2,538)*	*2,538*	*-*
from Stage 3 to Stage 1	*52*	*-*	*(52)*	*-*	*78*	*-*	*(78)*	*-*
from Stage 3 to Stage 2	*-*	*125*	*(125)*	*-*	*-*	*11,834*	*(11,834)*	*-*
New loans originated or loan amounts increased	527,750	23,885	786	552,421	433,108	32,321	5,483	470,912
Loans derecognized during the period (other than write-offs)	(279,691)	(45,395)	(12,581)	(337,667)	(297,198)	(43,208)	(16,332)	(356,738)
Loans written-off during the period	-	-	(1,259)	(1,259)	-	-	(1,622)	(1,622)
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**1,250,034**	**142,753**	**25,955**	**1,418,742**	**1,029,699**	**148,125**	**27,423**	**1,205,247**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

	Bank gross loans to business customers: SME							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**1,029,699**	**148,125**	**27,423**	**1,205,247**	**918,608**	**125,779**	**48,308**	**1,092,695**
Transfer between stages:								
from Stage 1 to Stage 2	*(51,451)*	*51,451*	*-*	*-*	*(81,238)*	*81,238*	*-*	*-*
from Stage 1 to Stage 3	*(1,730)*	*-*	*1,730*	*-*	*(960)*	*-*	*960*	*-*
from Stage 2 to Stage 1	*25,405*	*(25,405)*	*-*	*-*	*57,301*	*(57,301)*	*-*	*-*
from Stage 2 to Stage 3	*-*	*(10,033)*	*10,033*	*-*	*-*	*(2,538)*	*2,538*	*-*
from Stage 3 to Stage 1	*52*	*-*	*(52)*	*-*	*78*	*-*	*(78)*	*-*
from Stage 3 to Stage 2	*-*	*125*	*(125)*	*-*	*-*	*11,834*	*(11,834)*	*-*
New loans originated or loan amounts increased	527,750	23,885	787	552,422	433,108	32,321	5,483	470,912
Loans derecognized during the period (other than write-offs)	(279,691)	(45,395)	(12,581)	(337,667)	(297,198)	(43,208)	(16,332)	(356,738)
Loans written-off during the period	-	-	(1,259)	(1,259)	-	-	(1,622)	(1,622)
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**1,250,034**	**142,753**	**25,956**	**1,418,743**	**1,029,699**	**148,125**	**27,423**	**1,205,247**

	Group gross loans to business customers: Central and local authorities and other							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**62,814**	**4,843**	**1,343**	**69,000**	**80,400**	**1,923**	**1,442**	**83,765**
Transfer between stages:								
from Stage 1 to Stage 2	*(459)*	*459*	*-*	*-*	*(3,790)*	*3,790*	*-*	*-*
from Stage 1 to Stage 3	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 2 to Stage 1	*3,855*	*(3,855)*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 2 to Stage 3	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 3 to Stage 1	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 3 to Stage 2	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
New loans originated or loan amounts increased	7,914	-	-	7,914	19,247	308	-	19,555
Loans derecognized during the period (other than write-offs)	(21,889)	(678)	(44)	(22,611)	(33,043)	(1,178)	(99)	(34,320)
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**52,235**	**769**	**1,299**	**54,303**	**62,814**	**4,843**	**1,343**	**69,000**

	Bank gross loans to business customers: Central and local authorities and other							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January	**62,814**	**4,843**	**1,343**	**69,000**	**80,400**	**1,923**	**1,442**	**83,765**
Transfer between stages:								
from Stage 1 to Stage 2	*(459)*	*459*	*-*	*-*	*(3,790)*	*3,790*	*-*	*-*
from Stage 1 to Stage 3	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 2 to Stage 1	*3,855*	*(3,855)*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 2 to Stage 3	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 3 to Stage 1	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
from Stage 3 to Stage 2	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
New loans originated or loan amounts increased	7,914	-	-	7,914	19,247	308	-	19,555
Loans derecognized during the period (other than write-offs)	(21,890)	(678)	(44)	(22,612)	(33,043)	(1,178)	(99)	(34,320)
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 December	**52,234**	**769**	**1,299**	**54,302**	**62,814**	**4,843**	**1,343**	**69,000**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

Movements in allowance for loan impairment by separate class are provided below:

	Group loss allowance against loans to customers							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**21,262**	**6,284**	**16,010**	**43,556**	**13,539**	**2,412**	**18,282**	**34,233**
Movements with impact to profit or loss:								
New loans originated	16,095	1,408	598	18,101	10,088	1,220	122	11,430
Loans derecognized during the period (other than write-offs)	(2,712)	(1,239)	(5,376)	(9,327)	(1,683)	(1,043)	(4,548)	(7,274)
Changes due to change in credit risk (net)	(9,583)	(865)	10,667	219	(6,107)	1,041	6,929	1,863
Update in the methodology for loss allowance estimation	297	(174)	2,465	2,588	5,429	2,705	(960)	7,174
Total movements with impact to profit or loss:	**4,097**	**(870)**	**8,354**	**11,581**	**7,727**	**3,923**	**1,543**	**13,193**
Movements without impact to profit or loss:								
Loans written-off during the period	(4)	(84)	(5,311)	(5,399)	(4)	(51)	(3,815)	(3,870)
Reclassifications, FX and other movements	(6)	(3)	-	(9)	-	-	-	-
Total movements without impact to profit or loss:	**(10)**	**(87)**	**(5,311)**	**(5,408)**	**(4)**	**(51)**	**(3,815)**	**(3,870)**
Amount as at 31 December	**25,349**	**5,327**	**19,053**	**49,729**	**21,262**	**6,284**	**16,010**	**43,556**

	Bank loss allowance against loans to customers							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**15,954**	**2,279**	**12,527**	**30,760**	**9,427**	**1,676**	**15,606**	**26,709**
Movements with impact to profit or loss:								
New loans originated	12,289	45	468	12,802	7,162	585	31	7,778
Loans derecognized during the period (other than write-offs)	(1,997)	(183)	(3,126)	(5,306)	(1,158)	(503)	(2,931)	(4,592)
Changes due to change in credit risk (net)	(7,342)	(741)	4,454	(3,629)	(4,903)	131	2,868	(1,904)
Update in the methodology for loss allowance estimation	(506)	(602)	2,431	1,323	5,427	390	(1,357)	4,460
Total movements with impact to profit or loss:	**2,444**	**(1,481)**	**4,227**	**5,190**	**6,528**	**603**	**(1,389)**	**5,742**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(2,372)	(2,372)	-	-	(1,690)	(1,690)
Reclassifications, FX and other movements	(7)	(3)	-	(10)	(1)	-	-	(1)
Total movements without impact to profit or loss:	**(7)**	**(3)**	**(2,372)**	**(2,382)**	**(1)**	**-**	**(1,690)**	**(1,691)**
Amount as at 31 December	**18,391**	**795**	**14,382**	**33,568**	**15,954**	**2,279**	**12,527**	**30,760**

	Group loss allowance against loans to customers: Loans to individuals (Retail)							
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**8,968**	**4,195**	**6,598**	**19,761**	**5,964**	**814**	**4,750**	**11,528**
Movements with impact to profit or loss:								
New loans originated	4,172	1,389	173	5,734	3,969	671	106	4,746
Loans derecognized during the period (other than write-offs)	(756)	(1,069)	(2,725)	(4,550)	(573)	(543)	(1,821)	(2,937)
Changes due to change in credit risk (net)	(3,335)	(137)	6,336	2,864	(2,183)	1,020	6,796	5,633
Update in the methodology for loss allowance estimation	1,136	373	1,243	2,752	1,794	2,284	(1,040)	3,038
Total movements with impact to profit or loss:	**1,217**	**556**	**5,027**	**6,800**	**3,007**	**3,432**	**4,041**	**10,480**
Movements without impact to profit or loss:								
Loans written-off during the period	(4)	(84)	(3,128)	(3,216)	(4)	(51)	(2,193)	(2,248)
Reclassifications, FX and other movements	(2)	(2)	-	(4)	1	-	-	1
Total movements without impact to profit or loss:	**(6)**	**(86)**	**(3,128)**	**(3,220)**	**(3)**	**(51)**	**(2,193)**	**(2,247)**
Amount as at 31 December	**10,179**	**4,665**	**8,497**	**23,341**	**8,968**	**4,195**	**6,598**	**19,761**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

Bank loss allowance against loans to customers: Loans to individuals (Retail)								
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**3,660**	**190**	**3,115**	**6,965**	**1,852**	**78**	**2,074**	**4,004**
Movements with impact to profit or loss:								
New loans originated	365	26	43	434	1,043	36	15	1,094
Loans derecognized during the period (other than write-offs)	(41)	(13)	(475)	(529)	(48)	(3)	(204)	(255)
Changes due to change in credit risk (net)	(1,094)	(13)	125	(982)	(979)	110	2,735	1,866
Update in the methodology for loss allowance estimation	333	(55)	1,209	1,487	1,792	(31)	(1,437)	324
Total movements with impact to profit or loss:	**(437)**	**(55)**	**902**	**410**	**1,808**	**112**	**1,109**	**3,029**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(189)	(189)	-	-	(68)	(68)
Reclassifications, FX and other movements	(3)	(2)	-	(5)	-	-	-	-
Total movements without impact to profit or loss:	**(3)**	**(2)**	**(189)**	**(194)**	**-**	**-**	**(68)**	**(68)**
Amount as at 31 December	**3,220**	**133**	**3,828**	**7,181**	**3,660**	**190**	**3,115**	**6,965**

Group loss allowance against loans to customers: Loans to individuals (Retail) – Consumer loans								
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**5,370**	**4,026**	**3,606**	**13,002**	**4,169**	**739**	**2,795**	**7,703**
Movements with impact to profit or loss:								
New loans originated	3,823	1,364	136	5,323	2,936	636	99	3,671
Loans derecognized during the period (other than write-offs)	(728)	(1,058)	(2,308)	(4,094)	(535)	(541)	(1,701)	(2,777)
Changes due to change in credit risk (net)	(2,242)	(127)	6,248	3,879	(1,221)	922	4,174	3,875
Update in the methodology for loss allowance estimation	815	430	34	1,279	24	2,321	401	2,746
Total movements with impact to profit or loss:	**1,668**	**609**	**4,110**	**6,387**	**1,204**	**3,338**	**2,973**	**7,515**
Movements without impact to profit or loss:								
Loans written-off during the period	(4)	(84)	(2,950)	(3,038)	(4)	(51)	(2,162)	(2,217)
Reclassifications, FX and other movements	-	(1)	-	(1)	1	-	-	1
Total movements without impact to profit or loss:	**(4)**	**(85)**	**(2,950)**	**(3,039)**	**(3)**	**(51)**	**(2,162)**	**(2,216)**
Amount as at 31 December	**7,034**	**4,550**	**4,766**	**16,350**	**5,370**	**4,026**	**3,606**	**13,002**

Bank loss allowance against loans to customers: Loans to individuals (Retail) – Consumer loans								
				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**62**	**21**	**123**	**206**	**57**	**3**	**119**	**179**
Movements with impact to profit or loss:								
New loans originated	17	1	6	24	10	1	8	19
Loans derecognized during the period (other than write-offs)	(12)	(2)	(58)	(72)	(10)	(1)	(84)	(95)
Changes due to change in credit risk (net)	(1)	(3)	36	32	(17)	12	113	108
Update in the methodology for loss allowance estimation	11	2	1	14	22	6	4	32
Total movements with impact to profit or loss:	**15**	**(2)**	**(15)**	**(2)**	**5**	**18**	**41**	**64**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(11)	(11)	-	-	(37)	(37)
Reclassifications, FX and other movements	(1)	(1)	-	(2)	-	-	-	-
Total movements without impact to profit or loss:	**(1)**	**(1)**	**(11)**	**(13)**	**-**	**-**	**(37)**	**(37)**
Amount as at 31 December	**76**	**18**	**97**	**191**	**62**	**21**	**123**	**206**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

Group loss allowance against loans to customers: Loans to individuals (Retail) – Mortgages

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**177**	**45**	**2,290**	**2,512**	**759**	**37**	**1,126**	**1,922**
Movements with impact to profit or loss:								
New loans originated	116	2	35	153	329	2	7	338
Loans derecognized during the period (other than write-offs)	(8)	(10)	(353)	(371)	(29)	(2)	(109)	(140)
Changes due to change in credit risk (net)	(109)	(1)	10	(100)	(183)	111	1,254	1,182
Update in the methodology for loss allowance estimation	20	(7)	71	84	(699)	(103)	12	(790)
Total movements with impact to profit or loss:	**19**	**(16)**	**(237)**	**(234)**	**(582)**	**8**	**1,164**	**590**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(102)	(102)	-	-	-	-
Reclassifications, FX and other movements	(1)	-	-	(1)	-	-	-	-
Total movements without impact to profit or loss:	**(1)**	**-**	**(102)**	**(103)**	**-**	**-**	**-**	**-**
Amount as at 31 December	**195**	**29**	**1,951**	**2,175**	**177**	**45**	**2,290**	**2,512**

Bank loss allowance against loans to customers: Loans to individuals (Retail) – Mortgages

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**177**	**45**	**2,290**	**2,512**	**759**	**37**	**1,126**	**1,922**
Movements with impact to profit or loss:								
New loans originated	116	2	35	153	329	2	7	338
Loans derecognized during the period (other than write-offs)	(8)	(10)	(353)	(371)	(29)	(2)	(109)	(140)
Changes due to change in credit risk (net)	(109)	(1)	11	(99)	(183)	111	1,254	1,182
Update in the methodology for loss allowance estimation	20	(7)	70	83	(699)	(103)	12	(790)
Total movements with impact to profit or loss:	**19**	**(16)**	**(237)**	**(234)**	**(582)**	**8**	**1,164**	**590**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(102)	(102)	-	-	-	-
Reclassifications, FX and other movements	(1)	-	-	(1)	-	-	-	-
Total movements without impact to profit or loss:	**(1)**	**-**	**(102)**	**(103)**	**-**	**-**	**-**	**-**
Amount as at 31 December	**195**	**29**	**1,951**	**2,175**	**177**	**45**	**2,290**	**2,512**

Group loss allowance against loans to customers: Loans to individuals (Retail) – Other

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**3,421**	**124**	**702**	**4,247**	**1,036**	**38**	**829**	**1,903**
Movements with impact to profit or loss:								
New loans originated	233	23	2	258	704	33	-	737
Loans derecognized during the period (other than write-offs)	(20)	(1)	(64)	(85)	(9)	-	(11)	(20)
Changes due to change in credit risk (net)	(984)	(9)	78	(915)	(779)	(13)	1,368	576
Update in the methodology for loss allowance estimation	301	(50)	1,138	1,389	2,469	66	(1,453)	1,082
Total movements with impact to profit or loss:	**(470)**	**(37)**	**1,154**	**647**	**2,385**	**86**	**(96)**	**2,375**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(76)	(76)	-	-	(31)	(31)
Reclassifications, FX and other movements	(1)	(1)	-	(2)	-	-	-	-
Total movements without impact to profit or loss:	**(1)**	**(1)**	**(76)**	**(78)**	**-**	**-**	**(31)**	**(31)**
Amount as at 31 December	**2,950**	**86**	**1,780**	**4,816**	**3,421**	**124**	**702**	**4,247**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

Bank loss allowance against loans to customers: Loans to individuals (Retail) – Other

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**3,421**	**124**	**702**	**4,247**	**1,036**	**38**	**829**	**1,903**
Movements with impact to profit or loss:								
New loans originated	232	23	2	257	704	33	-	737
Loans derecognized during the period (other than write-offs)	(21)	(1)	(64)	(86)	(9)	-	(11)	(20)
Changes due to change in credit risk (net)	(984)	(9)	78	(915)	(779)	(13)	1,368	576
Update in the methodology for loss allowance estimation	302	(50)	1,138	1,390	2,469	66	(1,453)	1,082
Total movements with impact to profit or loss:	**(471)**	**(37)**	**1,154**	**646**	**2,385**	**86**	**(96)**	**2,375**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(76)	(76)	-	-	(31)	(31)
Reclassifications, FX and other movements	(1)	(1)	-	(2)	-	-	-	-
Total movements without impact to profit or loss:	**(1)**	**(1)**	**(76)**	**(78)**	**-**	**-**	**(31)**	**(31)**
Amount as at 31 December	**2,949**	**86**	**1,780**	**4,815**	**3,421**	**124**	**702**	**4,247**

Group loss allowance against loans to customers: Loans to financial institutions

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**183**	**-**	**-**	**183**	**9**	**-**	**-**	**9**
Movements with impact to profit or loss:								
New loans originated	27	-	-	27	15	54	-	69
Loans derecognized during the period (other than write-offs)	(154)	-	-	(154)	(8)	(1)	-	(9)
Changes due to change in credit risk (net)	11	-	-	11	22	(53)	-	(31)
Update in the methodology for loss allowance estimation	(40)	-	-	(40)	145	-	-	145
Total movements with impact to profit or loss:	**(156)**	**-**	**-**	**(156)**	**174**	**-**	**-**	**174**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	(1)	-	-	(1)	-	-	-	-
Total movements without impact to profit or loss:	**(1)**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**
Amount as at 31 December	**26**	**-**	**-**	**26**	**183**	**-**	**-**	**183**

Bank loss allowance against loans to customers: Loans to financial institutions

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**183**	**-**	**-**	**183**	**9**	**-**	**-**	**9**
Movements with impact to profit or loss:								
New loans originated	28	-	-	28	15	54	-	69
Loans derecognized during the period (other than write-offs)	(154)	-	-	(154)	(8)	(1)	-	(9)
Changes due to change in credit risk (net)	11	-	-	11	22	(53)	-	(31)
Update in the methodology for loss allowance estimation	(40)	-	-	(40)	145	-	-	145
Total movements with impact to profit or loss:	**(155)**	**-**	**-**	**(155)**	**174**	**-**	**-**	**174**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	(1)	-	-	(1)	-	-	-	-
Total movements without impact to profit or loss:	**(1)**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**
Amount as at 31 December	**27**	**-**	**-**	**27**	**183**	**-**	**-**	**183**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

Group loss allowance against loans to customers: Loans to business customers

	Stage 1	Stage 2	Stage 3	2024 Total	Stage 1	Stage 2	Stage 3	2023 Total
Loss allowance as at 1 January	**12,111**	**2,089**	**9,412**	**23,612**	**7,566**	**1,598**	**13,532**	**22,696**
Movements with impact to profit or loss:								
New loans originated	11,896	19	425	12,340	6,104	495	16	6,615
Loans derecognized during the period (other than write-offs)	(1,802)	(170)	(2,651)	(4,623)	(1,102)	(499)	(2,727)	(4,328)
Changes due to change in credit risk (net)	(6,259)	(728)	4,331	(2,656)	(3,946)	74	133	(3,739)
Update in the methodology for loss allowance estimation	(799)	(547)	1,222	(124)	3,490	421	80	3,991
Total movements with impact to profit or loss:	**3,036**	**(1,426)**	**3,327**	**4,937**	**4,546**	**491**	**(2,498)**	**2,539**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(2,183)	(2,183)	-	-	(1,622)	(1,622)
Reclassifications, FX and other movements	(3)	(1)	-	(4)	(1)	-	-	(1)
Total movements without impact to profit or loss:	**(3)**	**(1)**	**(2,183)**	**(2,187)**	**(1)**	**-**	**(1,622)**	**(1,623)**
Amount as at 31 December	**15,144**	**662**	**10,556**	**26,362**	**12,111**	**2,089**	**9,412**	**23,612**

Bank loss allowance against loans to customers: Loans to business customers

	Stage 1	Stage 2	Stage 3	2024 Total	Stage 1	Stage 2	Stage 3	2023 Total
Loss allowance as at 1 January	**12,111**	**2,089**	**9,412**	**23,612**	**7,566**	**1,598**	**13,532**	**22,696**
Movements with impact to profit or loss:								
New loans originated	11,896	19	425	12,340	6,104	495	16	6,615
Loans derecognized during the period (other than write-offs)	(1,802)	(170)	(2,651)	(4,623)	(1,102)	(499)	(2,727)	(4,328)
Changes due to change in credit risk (net)	(6,259)	(728)	4,329	(2,658)	(3,946)	74	133	(3,739)
Update in the methodology for loss allowance estimation	(799)	(547)	1,222	(124)	3,490	421	80	3,991
Total movements with impact to profit or loss:	**3,036**	**(1,426)**	**3,325**	**4,935**	**4,546**	**491**	**(2,498)**	**2,539**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(2,183)	(2,183)	-	-	(1,622)	(1,622)
Reclassifications, FX and other movements	(3)	(1)	-	(4)	(1)	-	-	(1)
Total movements without impact to profit or loss:	**(3)**	**(1)**	**(2,183)**	**(2,187)**	**(1)**	**-**	**(1,622)**	**(1,623)**
Amount as at 31 December	**15,144**	**662**	**10,554**	**26,360**	**12,111**	**2,089**	**9,412**	**23,612**

Group loss allowance against loans to customers: Loans to business customers – Large corporates

	Stage 1	Stage 2	Stage 3	2024 Total	Stage 1	Stage 2	Stage 3	2023 Total
Loss allowance as at 1 January	**651**	**6**	**1,127**	**1,784**	**301**	**273**	**1,596**	**2,170**
Movements with impact to profit or loss:								
New loans originated	148	-	347	495	385	221	16	622
Loans derecognized during the period (other than write-offs)	(133)	(1)	(1,086)	(1,220)	(39)	(272)	(1)	(312)
Changes due to change in credit risk (net)	(81)	(8)	2,602	2,513	292	(214)	(581)	(503)
Update in the methodology for loss allowance estimation	(90)	6	29	(55)	(288)	(2)	97	(193)
Total movements with impact to profit or loss:	**(156)**	**(3)**	**1,892**	**1,733**	**350**	**(267)**	**(469)**	**(386)**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(924)	(924)	-	-	-	-
Reclassifications, FX and other movements	(1)	-	-	(1)	-	-	-	-
Total movements without impact to profit or loss:	**(1)**	**-**	**(924)**	**(925)**	**-**	**-**	**-**	**-**
Amount as at 31 December	**494**	**3**	**2,095**	**2,592**	**651**	**6**	**1,127**	**1,784**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

Bank loss allowance against loans to customers: Loans to business customers – Large corporates

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**651**	**6**	**1,127**	**1,784**	**301**	**273**	**1,596**	**2,170**
Movements with impact to profit or loss:								
New loans originated	148	-	347	495	385	221	16	622
Loans derecognized during the period (other than write-offs)	(133)	(1)	(1,087)	(1,221)	(39)	(272)	(1)	(312)
Changes due to change in credit risk (net)	(81)	(8)	2,602	2,513	292	(214)	(581)	(503)
Update in the methodology for loss allowance estimation	(90)	6	29	(55)	(288)	(2)	97	(193)
Total movements with impact to profit or loss:	**(156)**	**(3)**	**1,891**	**1,732**	**350**	**(267)**	**(469)**	**(386)**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(924)	(924)	-	-	-	-
Reclassifications, FX and other movements	(1)	-	-	(1)	-	-	-	-
Total movements without impact to profit or loss:	**(1)**	**-**	**(924)**	**(925)**	**-**	**-**	**-**	**-**
Amount as at 31 December	**494**	**3**	**2,094**	**2,591**	**651**	**6**	**1,127**	**1,784**

Group loss allowance against loans to customers: Loans to business customers – SME

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**11,312**	**2,069**	**8,027**	**21,408**	**7,200**	**1,312**	**10,917**	**19,429**
Movements with impact to profit or loss:								
New loans originated	11,626	19	78	11,723	5,603	274	-	5,877
Loans derecognized during the period (other than write-offs)	(1,665)	(114)	(1,565)	(3,344)	(1,059)	(227)	(2,726)	(4,012)
Changes due to change in credit risk (net)	(6,128)	(755)	1,771	(5,112)	(4,234)	303	1,496	(2,435)
Update in the methodology for loss allowance estimation	(669)	(560)	952	(277)	3,802	407	(38)	4,171
Total movements with impact to profit or loss:	**3,164**	**(1,410)**	**1,236**	**2,990**	**4,112**	**757**	**(1,268)**	**3,601**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(1,259)	(1,259)	-	-	(1,622)	(1,622)
Reclassifications, FX and other movements	(1)	(1)	-	(2) -	- -	-	-	
Total movements without impact to profit or loss:	(1)	**(1)**	**(1,259)**	**(1,261)**	-	**-**	**(1,622)**	**(1,622)**
Amount as at 31 December	**14,475**	**658**	**8,004**	**23,137**	**11,312**	**2,069**	**8,027**	**21,408**

Bank loss allowance against loans to customers: Loans to business customers – SME

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**11,312**	**2,069**	**8,027**	**21,408**	**7,200**	**1,312**	**10,917**	**19,429**
Movements with impact to profit or loss:								
New loans originated	11,626	19	78	11,723	5,603	274	-	5,877
Loans derecognized during the period (other than write-offs)	(1,665)	(114)	(1,564)	(3,343)	(1,059)	(227)	(2,726)	(4,012)
Changes due to change in credit risk (net)	(6,128)	(755)	1,770	(5,113)	(4,234)	303	1,496	(2,435)
Update in the methodology for loss allowance estimation	(669)	(560)	952	(277)	3,802	407	(38)	4,171
Total movements with impact to profit or loss:	**3,164**	**(1,410)**	**1,236**	**2,990**	**4,112**	**757**	**(1,268)**	**3,601**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(1,259)	(1,259)	-	-	(1,622)	(1,622)
Reclassifications, FX and other movements	(1)	(1)	-	(2)	-	-	-	
Total movements without impact to profit or loss:	**(1)**	**(1)**	**(1,259)**	**(1,261)**	-	**-**	**(1,622)**	**(1,622)**
Amount as at 31 December	**14,475**	**658**	**8,004**	**23,137**	**11,312**	**2,069**	**8,027**	**21,408**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 13
LOANS TO CUSTOMERS (CONTINUED)

Group loss allowance against loans to customers: Loans to business customers – Central and local authorities and other

	Stage 1	Stage 2	Stage 3	2024 Total	Stage 1	Stage 2	Stage 3	2023 Total
Loss allowance as at 1 January	**148**	**14**	**258**	**420**	**65**	**13**	**1,019**	**1,097**
Movements with impact to profit or loss:								
New loans originated	122	-	-	122	116	-	-	116
Loans derecognized during the period (other than write-offs)	(4)	(55)	-	(59)	(4)	-	-	(4)
Changes due to change in credit risk (net)	(50)	35	(42)	(57)	(4)	(15)	(782)	(801)
Update in the methodology for loss allowance estimation	(40)	7	241	208	(24)	16	21	13
Total movements with impact to profit or loss:	**28**	**(13)**	**199**	**214**	**84**	**1**	**(761)**	**(676)**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	(1)	-	-	(1)	(1)	-	-	(1)
Total movements without impact to profit or loss:	**(1)**	**-**	**-**	**(1)**	**(1)**	**-**	**-**	**(1)**
Amount as at 31 December	**175**	**1**	**457**	**633**	**148**	**14**	**258**	**420**

Bank loss allowance against loans to customers: Loans to business customers – Central and local authorities and other

	Stage 1	Stage 2	Stage 3	2024 Total	Stage 1	Stage 2	Stage 3	2023 Total
Loss allowance as at 1 January	**148**	**14**	**258**	**420**	**65**	**13**	**1,019**	**1,097**
Movements with impact to profit or loss:								
New loans originated	122	-	-	122	116	-	-	116
Loans derecognized during the period (other than write-offs)	(4)	(55)	-	(59)	(4)	-	-	(4)
Changes due to change in credit risk (net)	(50)	35	(43)	(58)	(4)	(15)	(782)	(801)
Update in the methodology for loss allowance estimation	(40)	7	241	208	(24)	16	21	13
Total movements with impact to profit or loss:	**28**	**(13)**	**198**	**213**	**84**	**1**	**(761)**	**(676)**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	(1)	-	-	(1)	(1)	-	-	(1)
Total movements without impact to profit or loss:	**(1)**	**-**	**-**	**(1)**	**(1)**	**-**	**-**	**(1)**
Amount as at 31 December	**175**	**1**	**456**	**632**	**148**	**14**	**258**	**420**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 14
FINANCE LEASE RECEIVABLES

As part of its lending services, the Bank offers its customers various types of finance lease contracts. Main finance lease model of the Bank is to finance goods or services sold by vendors to the customers. The Bank acts as a lender, although legally it is the owner of the assets leased.

No other material income except for the finance income (included in net interest income - see Note 1) is earned by the Bank from the finance lease. The Bank does not provide any buy-back guarantees or residual value guarantees at its own risk. In some cases when such guarantees are offered to customers that use Bank‘s finance lease products, the vendor of the assets leased provides such guarantees. In such cases the Bank additionally assesses the vendor‘s capacities to meet such obligations.

Risk profile of finance lease contracts is described in detail in part 1.6. of the Financial Risk Management disclosure.

The Group

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	*Total*
Gross investments in leasing:							
Balance at 31 December 2023	116,565	84,125	66,276	41,377	22,029	3,313	333,685
Change during 2024	5,593	11,932	3,123	4,360	415	1,129	26,552
Balance at 31 December 2024	**122,158**	**96,057**	**69,399**	**45,737**	**22,444**	**4,442**	**360,237**
Unearned finance income on finance leases:							
Balance at 31 December 2023	(17,646)	(11,317)	(6,575)	(2,979)	(894)	(167)	(39,578)
Change during 2024	1,066	835	680	204	159	(19)	2,925
Balance at 31 December 2024	**(16,580)**	**(10,482)**	**(5,895)**	**(2,775)**	**(735)**	**(186)**	**(36,653)**
Net investments in leasing before provisions:							
At 31 December 2023	98,919	72,808	59,701	38,398	21,135	3,146	294,107
At 31 December 2024	105,578	85,575	63,504	42,962	21,709	4,256	323,584
Changes in provisions:							
Balance at 31 December 2023	(3,034)	(1,629)	(1,336)	(854)	(470)	(251)	(7,574)
Provisions reversed / (additional provisions charged)	1,035	63	174	73	75	(533)	887
Provisions for finance lease debts written off	-	-	-	-	-	-	-
Balance at 31 December 2024	**(1,999)**	**(1,566)**	**(1,162)**	**(781)**	**(395)**	**(784)**	**(6,687)**
	,	,	,	,	,	,	,
Net investments in leasing after provisions:	,	,	,	,	,	,	,
At 31 December 2023	95,885	71,179	58,365	37,544	20,665	2,895	286,533
At 31 December 2024	103,579	84,009	62,342	42,181	21,314	3,472	316,897

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 14
FINANCE LEASE RECEIVABLES (CONTINUED)

The Bank

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Gross investments in leasing:							
Balance at 31 December 2023	115,673	84,125	66,276	41,377	22,029	3,313	332,793
Change during 2024	6,484	11,932	3,123	4,360	415	1,129	27,443
Balance at 31 December 2024	**122,157**	**96,057**	**69,399**	**45,737**	**22,444**	**4,442**	**360,236**
Unearned finance income on finance leases:							
Balance at 31 December 2023	(17,642)	(11,317)	(6,575)	(2,979)	(894)	(167)	(39,574)
Change during 2024	1,063	835	680	204	159	(19)	2,922
Balance at 31 December 2024	**(16,579)**	**(10,482)**	**(5,895)**	**(2,775)**	**(735)**	**(186)**	**(36,652)**
Net investments in leasing before provisions:							
At 31 December 2023	98,031	72,808	59,701	38,398	21,135	3,146	293,219
At 31 December 2024	105,578	85,575	63,504	42,962	21,709	4,256	323,584
Changes in provisions:							
Balance at 31 December 2023	(2,225)	(1,629)	(1,336)	(854)	(470)	(254)	(6,768)
Provisions reversed / (additional provisions charged)	229	63	174	73	75	(533)	81
Provisions for finance lease debts written off	-	-	-	-	-	-	-
Balance at 31 December 2024	**(1,996)**	**(1,566)**	**(1,162)**	**(781)**	**(395)**	**(787)**	**(6,687)**
Net investments in leasing after provisions:							
At 31 December 2023	95,806	71,179	58,365	37,544	20,665	2,892	286,451
At 31 December 2024	103,582	84,009	62,342	42,181	21,314	3,469	316,897

Movements in provision for impairment of finance lease receivables by class are as follows:

Group loss allowance against finance lease receivables

				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January	**2,941**	**1,077**	**3,556**	**7,574**	**1,881**	**285**	**3,134**	**5,300**
Movements with impact to profit or loss:								
New loans originated	2,182	66	30	2,278	2,734	474	171	3,379
Loans derecognized during the period (other than write-offs)	(500)	(236)	(3,841)	(4,577)	(1,385)	(89)	(297)	(1,771)
Changes due to change in credit risk (net)	(548)	(157)	1,670	965	(757)	304	1,257	804
Update in the methodology for loss allowance estimation	886	(30)	396	1,252	468	103	(709)	(138)
Total movements with impact to profit or loss:	**2,020**	**(357)**	**(1,745)**	**(82)**	**1,060**	**792**	**422**	**2,274**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(805)	(805)	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Total movements without impact to profit or loss:	**-**	**-**	**(805)**	**(805)**	**-**	**-**	**-**	**-**
Loss allowance as at 31 December	**4,961**	**720**	**1,006**	**6,687**	**2,941**	**1,077**	**3,556**	**7,574**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 14
FINANCE LEASE RECEIVABLES (CONTINUED)

Bank loss allowance against finance lease receivables

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**2,941**	**1,074**	**2,754**	**6,769**	**1,881**	**280**	**2,333**	**4,494**
Movements with impact to profit or loss:								
New loans originated	2,183	66	29	2,278	2,733	465	170	3,368
Loans derecognized during the period (other than write-offs)	(501)	(235)	(3,039)	(3,775)	(1,385)	(88)	(297)	(1,770)
Changes due to change in credit risk (net)	(548)	(155)	866	163	(756)	308	1,257	809
Update in the methodology for loss allowance estimation	886	(30)	396	1,252	468	109	(709)	(132)
Total movements with impact to profit or loss:	**2,020**	**(354)**	**(1,748)**	**(82)**	**1,060**	**794**	**421**	**2,275**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Total movements without impact to profit or loss:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss allowance as at 31 December	**4,961**	**720**	**1,006**	**6,687**	**2,941**	**1,074**	**2,754**	**6,769**

Group loss allowance against finance lease receivables - individuals

				2024				2023
	Stage1	**Stage2**	**Stage3**	**Total**	**Stage1**	**Stage2**	**Stage3**	**Total**
Loss allowance as at 1 January	**332**	**70**	**121**	**523**	**82**	**22**	**98**	**202**
Movements with impact to profit or loss:								
New loans originated	277	5	-	282	247	39	78	364
Loans derecognized during the period (other than write-offs)	(33)	(6)	(39)	(78)	(114)	(16)	(74)	(204)
Changes due to change in credit risk (net)	203	(15)	(34)	154	(130)	(23)	46	(107)
Update in the methodology for loss allowance estimation	8	5	37	50	247	48	(27)	268
Total movements with impact to profit or loss:	**455**	**(11)**	**(36)**	**408**	**250**	**48**	**23**	**321**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Total movements without impact to profit or loss:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss allowance as at 31 December	**787**	**59**	**85**	**931**	**332**	**70**	**121**	**523**

Bank loss allowance against finance lease receivables – individuals

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**332**	**70**	**121**	**523**	**82**	**22**	**98**	**202**
Movements with impact to profit or loss:								
New loans originated	278	5	-	283	247	39	78	364
Loans derecognized during the period (other than write-offs)	(34)	(6)	(39)	(79)	(114)	(16)	(74)	(204)
Changes due to change in credit risk (net)	203	(15)	(34)	154	(130)	(23)	46	(107)
Update in the methodology for loss allowance estimation	8	5	37	50	247	48	(27)	268
Total movements with impact to profit or loss:	**455**	**(11)**	**(36)**	**408**	**250**	**48**	**23**	**321**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Total movements without impact to profit or loss:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss allowance as at 31 December	**787**	**59**	**85**	**931**	**332**	**70**	**121**	**523**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 14
FINANCE LEASE RECEIVABLES (CONTINUED)

Group loss allowance against finance lease receivables – business customers

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**2,609**	**1,007**	**3,435**	**7,051**	**1,799**	**263**	**3,036**	**5,098**
Movements with impact to profit or loss:								
New loans originated	1,905	61	30	1,996	2,487	435	93	3,015
Loans derecognized during the period (other than write-offs)	(467)	(230)	(3,802)	(4,499)	(1,271)	(73)	(223)	(1,567)
Changes due to change in credit risk (net)	(751)	(142)	1,704	811	(627)	327	1,211	911
Update in the methodology for loss allowance estimation	878	(35)	359	1,202	221	55	(682)	(406)
Total movements with impact to profit or loss:	**1,565**	**(346)**	**(1,709)**	**(490)**	**810**	**744**	**399**	**1,953**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	(805)	(805)	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Total movements without impact to profit or loss:	**-**	**-**	**(805)**	**(805)**	**-**	**-**	**-**	**-**
Loss allowance as at 31 December	**4,174**	**661**	**921**	**5,756**	**2,609**	**1,007**	**3,435**	**7,051**

Bank loss allowance against finance lease receivables – business customers

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loss allowance as at 1 January	**2,609**	**1,004**	**2,633**	**6,246**	**1,799**	**258**	**2,235**	**4,292**
Movements with impact to profit or loss:								
New loans originated	1,905	61	29	1,995	2,486	426	92	3,004
Loans derecognized during the period (other than write-offs)	(467)	(229)	(3,000)	(3,696)	(1,271)	(72)	(223)	(1,566)
Changes due to change in credit risk (net)	(751)	(140)	900	9	(626)	331	1,211	916
Update in the methodology for loss allowance estimation	878	(35)	359	1,202	221	61	(682)	(400)
Total movements with impact to profit or loss:	**1,565**	**(343)**	**(1,712)**	**(490)**	**810**	**746**	**398**	**1,954**
Movements without impact to profit or loss:								
Loans written-off during the period	-	-	-	-	-	-	-	-
Reclassifications, FX and other movements	-	-	-	-	-	-	-	-
Total movements without impact to profit or loss:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loss allowance as at 31 December	**4,174**	**661**	**921**	**5,756**	**2,609**	**1,004**	**2,633**	**6,246**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 15
INVESTMENT SECURITIES

Investment securities are comprised of:

- non-trading equities. The Group chose to measure these securities at fair value through profit or loss;
- Investments in units of funds;
- Investments in alternative fund units;
- debt securities at fair value through other comprehensive income;
- debt securities at amortized cost (held to collect cash flows).

		2024		2023
	Group	Bank	Group	Bank
INVESTMENT SECURITIES AT FAIR VALUE:				
Non-trading securities at fair value:				
Debt securities at fair value through other comprehensive income:	**40,994**	**40,994**	**71,740**	**71,740**
Government bonds	24,327	24,327	53,949	53,949
Corporate bonds	16,667	16,667	17,791	17,791
Non-trading equity securities at fair value through profit or loss	**2,874**	**2,626**	**2,760**	**2,642**
Total non-trading securities at fair value	**43,868**	**43,620**	**74,500**	**74,382**
TOTAL INVESTMENT SECURITIES AT FAIR VALUE	**43,868**	**43,620**	**74,500**	**74,382**
INVESTMENT SECURITIES AT AMORTIZED COST:				
Securities at amortized cost:				
Debt securities:	**726,937**	**716,864**	**751,227**	**739,869**
Government bonds	695,622	690,083	663,211	657,445
Corporate bonds	31,315	26,781	88,016	82,424
Total securities at amortized cost	**726,937**	**716,864**	**751,227**	**739,869**
TOTAL INVESTMENT SECURITIES AT AMORTIZED COST	**726,937**	**716,864**	**751,227**	**739,869**
Breakdown of debt securities by time remaining to maturity:				
Debt securities at fair value through other comprehensive income:				
Short-term (up to 1 year)	11,770	11,770	11,770	11,770
Long-term (over 1 year)	29,224	29,224	59,970	59,970
Total debt securities at fair value through other comprehensive income	**40,994**	**40,994**	**71,740**	**71,740**
Debt securities at amortized cost:				
Short-term (up to 1 year)	196,312	195,334	274,369	273,965
Long-term (over 1 year)	530,625	521,530	476,858	465,904
Total debt securities at amortized cost	**726,937**	**716,864**	**751,227**	**739,869**

There were no pledged bonds as of December 31, 2024. As at 31 December 2023 government bonds at amortized cost with a carrying value of EUR 517,148 thousand were pledged for the borrowing under third series of the targeted longer-term refinancing operations (TLTRO-III) program of the European Central Bank (see Note 20).

Staging and impairment of the Group‘s/Bank’s investment debt securities:

Group investment debt securities at fair value through other comprehensive income

				2024				2023
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Government bonds, gross	24,327	-	-	24,327	53,949	-	-	53,949
Less: allowance for impairment	-	-	-	-	-	-	-	-
Government bonds, net	24,327	-	-	24,327	53,949	-	-	53,949
Corporate bonds, gross	15,756	964	-	16,720	14,986	2,969	-	17,955
Less: allowance for impairment	(18)	(35)	-	(53)	(19)	(145)	-	(164)
Corporate bonds, net	15,738	929	-	16,667	14,967	2,824	-	17,791
Total, gross	40,083	964	-	41,047	68,935	2,969	-	71,904
Less: allowance for impairment	(18)	(35)	-	(53)	(19)	(145)	-	(164)
Total, net	40,065	929	-	40,994	68,916	2,824	-	71,740

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 15
INVESTMENT SECURITIES (CONTINUED)

Bank investment debt securities at fair value through other comprehensive income

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Government bonds, gross	24,327	-	-	24,327	53,949	-	-	53,949
Less: allowance for impairment	-	-	-	-	-	-	-	-
Government bonds, net	24,327	-	-	24,327	53,949	-	-	53,949
Corporate bonds, gross	15,756	964	-	16,720	14,986	2,969	-	17,955
Less: allowance for impairment	(18)	(35)	-	(53)	(19)	(145)	-	(164)
Corporate bonds, net	15,738	929	-	16,667	14,967	2,824	-	17,791
Total, gross	40,083	964	-	41,047	68,935	2,969	-	71,904
Less: allowance for impairment	(18)	(35)	-	(53)	(19)	(145)	-	(164)
Total, net	40,065	929	-	40,994	68,916	2,824	-	71,740

Group investment debt securities at amortized cost

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Government bonds, gross	695,628	-	-	695,628	663,221	-	-	663,221
Less: allowance for impairment	(6)	-	-	(6)	(10)	-	-	(10)
Government bonds, net	695,622	-	-	695,622	663,211	-	-	663,211
Corporate bonds, gross	31,335	-	1,023	32,358	88,071	-	1,020	89,091
Less: allowance for impairment	(20)	-	(1,023)	(1,043)	(55)	-	(1,020)	(1,075)
Corporate bonds, net	31,315	-	-	31,315	88,016	-	-	88,016
Total, gross	726,963	-	1,023	727,986	751,292	-	1,020	752,312
Less: allowance for impairment	(26)	-	(1,023)	(1,049)	(65)	-	(1,020)	(1,085)
Total, net	726,937	-	-	726,937	751,227	-	-	751,227

Bank investment debt securities at amortized cost

				2024				2023
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Government bonds, gross	690,087	-	-	690,087	657,451	-	-	657,451
Less: allowance for impairment	(4)	-	-	(4)	(6)	-	-	(6)
Government bonds, net	690,083	-	-	690,083	657,445	-	-	657,445
Corporate bonds, gross	26,796	-	-	26,796	82,474	-	-	82,474
Less: allowance for impairment	(15)	-	-	(15)	(50)	-	-	(50)
Corporate bonds, net	26,781	-	-	26,781	82,424	-	-	82,424
Total, gross	716,883	-	-	716,883	739,925	-	-	739,925
Less: allowance for impairment	(19)	-	-	(19)	(56)	-	-	(56)
Total, net	716,864	-	-	716,864	739,869	-	-	739,869

Reconciliation of allowance for impairment of investment debt securities is presented in the table below:

		2024		2023
	Group	**Bank**	**Group**	**Bank**
Allowance for impairment of investment debt securities as of 1 January:	**1,249**	**220**	**1,629**	**599**
Change in allowance for impairment	(147)	(147)	(379)	(379)
Update in the methodology for loss allowance estimation	-	-	-	-
Change in FX rates		-	(1)	-
Impact of IFRS 9 application together with IFRS 17			-	-
Allowance for impairment of investment debt securities as of 31 December:	**1,102**	**73**	**1,249**	**220**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 15
INVESTMENT SECURITIES (CONTINUED)

Breakdown of the Group's/Bank's investment securities as at 31 December 2024 and 2023:

	2024		2023	
	Group	Bank	Group	Bank
Investment securities at fair value:				
Debt securities	**40,994**	**40,994**	**71,740**	**71,740**
AAA	-	-	-	-
from AA- to AA+	-	-	-	-
from A- to A+	29,517	29,517	58,981	58,981
from BBB- to BBB+	5,854	5,854	5,591	5,591
from BB- to BB+	4,695	4,695	4,345	4,345
lower than BB-	-	-	-	-
no rating	928	928	2,823	2,823
Equities	**2,874**	**2,626**	**2,760**	**2,642**
listed	246	246	241	241
unlisted	540	292	501	383
units of investment funds	2,088	2,088	2,018	2,018
Total investment securities at fair value	**43,868**	**43,620**	**74,500**	**74,382**
Investment securities at amortized cost:				
Debt securities	**726,937**	**716,864**	**751,227**	**739,869**
AAA	-	-	-	-
from AA- to AA+	203	-	2,271	2,067
from A- to A+	699,217	694,562	670,920	664,946
from BBB- to BBB+	26,402	22,302	76,919	72,856
from BB- to BB+	1,115	-	1,117	-
lower than BB-	-	-	-	-
no rating	-	-	-	-
Total investment securities at amortized cost	**726,937**	**716,864**	**751,227**	**739,869**

No material reclassifications between securities portfolios were performed during 2024 and 2023.

Movements in the financial instruments revaluation reserve:

	The Group			The Bank		
	Financial instruments revaluation reserve, before taxes	Deferred income tax asset (liabilities)	Financial instruments revaluation reserve, after taxes	Financial instruments revaluation reserve, before taxes	Deferred income tax asset (liabilities)	Financial instruments revaluation reserve, after taxes
1 January 2023	**(10,139)**	**2,028**	**(8,111)**	**(10,139)**	**2,028**	**(8,111)**
Revaluation	716	-	716	716	-	716
Sale or redemption of securities	2,640	-	2,640	2,640	-	2,640
Deferred income tax	-	(671)	(671)	-	(671)	(671)
31 December 2023	**(6,783)**	**1,357**	**(5,426)**	**(6,783)**	**1,357**	**(5,426)**
Revaluation	3,026	-	3,026	3,026	-	3,026
Sale or redemption of securities	20	-	20	20	-	20
Deferred income tax	-	(609)	(609)	-	(609)	(609)
31 December 2024	**(3,737)**	**748**	**(2,989)**	**(3,737)**	**748**	**(2,989)**

Bank's and Group's cash flows and other movements of investment securities at amortized cost:

	2024		2023	
	Group	Bank	Group	Bank
As at 1 January	**751,227**	**739,869**	**969,036**	**956,332**
Acquisitions	438,515	316,044	91,408	64,157
Redemptions	(430,154)	(313,350)	(292,941)	(279,209)
Disposals	(22,591)	(21,781)	-	-
Accrued interest	14,042	13,820	8,343	8,090
Received coupon payment	(19,620)	(17,776)	(10,082)	(9,777)
Foreign currency exchange rate impact	-	-	-	-
Impairment	(22)	38	277	276
Reclassifications	(4,460)	-	(14,814)	-
As at 31 December	**726,937**	**716,864**	**751,227**	**739,869**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 16
INVESTMENTS IN SUBSIDIARIES

The Group consists of the Bank and its subsidiaries listed below in this note. All of the entities comprising the Group operate in Lithuania, except for SB Draudimas GD UAB which operates in Latvia and Estonia through branches.

							Carrying amount
	Share in equity	**31 December 2024**			**31 December 2023**		
Bank		Gross amount	Impairment	Net carrying amount	Gross amount	Impairment	Net carrying amount
Investments in consolidated directly controlled subsidiaries:							
SB Draudimas GD UAB	100.00 %	37,910	-	37,910	32,528	-	32,528
SB Lizingas UAB	100.00 %	3,106	-	3,106	2,964	-	2,964
SB Asset Management UAB	100.00 %	37,458		37,458	35,997	-	35,997
SB Turto Fondas UAB	100.00 %	5,325	-	5,325	5,083	-	5,083
Total investments in subsidiaries using equity method		**83,799**	**-**	**83,799**	**76,572**	**-**	**76,572**
Investment in non-consolidated subsidiaries							
SB Modernizavimo Fondas UAB	100.00 %	170	-	170	100	-	100
SB Modernizavimo Fondas 2 UAB	100.00 %	100	-	100	-	-	-
Total investments in subsidiaries at fair value		**270**	**-**	**270**	**100**	**-**	**100**
Total investments in subsidiaries		**84,069**	**-**	**84,069**	**76,672**	**-**	**76,672**

Reconciliation of Bank's investment in subsidiary amounts is presented in the table below:

	2024	**2023**
Net book value at 1 January	**76,672**	**32,668**
Share of the profit or loss of investments in subsidiaries accounted for using the equity method	7,227	(4,267)
Establishment of subsidiary	100	400
Dividends paid by the subsidiaries	-	(10,000)
Increase of share capital in subsidiaries in cash	70	17,706
Increase of share capital in subsidiaries due to capitalization of liabilities payable for Bank's shares	-	40,165
Net book value at 31 December	**84,069**	**76,672**

Business combination transaction

On 1 December 2023 the Group has completed merger of retail businesses with Invalda INVL. After completion of this transaction Group entities have acquired parts of insurance and pension funds and investment funds for retail clients' management businesses from Invalda INVL. Group's management has concluded that during this transaction economic resources, processes and possibility to generate economic benefits using economic resources and processes were obtained therefore according to criteria set in IFRS 3 it is considered that during transaction businesses meeting business definition in IFRS 3 were acquired. Transaction price – EUR 41,760 thousand. From this amount EUR 40,165 thousand was paid using new 62,270,383 units share emission issued by the Bank (see Note 27), remaining part (EUR 1,595 thousand) was paid in cash. After this transaction Bank's subsidiary SB Asset Management UAB is managing second- and third-pillar pension funds and investment funds in Lithuania and Bank's subsidiary GD SB draudimas UAB has significantly expanded its life insurance business in Baltic countries (operating in Latvia and Estonia through its own branches). The Bank has capitalized liabilities of subsidiaries arising from the transaction during December 2023, also due to regulatory requirements share capitals of these subsidiaries were increased by cash as well, because of these reasons value of subsidiaries in Bank's stand-alone financial statements have increased significantly as the Bank is accounting subsidiaries at equity method. The business combination was accounted using acquisition method. Minority interest has not originated because of this transaction. Acquisition costs directly attributable with the transaction amounting to EUR 2,500 thousand, were expensed and accounted within Group's income statement item 'Other operating expenses'.

NOTE 16
INVESTMENTS IN SUBSIDIARIES (CONTINUED)

According to clauses in IFRS 3 'Business combinations' the Group management has decided two account for in Group's consolidated financial statements and measure two separate businesses acquired as one transaction. Fair values of assets, liabilities and net assets of this business acquisition transaction are provided in table below.

				In thousand EUR
	Acquisition date for consolidation purposes			1 December 2023
Fair value	**Group**	**Insurance business**	**Funds management business**	**Retail support**
Funds management rights	30,598	-	30,598	-
Intangible assets	196	73	123	-
Property, plant and equipment	105	76	26	3
Identified deferred tax assets	3,501	-	3,501	-
Financial assets accounted at fair value through profit and loss	133,240	133,126	114	-
Reinsurance assets	4	4	-	-
Trade amounts receivable	63	54	9	-
Prepayments	46	38	8	-
Cash and cash equivalents	7,203	6,652	551	-
Total assets	**174,956**	**140,023**	**34,930**	**3**
Liabilities for remaining coverage	47,775	47,775	-	-
Liabilities for incurred claims	1,148	1,148	-	-
Investments contracts liabilities	82,983	82,983	-	-
Identified deferred tax liabilities	4,589	-	4,589	-
Trade accounts payable	66	43	23	-
Other amounts payable	914	255	659	-
Accrued expenses	11	11	-	-
Total liabilities	**137,486**	**132,215**	**5,271**	**-**
Total net assets	**37,470**	**7,808**	**29,659**	**3**
Goodwill	4,290	1,147	3,143	-
Total consideration paid	**41,760**	**8,955**	**32,802**	**3**
Consideration paid in cash	1,595	1,595	-	-
Other nettings of mutual transactions	40,165	7,360	32,802	-
Less: cash acquired	(7,203)	(6,652)	(551)	-
Total consideration paid in cash less cash acquired	**(5,608)**	**(5,057)**	**(551)**	**-**

Group's management decided to account for goodwill arising from this business combination transaction in its financial statements as significant synergies and increased efficiency is expected from the transaction through usage of broad retail outlets network of the Group for distribution of products which were previously not distributed proposing broader product portfolio to existing and new clients, using possibilities of cross-selling, using knowledge and experience of employees, joining Group from Invalda INVL, using increased scale of activities of subsidiary distributing insurance products. Funds management rights recognized from this transaction include pensions funds and investment funds management rights accounted on funds management business acquisition moment. Funds management rights acquired during business combination transaction were capitalized at fair value determined on acquisition date and allocated to intangible assets. After initial recognition funds management rights are accounted at acquisition cost less amortization and impairment losses accrued. Funds management rights are amortized over 25 years based on average time left till pension age for existing client base.

Methods used to determine fair value of assets acquired and liabilities assumed during the business combination are described in table below:

Assets acquired and liabilities assumed	Valuation
Financial assets	Financial assets were assessed based on quoted prices in active markets. Price of financial assets was determined in sell and buy prices range calculating average price.
Other assets	Due to insignificance and/or nature of other assets it was considered that carrying values of other assets acquired approximate their fair values.
Liabilities for remaining coverage	For valuation of theses liabilities Solvency II technical provision valuation methodology was used with some corrections (limits for contributions not used, different capital cost rate and increased target solvency ratio used)
Liabilities for damage incurred	These liabilities were assessed based on future expected cashflows and in addition increased by risk adjustment calculated based on technics of solvency level.
Investments contracts liabilities	For valuation of theses liabilities Solvency II technical provision valuation methodology was used with some corrections (limits for contributions not used, different capital cost rate and increased target solvency ratio used)
Other liabilities	Due to insignificance and/or nature of other liabilities it was considered that carrying values of other liabilities assumed approximate their fair values.

NOTE 16
INVESTMENTS IN SUBSIDIARIES (CONTINUED)

In tables below information on revenue of insurance business acquired and revenue and profit (loss) of funds management business during period after business acquisition transaction is disclosed. Operating results of insurance business after the business combination and revenue as well as operating results before the business combination together with revenue and operating results of funds management business before the business combination are not disclosed as due to technical and administrative limitations it is not possible to obtain such information without disproportionately large costs.

In thousand EUR	**2023.12.01-2023.12.31**
Amounts relating to changes in LFRC	
- Expected benefits incurred	258
- Expected expenses incurred	328
- Change in the risk adjustment	(623)
- CSM recognized	172
Recovery of acquisition cash flows	3
Total insurance revenue for portfolio acquired on 1 December 2023	**138**

In thousand EUR	**2023.12.01-2023.12.31**
Revenue of fund management business	505
The business combination costs attributed to fund management business	(1 016)
Net losses of fund management business	(1 230)
Net losses of fund management business less the business combination costs	(214)

Special purpose entity - securitization

On April 5, 2022, the Bank established a special purpose entity – UAB "SB Modernization Fund," and on February 21, 2024, a second special purpose entity – the Securitization UAB "SB Modernization Fund 2" (hereinafter collectively referred to as the SBMF Funds). The purpose of establishing both special purpose entities, the SBMF Funds, is to manage financing funds for multi-apartment building renovation projects, which lend the attracted funds from commercial and institutional investors to energy efficiency improvement projects for multi-apartment buildings in Lithuania. As the leading financier of multi-apartment building renovations in the country, the Bank is the founder of the SBMF Funds and the administrator of renovation loans, while the SBMF Funds act as legal managers. The Bank earns revenue from its participation in this activity through administration fees for loans (claims) transferred to the SBMF Funds, as well as interest income from loans granted to the SBMF Funds. According to agreements with investors and the provisions of IFRS 10, the Bank does not have control over the SBMF Funds; therefore, these entities are not consolidated in the Group's consolidated financial statements.

The table below represents maximum credit risk exposure of Bank at 31 December 2024 related to securitization project for which implementation SB Modernizavimo Fondas UAB was established without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures presented above are net carrying amount as reported in the balance sheet. In addition to items disclosed in table below, SB Modernizavimo Fondas UAB together with SB Modernizavimo Fondas 2, UAB held deposits in amount of EUR 52 665 thousand at Bank as Bank’s liabilities disclosed in financial position statement line “Due to customers” at 31 December 2024. For more information on SB Modernizavimo Fondas UAB and SB Modernizavimo Fondas 2, UAB balances please see also Notes 13 and 30.

	Statement of financial position line	**Carrying value**
Shares in equity of subsidiary	Investments in subsidiaries and associates	270
Loans to subsidiary	Loans to customers	6,137
Off-balance commitments to grant loans to subsidiary	-	12,000
Off-balance commitments to grant loans to users of renovation loans	-	76,458

During years 2024 and 2023 the Group has sold claims rights to multi-apartment buildings renovation loans (retaining loans servicing rights) to unconsolidated special purpose entity SB Modernizavimo Fondas UAB. Carrying value of such claim rights on sale date amounted to EUR 198,471 thousand in 2024 (in 2023 – EUR 142,196 thousand). Due to sale of these claim rights no gain or loss was recognized. For the year ended 31 December 2024 the Group has generated management fees of EUR 4,264 thousand for management of transferred claim rights portfolios (in 2023 – EUR 1,742 thousand). Fair value of managed claim rights portfolios amounted to EUR 350,830 thousand as at 31 December 2024 (as at 31 December 2023 – EUR 185,028 thousand). In 2024 the Group recognized EUR 2,761 thousand interest income from loans granted to SB Modernizavimo Fondas UAB (in 2023 – EUR 925 thousand).

NOTE 16
INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Changes in Group structure

Following strategy to optimize Group's structure Sandworks UAB was liquidated in first quarter of 2022, Šiaulių Banko Investicijų Valdymas UAB was liquidated in first quarter of 2023. In 2024 subsidiary of the Bank Šiaulių banko lizingas UAB was liquidated.

Tests of subsidiaries impairment

Bank's subsidiary SB Draudimas GD UAB was tested for impairment using embedded value approach as of 31 December 2024 and 31 December 2023. No impairment was determined at these dates. Embedded value equals to the value of in-force business plus the value of the free capital. Value of in-force business is calculated using management estimations of the cash flows from the insurance portfolio and the income from capital-in-lock discounted to net present value using the discount rate (2024: 9.40%, 2023: 9.58%) that reflects current market assessment of the time value of money and the related risks. The assumption used is that inflation will be 2% throughout the entire forecast period. When performing a sensitivity analysis on the discount rate and testing the asset value with a 2% increased discount rate, no indications of impairment were identified, and the calculated value remained reasonable and economically justified. This analysis confirms that the asset value remains stable despite changes in the discount rate, ensuring that there is no need to recognize an impairment loss.

Bank's subsidiary SB Asset Management UAB was tested for impairment using discounted cash flows approach as of 31 December 2024. No impairment was determined at this date. For the sensitivity analysis for individual cash generating units, a discount rate of 2% was applied. The analysis did not reveal any signs of depreciation, and the estimated value remained reasonable and without loss of economic rationale. Cash flows used in the calculation were based on forecasts in budget for 2025-2030 approved by the subsidiary's senior management. The long-term growth rate used is 2% but reducing it to 1% or even zero does not show indications of impairment. Forecasted cash flows were discounted to net present value using the discount rate equal 13% (2023: 16.88%) that reflects current market assessment of the time value of money and the related risks.

No impairment triggers were identified regarding other subsidiaries.

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 17
INTANGIBLE ASSETS

	Software and licenses		*Funds management rights*		*Goodwill*		*Total*	
	Group	**Bank**	**Group**	**Bank**	**Group**	**Bank**	**Group**	**Bank**
As at 1 January 2023:								
Cost	15,452	14,360	-	-	1,352	-	16,804	14,360
Accumulated amortization	(8,521)	(7,910)	-	-	-	-	(8,521)	(7,910)
Net book value	**6,931**	**6,450**	**-**	**-**	**1,352**	**-**	**8,283**	**6,450**
Year ended 31 December 2023:								
Net book value at 1 January	6,931	6,450	-	-	1,352	-	8,283	6,450
Acquisitions	5,356	5,029	-	-	-	-	5,356	5,029
Acquisitions (from business combination, see Note 16)	196	-	30,598	-	4,290		35,084	-
Write-offs	(1,952)	(1,931)	-	-	-	-	(1,952)	(1,931)
Amortization charge	(1,531)	(1,399)	(102)	-	-	-	(1,633)	(1,399)
Net book value at 31 December	9,000	8,149	30,496	-	5,642	-	45,138	8,149
As at 31 December 2023:								
Cost	19,052	17,458	30,598	-	5,642	-	55,292	17,458
Accumulated amortization	(10,052)	(9,309)	(102)	-	-	-	(10,154)	(9,309)
Net book value	**9,000**	**8,149**	**30,496**	**-**	**5,642**	**-**	**45,138**	**8,149**
Year ended 31 December 2024:								
Net book value at 1 January	9,000	8,149	30,496	-	5,642	-	45,138	8,149
Acquisitions	4,524	4,032	-	-	-	-	4,524	4,032
Acquisitions (from business combination, see Note 16)	-	-	-	-	-		-	-
Write-offs	(2,167)	(2,163)	-	-	-	-	(2,167)	(2,163)
Amortization charge	(2,655)	(2,159)	(1,223)	-	-	-	(3,878)	(2,159)
Net book value at 31 December	8,702	7,859	29,273	-	5,642	-	43,617	7,859
As at 31 December 2024:								
Cost	21,409	19,327	30,598	-	5,642	-	57,649	19,327
Accumulated amortization	(12,707)	(11,468)	(1,325)	-	-	-	(14,032)	(11,468)
Net book value	**8,702**	**7,859**	**29,273**	**-**	**5,642**	**-**	**43,617**	**7,859**
Economic life (in years)	3–9	3–9	25					

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 17
INTANGIBLE ASSETS (CONTINUED)

Goodwill and funds management rights impairment test

For the purpose of impairment testing, goodwill and fund management rights are allocated to two cash generating units - subsidiaries of the Bank GD SB Draudimas UAB and SB Asset Management UAB. Recoverable amount of GD SB Draudimas UAB is determined by applying the embedded value calculations. Embedded value equals to the value of in-force business plus the value of the free capital. Value of in-force business is calculated using management estimations of the cash flows from the insurance portfolio and the income from capital-in-lock discounted to net present value using the discount rate of 9.40% (2023: 9.58%) that reflects current market assessment of the time value of money and the risks related to this cash generating unit.

Recoverable amount of SB Draudimas UAB is determined by applying the discounted cash flows calculations. Cash flows used in the calculation were based on forecasts in budget for 2025-2030 approved by the subsidiary's senior management. Forecasted cash flows were discounted to net present value using the discount rate equal 13% (2023: 16.88%) that reflects current market assessment of the time value of money and the risks related to this cash generating unit.

No impairment loss for goodwill and funds management rights was identified in 2024 and 2023 as a result of the impairment test.

NOTE 18
PROPERTY, PLANT AND EQUIPMENT

Group	**Buildings, premises and land**	**Vehicles**	**Office equipment**	**Construction in progress**	**Total**
As at 1 January 2023:					
Cost	7,580	2,709	6,634	76	16,999
Accumulated depreciation	(2,608)	(1,125)	(4,782)	-	(8,515)
Net book value	**4,972**	**1,584**	**1,852**	**76**	**8,484**
Year ended 31 December 2023:					
Net book value at 1 January	4,972	1,584	1,852	76	8,484
Acquisitions	279	756	592	-	1,627
Acquisitions (from business combination, see Note 16)	-	-	12	-	12
Reclassifications	-	(19)	-	-	(19)
Disposals and write-offs	(11)	(383)	(442)	(76)	(912)
Depreciation charge	(166)	(380)	(768)	-	(1,314)
Net book value at 31 December	5,074	1,558	1,246	-	7,878
As at 31 December 2023:					
Cost	7,848	3,063	6,796	-	17,707
Accumulated depreciation	(2,774)	(1,505)	(5,550)	-	(9,829)
Net book value	**5,074**	**1,558**	**1,246**	**-**	**7,878**
Year ended 31 December 2024:					
Net book value at 1 January	5,074	1,558	1 246	-	7,878
Acquisitions	-	86	811	-	897
Acquisitions (from business combination, see Note 16)	-	-	-	-	-
Reclassifications	-	12	-	-	12
Disposals and write-offs	-	(179)	(299)	-	(478)
Depreciation charge	(166)	(244)	(335)	-	(745)
Net book value at 31 December	4,908	1,233	1 423	-	7,564
As at 31 December 2024:					
Cost	7,848	2,982	7,308	-	18,138
Accumulated depreciation	(2,940)	(1,749)	(5,885)	-	(10,574)
Net book value	**4,908**	**1,233**	**1,423**	**-**	**7,564**
Economic life (in years)	15-50	5-12	3-20	-	-

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 18
PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets and lease liabilities

From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The Group leases various offices, equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Rental contracts are typically made for fixed periods of 4 months to 8 years but may have extension options. The terminations of agreements by lessee mostly from 3 to 6 months notice. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Group: right-of-use assets	***Buildings, premises and land***	***Vehicles***	***Office equipment***	***Total***
As at 1 January 2024				
Cost	16,063	511	1,597	18,171
Accumulated depreciation	(9,271)	(183)	(814)	(10,268)
Net book value	**6,792**	**328**	**783**	**7,903**
Year ended 31 December 2024:				
Net book value at 1 January	6,792	328	783	7,903
Contract additions	3,115	3	315	3,433
Contract terminations	(584)	-	-	(584)
Depreciation charge	(2,178)	(74)	(803)	(3,055)
Net book value at 31 December	7,145	257	295	7,697
As at 31 December 2024:				
Cost	18,594	514	1,912	21,020
Accumulated depreciation	(11,449)	(257)	(1,617)	(13,323)
Net book value	**7,145**	**257**	**295**	**7,697**
Economic life (in years)	2-20	2-7	3	-

Amounts of lease liabilities recognized in Group's statement of financial position:

	31 December 2024	***31 December 2023***
Lease liabilities before prepayments	8,060	7,923
Short-term (up to 1 year)	3,121	2,965
Long-term (2-5 years)	4,918	4,958
Long-term (over 5 years)	21	-
Prepayments paid	(771)	(699)
Lease liabilities, carrying value	**7,289**	**7,224**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 18
PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Bank	***Buildings and premises***	***Vehicles***	***Office equipment***	***Construction in progress***	***Total***
As at 1 January 2023:					
Cost	7,580	2,079	6,220	76	15,955
Accumulated depreciation	(2,608)	(772)	(4,484)	-	(7,864)
Net book value	**4,972**	**1,307**	**1,736**	**76**	**8,091**
Year ended 31 December 2023:					
Net book value at 1 January	4,972	1,307	1,736	76	8,091
Acquisitions	279	676	535	-	1,490
Disposals and write-offs	-	(19)	-	-	(19)
Depreciation charge	(11)	(222)	(437)	(76)	(746)
Reclassification to assets held for sale	(166)	(308)	(725)	-	(1,199)
Net book value at 31 December	5,074	1,434	1,109	-	7,617
As at 31 December 2023:					
Cost	7,848	2,514	6,318	-	16,680
Accumulated depreciation	(2,774)	(1,080)	(5,209)	-	(9,063)
Net book value	**5,074**	**1,434**	**1,109**	**-**	**7,617**
Year ended 31 December 2024:					
Net book value at 1 January	5,074	1,434	1,109	-	7,617
Acquisitions	-	86	776	-	862
Disposals and write-offs	-	12	-	-	12
Depreciation charge	-	(159)	(189)	-	(348)
Reclassifications	(166)	(210)	(373)	-	(749)
Net book value at 31 December	4,908	1,163	1,323	-	7,394
As at 31 December 2024:					
Cost	7,848	2,453	6,905	-	17,206
Accumulated depreciation	(2,940)	(1,290)	(5,582)	-	(9,812)
Net book value	**4,908**	**1,163**	**1,323**	**-**	**7,394**
Economic life (in years)	15-50	5-12	3-20	-	-

Bank: right-of-use assets	***Buildings, premises and land***	***Vehicles***	***Office equipment***	***Total***
As at 1 January 2024:				
Cost	14,322	511	1,597	16,430
Accumulated depreciation	(8,348)	(183)	(814)	(9,345)
Net book value	**5,974**	**328**	**783**	**7,085**
Year ended 31 December 2024:				
Net book value at 1 January	5,974	328	783	7,085
Contract additions	2,864	3	315	3,182
Contract terminations	-	-	-	-
Depreciation charge	(2,095)	(74)	(803)	(2,972)
Net book value at 31 December	6,743	257	295	7,295
As at 31 December 2024:				
Cost	17,186	514	1,912	19,612
Accumulated depreciation	(10,443)	(257)	(1,617)	(12,317)
Net book value	**6,743**	**257**	**295**	**7,295**
Economic life (in years)	2-20	2-7	-	-

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 18
PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Amounts of lease liabilities recognized in Bank's statement of financial position:

	31 December 2024	31 December 2023
Lease liabilities before prepayments	7,229	7,085
Short-term (up to 1 year)	2,800	2,611
Long-term (2-5 years)	4,429	4,474
Long-term (over 5 years)	-	-
Prepayments received	(776)	(692)
Lease liabilities, carrying value	**6,453**	**6,393**

Please see Note 10 for reconciliation of movements lease liabilities.

As at 31 December 2024 and 31 December 2023, there were no property, plant and equipment pledged to third parties.

Future minimum lease payments to be received under non-cancellable lease agreements for the Bank and the Group were as follows (this includes investment property disclosed in Note 26):

			2024			2023
	up to 1 year	1-5 years	over 5 years	up to 1 year	1-5 years	over 5 years
Group	149	370	27	161	128	5
Bank	149	370	27	157	482	97

NOTE 19
OTHER ASSETS

		2024		2023
	Group	Bank	Group	Bank
Financial assets:				
Amounts receivable	7,258	6,559	7,351	8,289
Breakdown of financial assets according to maturity				
Short-term (up to 1 year)	4,922	4,223	5,517	6,455
Long-term (over 1 year)	2,336	2,336	1,834	1,834
Non-financial assets:	10,043	8,505	12,392	10,681
Breakdown of non-financial assets according to maturity				
Short-term (up to 1 year)	7,565	6,232	10,261	8,685
Long-term (over 1 year)	2,478	2,273	2,131	1,996
Inventories	114	-	114	-
Deferred charges	4,222	3,674	3,529	3,424
Assets under reinsurance and insurance contracts	121	-	153	-
Prepayments	1,533	782	2,225	1,000
Foreclosed assets	228	224	168	164
Other	3,825	3,825	6,203	6,093
TOTAL OTHER ASSETS	**17,301**	**15,064**	**19,743**	**18,970**

Balances of other financial assets include impairment. Reconciliation of allowance for impairment of other financial assets is presented in the table below:

	Group	Bank
Allowance for impairment of other financial assets as of 1 January 2023:	**506**	**489**
Change in allowance for impairment	618	618
Other financial assets written-off during the period	(12)	(12)
Reclassifications and other movements	6	6
Allowance for impairment of other financial assets as of 31 December 2023	**1,118**	**1,101**
Change in allowance for impairment	(120)	(120)
Other financial assets written-off during the period	(23)	(6)
Reclassifications and other movements	-	-
Allowance for impairment of other financial assets as of 31 December 2024:	**975**	**975**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 19
OTHER ASSETS (CONTINUED)

Inventories relate to real estate projects under development and real estate held for sale by the Bank's subsidiary SB turto fondas UAB. All inventories are accounted at lower of cost and net realizable value. Inventories are not pledged.

Assets held for sale and liabilities related to assets held for sale

Assets held for sale consist of:

	2024		2023	
	Group	Bank	Group	Bank
Assets related to subsidiaries classified as held for sale	-	-	-	-
Real estate classified as held for sale	150	150	150	150
Total assets classified as held for sale	**150**	**150**	**150**	**150**
Liabilities attributable to subsidiaries classified as held for sale	-	-	-	-

Real estate properties that are planned to be sold within one year are included in assets classified as held for sale. They are included in Traditional banking operations and lending segment. As of 31 December 2024, such real estate assets consisted of one property with a fair value of EUR 180 thousand (as of 31 December 2023: one property with a fair value of EUR 180 thousand). No impairment expense related to the revaluation these properties down to the realizable value was recognized in 2024 (2023: no impairment expense was recognized). No income or expenses related to these properties were recorded in profit or loss of discontinued operations. Valuations performed by Group's employees are used to assess the realizable value of these properties. Comparative price methods, i.e. valuation techniques attributable to Level 3 are mostly used valuation techniques.

NOTE 20
DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	2024		2023	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	27,918	30,545	27,572	33,894
Term deposits	18,729	18,729	25,047	25,047
Total correspondent accounts and deposits of other banks and financial institutions	**46,647**	**49,274**	**52,619**	**58,941**
Due to central bank	**-**	**-**	**491,757**	**491,757**
Loans received from:				
Other organizations	4,315	4,315	8,106	8,106
International organizations	14,898	14,898	17,512	17,512
Total loans received	**19,213**	**19,213**	**25,618**	**25,618**
Total	**65,860**	**68,487**	**569,994**	**576,316**
Breakdown of due to other banks and financial institutions according to maturity				
Short-term (up to 1 year)	50,596	53,223	555,587	561,909
Long-term (over 1 year)	15,264	15,264	14,407	14,407
Total	**65,860**	**68,487**	**569,994**	**576,316**

On 28th June 2023 the Bank has repaid a EUR 150 million loan borrowed under the ECB's TLTRO III program. After this repayment the outstanding borrowing on the balance sheet under third series of the targeted longer-term refinancing operations (TLTRO-III) program of the European Central Bank as at 31 December 2023 amounted to EUR 479 million. All obligations related to the TLTRO III program are set to be fulfilled by December 31, 2024. As of December 31, 2023, Securities with a carrying value of EUR 517,148 thousand were placed as a collateral for these borrowings.

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 21
DUE TO CUSTOMERS

	2024		2023	
	Group	Bank	Group	Bank
Demand deposits:				
National government institutions	52,292	52,292	56,135	56,135
Local government institutions	125,605	125,605	121,886	121,886
Governmental and municipal companies	25,049	25,049	38,209	38,209
Corporate entities	693,342	693,461	628,408	632,159
Non-profit organizations	34,370	34,370	35,780	35,780
Individuals	707,909	707,909	711,184	711,184
Unallocated amounts due to customers	9,421	9,421	16,214	16,714
Total demand deposits	**1,647,988**	**1,648,107**	**1,607,816**	**1,612,067**
Term deposits:				
National government institutions	8,879	8,879	2,519	2,519
Local government institutions	2,436	2,436	2,316	2,316
Governmental and municipality companies	6,657	6,657	3,831	3,831
Corporate entities	374,098	379,298	336,944	336,944
Non-profit organizations	17,887	17,887	8,278	8,278
Individuals	1,480,027	1,480,027	1,200,953	1,200,953
Total term deposits	**1,889,984**	**1,895,184**	**1,554,841**	**1,554,841**
Total	**3,537,972**	**3,543,291**	**3,162,657**	**3,166,908**
Breakdown of due to customers according to maturity				
Short-term (up to 1 year)	3,267,055	3,272,374	2,917,233	2,921,484
Long-term (over 1 year)	270,917	270,917	245,424	245,424
Total	**3,537,972**	**3,543,291**	**3,162,657**	**3,166,908**

NOTE 22
SPECIAL AND LENDING FUNDS

	2024		2023	
	Group	Bank	Group	Bank
Special funds	23,037	23,037	15,718	15,718
Lending funds	-	-	-	-
Total	**23,037**	**23,037**	**15,718**	**15,718**
Breakdown of special and lending funds according to maturity				
Short-term (up to 1 year)	23,037	23,037	15,718	15,718
Long-term (over 1 year)	-	-	-	-
	23,037	**23,037**	**15,718**	**15,718**

The special funds consist of the funds from the mandatory social and health insurance funds. The special funds have to be returned to the institutions which have placed them upon the first requirement of the latter.

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 23
DEBT SECURITIES IN ISSUE

As of 31 December 2020 Bank had 10 year bond issue of EUR 20,000 thousand (ISIN code LT0000404287). The bonds were issued on 23 December 2019, annual interest rate is 6.15%. The Bank has a right to call the bonds after 5 years. From 29 April 2020 this issue was listed on Nasdaq Baltic Bond List.

On 29 September 2021 Bank has issued EUR 75,000 thousand senior preferred debt securities (ISIN code LT0000405771) with maturity term of 4 years and annual interest rate of 1.05%. The Bank has a right to call the bonds after 3 years. From 8 October 2021 these bonds are listed on Nasdaq Baltic Bonds List.

On 29 November 2022 Bank has completed a tap issue of EUR 85,000 thousand senior preferred debt bonds (ISIN code LT0000405771). A tap issue was placed with yield to maturity of 6.4%. Bonds maturity date is 7th October 2025. From 9 December 2022 these bonds are listed on Nasdaq Baltic Bonds List.

On 15 June 2023 Bank has successfully completed a 10-year subordinated bond issue (ISIN code LT0000407751) with a nominal value of EUR 50 million in the international financial markets, which bear a coupon of 10.75%. Subordinated bonds are included into the bank's Tier 2 capital. The bonds maturity date is on 22 June 2033. The bonds were issued with the issuer's right of early redemption after five years, on 22 June 2028. On this date, the Bank will have two options: to redeem the issued bonds early or to set a new coupon consisting of a fixed and a floating part (750bps + 5-year Mid-Swap Rate). From 27 June 2023 these bonds are listed on Nasdaq Baltic Bonds List.

On 16 November 2023 Bank has successfully concluded a tap issue of EUR 50 million of senior preferred bonds (ISIN code LT0000405771) in the international financial markets. With a tap issue the amount of the total outstanding bonds increased from EUR 160 million to EUR 210 million. The bonds were issued with the aim of meeting future minimum requirement for own funds and eligible liabilities (MREL requirements) set by the Bank's supervisory authorities. The additional bonds were issued at a yield to maturity of 6.7%. Maturity date of these bonds is 7 October 2025. From 27 November 2023 these bonds are listed on Nasdaq Baltic Bonds List. This bond was fully redeemed in 2024.

On May 22, 2024, Šiaulių Bankas successfully issued €25 million subordinated bonds (ISIN code LT0000409013) in the international financial markets. This issuance aims to strengthen the bank's capital base and support future growth initiatives. The bonds carry an annual interest rate of 7.7%, with interest payments scheduled quarterly. The maturity date for these bonds is May 22, 2034. Starting from May 28, 2024, these bonds are listed on the Nasdaq Baltic Bond List. On September 5, 2024, Šiaulių Bankas issued €300 million senior preferred bonds fixed rate reset bonds (ISIN code XS2887816564) in the international financial markets. This issuance was conducted to meet the future Minimum Requirement for Own Funds and Eligible Liabilities (MREL) as set by the bank's supervisory authorities. The annual fixed rate coupon on the notes up to the reset date will be 4.853 %. The maturity date for these bonds is December 5, 2028. From September 5, 2024, these bonds are listed on the Euronext Dublin.

On 7 October 2024 Šiaulių Bankas has redeemed €210 million 1.047% senior preferred bonds (ISIN: LT0000405771). Accordingly, from 7 October 2024 these bonds are removed from Nasdaq Vilnius Bond List and deleted from Nasdaq CSD central securities depository.

On October 2024, Šiaulių Bankas successfully completed the issuance of €50 million in Fixed Rate Reset Perpetual Additional Tier 1 (AT1) Temporary Write Down Notes (ISIN code XS2922133363) in the international financial markets. The bonds bear a coupon of 8.75% per annum and are structured as perpetual instruments with a fixed rate reset mechanism. The notes are listed on Euronext Dublin's Global Exchange Market and qualify as Additional Tier 1 capital, reinforcing the bank’s capital adequacy position. The issuance includes an issuer call option after 5 years, allowing the bank to either redeem the bonds early or reset the coupon rate. The purpose of this issuance was to further strengthen the bank's capital structure in line with regulatory requirements. Starting from November 8, 2024, these bonds are admitted to the official list of Euronext Dublin and to trading on the Global Exchange Market of Euronext Dublin administered by the Irish Stock Exchange plc.

Cash flows and other movements of issued debt securities:

	2024		2023	
	Group	**Bank**	**Group**	**Bank**
As at 1 January	**276,480**	**276,480**	**171,231**	**171,231**
Issuance	375,000	375,000	100,000	100,000
Redemptions	(210,000)	(210,000)	-	-
Accrued interest	13,166	13,166	5,795	5,795
Coupon payments	(13,387)	(13,387)	(2,905)	(2,905)
Discount	6,900	6,900	2,359	2,359
As at 31 December	**448,159**	**448,159**	**276,480**	**276,480**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 24
ASSETS AND LIABILITIES RELATED TO INSURANCE ACTIVITIES

Bank's subsidiary SB Draudimas UAB is engaged in life insurance business. For the years ended 31 December 2024 and 2023 insurance and investment contracts liabilities and their changes were as follows:

	Estimate of present value of future cash flows	Risk adjustment for non-financial risks	Contractual service margin	Investment units	Advances paid by policyholders	Total
Gross:						
At 1 January 2023	23,025	2,571	4,360	6,229	-	36,185
Change during period	16,697	14,443	25,899	86,093	-	143,132
At 31 December 2023	39,722	17,014	30,259	92,322	-	179,317
Change during period	10,997	1,509	2,157	4,364	88	19,115
At 31 December 2024	50,719	18,523	32,416	96,686	88	198,432
Reinsurance share:						
At 1 January 2023	-	-	-	-	-	-
Change during period	1	-	-	-	-	1
At 31 December 2023	1	-	-	-	-	1
Change during period	(1)	-	-	-	-	(1)
At 31 December 2024	-	-	-	-	-	-
Net value						
At 31 December 2023	**39,723**	**17,014**	**30,259**	**92,322**	**-**	**179,318**
At 31 December 2024	**50,719**	**18,523**	**32,416**	**96,686**	**88**	**198,432**

Reconciliation of the components of insurance contract assets and liabilities

In table below liabilities are disclosed with opposite signs than shown in the balance sheet.

				2023-12-31
EUR	**Best estimate liability**	**Risk Adjustment**	**Contractual Service Margin**	**Total**
Opening insurance contract assets	8,731	(1,095)	(3,144)	4,492
Opening insurance contract liabilities	(48,453)	(15,919)	(27,115)	(91,487)
Net opening position of insurance contracts	(39,722)	(17,014)	(30,259)	(86,995)
Changes related to current services				
- CSM recognized in profit and loss	-	-	2,780	2,780
- Risk Adjustment recognized in profit and loss	-	289	-	289
- Experience adjustments	1,349	(1,563)	-	(214)
Changes related to future services				
- Contracts initially recognized in the period	6,272	(2,174)	(4,587)	(489),
- Changes in estimates that adjust CSM	(263)	354	(91)	-
- Changes in estimates that result in onerous contracts or reversal of losses	(338)	34	-	(304)
Changes that relate to past service				
Changes that relate to past service - adjustments to LIC	(571)	1,551	-	980
Insurance finance expenses through profit and loss	(12,563)	-	(259)	(12,822)
Total changes in statement of profit and loss and OCI	**(6,114)**	**(1,509)**	**(2,157)**	**(9,780)**
Premiums received	(25,861)	-	-	(25,861)
Claims paid	12,332	-	-	12,332
Directly attributable expenses paid	3,652	-	-	3,652
Acquisition cost paid	4,994	-	-	4,994
Total cash flows	**(4,883)**	**-**	**-**	**(4,883)**
Closing insurance contract assets	15,745	(3,042)	(6,642)	6,061
Closing insurance contract liabilities	(66,464)	(15,481)	(25,774)	(107,719)
Net closing position of insurance contracts	**(50,719)**	**(18,523)**	**(32,416)**	**(101,658)**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 24
ASSETS AND LIABILITIES RELATED TO INSURANCE ACTIVITIES (COTINUED)

2024-12-31	Liability for Remaining Coverage		LIC for contracts measured under GM/VFA	Total
	Excl. LC	**LC**		
Opening insurance contract assets	5,019	(342)	(185)	4,492
Opening insurance contract liabilities	(87,798)	(2,306)	(1,383)	(91,487)
Net opening position of insurance contracts	**(82,779)**	**(2,648)**	**(1,568)**	**(86,995)**
Insurance revenue	10,516	-	-	10,516
Insurance service expenses				
- Incurred benefits and expenses	-	-	(7,104)	(7,104)
- Changes that relate to past service - adjustments to LIC	-	-	979	979
- Losses on onerous contracts and reversal of those losses	-	(354)	-	(354)
- Amortization of insurance acquisition cash flows	(995)	-	-	(995)
Insurance finance expenses through profit and loss	(12,770)	(41)	(11)	(12,822)
Investment components	10,080	-	(10,080)	-
Total changes in statement of profit and loss	**6,831**	**(395)**	**(16,216)**	**(9,780)**
Premiums received	(25,861)	-	-	(25,861)
Claims paid	-	-	12,332	12,332
Directly attributable expenses paid	-	-	3,652	3,652
Acquisition cost paid	4,994	-	-	4,994
Total cash flows	**(20,867)**	**-**	**15,984**	**(4,883)**
Closing insurance contract assets	7,085	(800)	(223)	6,062
Closing insurance contract liabilities	(103,900)	(2,243)	(1,577)	(107,720)
Net closing position of insurance contracts	**(96,815)**	**(3,043)**	**(1,800)**	**(101,658)**

2023-12-31	Liability for Remaining Coverage		LIC for contracts measured under GM/VFA	Total
	Excl. LC	**LC**		
Opening insurance contract assets	1 634	(573)	16	1,077
Opening insurance contract liabilities	(29,181)	(1,121)	(731)	(31,033)
Net opening position of insurance contracts	**(27,547)**	**(1,694)**	**(715)**	**(29 956)**
Insurance revenue	4,945	-	-	4,945
Insurance service expenses				
- Incurred benefits and expenses	-	-	(1,097)	(1,097)
- Changes that relate to past service - adjustments to LIC	-	-	(2,967)	(2,967)
- Losses on onerous contracts and reversal of those losses	-	(927)	-	(927)
- Amortization of insurance acquisition cash flows	(919)	-	-	(919)
Insurance finance expenses through profit and loss	(5,817)	(27)	(23)	(5,867)
Investment components	3,032	-	(3,032)	-
Total changes in statement of profit and loss	**1,241**	**(954)**	**(7,119)**	**(6,832)**
Premiums received	(58,589)	-	-	(58,589)
Claims paid	-	-	4,388	4,388
Directly attributable expenses paid	-	-	1,878	1,878
Acquisition cost paid	2,116	-	-	2,116
Total cash flows	**(56,473)**	**-**	**6,266**	**(50,207)**
Closing insurance contract assets	5,019	(342)	(185)	4,492
Closing insurance contract liabilities	(87,798)	(2,306)	(1,383)	(91,487)
Net closing position of insurance contracts	**(82,779)**	**(2,648)**	**(1,568)**	**(86,995)**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 25
OTHER LIABILITIES

	2024		2023	
	Group	Bank	Group	Bank
Financial liabilities:				
Trade payables	3,462	-	4,034	1,424
Accrued charges	36,256	32,792	28,849	26,542
Lease liabilities (see Note 18)	6,708	6,453	7,224	6,393
Total financial liabilities	**46,426**	**39,245**	**40,107**	**34,359**
Breakdown of other financial liabilities according to maturity				
Short-term (up to 1 year)	41,425	34,530	35,156	30,149
Long-term (over 1 year)	5,001	4,715	4,951	4,210
Non-financial liabilities:				
Advance amounts received from the buyers of assets	5,702	-	5,887	-
Deferred income	4,033	719	1,534	698
Provisions	74	-	183	-
Other liabilities	1,185	944	737	737
Total non-financial liabilities	**10,994**	**1,663**	**8,341**	**1,435**
Breakdown of other non-financial liabilities according to maturity				
Short-term (up to 1 year)	9,858	1,424	7,622	1,195
Long-term (over 1 year)	1,136	239	719	240
Total non-financial liabilities	**10,994**	**1,663**	**8,341**	**1,435**

Provisions are recognized as the Group's subsidiaries involved in the real estate activities grant service commitments for the properties they develop and sell or for pending legal issues against the Group companies. The movement of provisions is presented in the table below:

	2024		2023	
	Group	Bank	Group	*Bank*
Provisions at 1 January	**183**	**-**	**469**	**-**
Additions/(reversals), including increases (decreases) in existing provisions	(109)	-	(286)	-
Amounts used	-	-	-	-
Other movements (reclassifications)	-	-	-	-
Provisions at 31 December	**74**	**-**	**183**	**-**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 26
INVESTMENT PROPERTY

Investment property

	Group	Bank
Year ended 31 December 2023:		
Carrying amount at 1 January	1,827	
Acquisitions	-	-
Reclassifications	-	-
Impairment	-	**-**
Depreciation charge	(39)	
Disposals and write-offs	(795)	-
Carrying amount at 31 December 2023	**993**	**-**
As at 31 December 2023:		
Cost	2,530	-
Accumulated depreciation	(1,537)	-
Net carrying amount	**993**	**-**
Estimated fair value at 31 December 2023	1,203	-
Year ended 31 December 2024:		
Carrying amount at 1 January	993	-
Acquisitions	-	-
Reclassifications	-	-
Impairment	-	-
Depreciation charge	(27)	-
Disposals and write-offs	(966)	-
Carrying amount at 31 December 2024	-	**-**
As at 31 December 2024:		
Cost	1,564	-
Accumulated depreciation	(1,564)	-
Net carrying amount	-	**-**
Estimated fair value at 31 December 2024	-	-
Economic life (in years)	20-50	

The Group tests the investment property for impairment mainly using valuations from external independent certified appraisers or valuations performed by Group's employees (as of 31 December 2023 100% of the carrying value of the investment property was tested for impairment using valuations from external independent certified appraisers). Income or comparative price methods, i.e. valuation techniques attributable to Level 3 (income method or comparative price method) are mostly used valuation techniques to test the investment property for impairment both by external and internal valuators.

NOTE 27
CAPITAL

As of 31 December 2022 share capital of the Bank amounted to EUR 174,211 thousand, it comprised 600,726,263 ordinary registered shares with par value of EUR 0.29 each.

On 22 November the Bank and Invalda INVL signed an agreement according which segments of their retail businesses were merged on 1 December 2023. After closing the transaction, 62,270,383 newly issued shares of the Bank which represents 9,39% of the Bank shareholding were transferred to Invalda INVL on 15 December 2023. After this issue of shares as of 31 December 2023 share capital of the Bank amounted to EUR 192,269 thousand , it comprised 662,996,646 ordinary registered shares with par value of EUR 0.29 each.

At 31 May 2024 The European Bank for Reconstruction and Development (EBRD), together with asset management group Invalda INVL, Tesonet Global, a member of the Tesonet group of companies, and Willgrow, the holding company that manages Girteka Logistics, have finalized a series of planned transactions, which together dispose of a total of 16.33% of the shares of Šiaulių bankas. 31 December 2020 The European Bank for Reconstruction and Development (EBRD) held 26.02% of the Bank's share capital and votes. On 22 December 2021, the EBRD announced its decision to sell its 18% stake in the Bank. The EBRD has signed 3 separate agreements for the sale of the Bank's shares: with the asset management group Invalda INVL, Tesonet Global belonging to the Tesonet group of companies, and Willgrow, a holding company managed by Girteka Logistics. The respective shareholdings to be sold are 5,87 %, 5,87 % and 6,29 %. The acquisition process was carried out through a series of transactions which lasted until June 2024. 29 December 2021. "Willgrow announced the acquisition of a 5.71% stake in the Bank. On 30 June 2024, following the completion of the transaction milestones, Invalda INVL Group's shareholding in Šiaulių Bankas increased to 19.93%, Willgrow's to 8.97% and Tesonet Global's to 5.32%. As a result of these transactions, the EBRD owns 7.25% of the Bank's share capital and voting rights..

NOTE 27
CAPITAL (CONTINUED)

As of 31 December 2023 share capital of the Bank amounted to EUR 192,269 thousand it comprised 662,996,646 ordinary registered shares with par value of EUR 0.29 each. During the year 2024 there were no additional share capital increase.

As at 31 December 2024, the Bank had 18,774 shareholders (as at 31 December 2023: 19,087).

Share premium

The share premium represents the difference between the issue price and nominal value of the shares issued by the Bank. Share premium can be used to increase the Bank's authorized share capital. In 2018, the share premium of EUR 3,428 thousand was recognized in the subordinated loan conversion process. In 2023 share premium has increased to EUR 25,534 due to business combination in more detail described in section above of this note and Note 16. During the year 2024 there were no additional share premium increase.

Reserve capital

The reserve capital is formed from the Bank's profit and its purpose is to ensure the financial stability of the Bank. The shareholders may decide to use the reserve capital to cover losses incurred.

Statutory reserve

According to the Law of the Republic of Lithuania on Banks, allocations to the statutory reserve shall be compulsory and shall not be less than 1/20 of the profit available for appropriation. The statutory reserve may, by a decision of extraordinary general or annual meeting of the shareholders, be used only to cover losses of the activities.

Reserve for acquisition of own shares

On 30 March 2022, at the annual general meeting of shareholders, a decision was made to increase the reserve for the repurchase of the Bank's own shares by EUR 10,000 thousand (the reserve was established on March 28, 2019, by a decision of the general meeting of shareholders). The reserve formed amounts to EUR 20,000 thousand. It can be used for two purposes: to support the Bank's share price and to purchase shares that will be transferred to Group employees as part of variable remuneration. As of December 31, 2024, the carrying value of the reserve for the repurchase of own shares is EUR 20,000 thousand (as of December 31, 2023 - EUR 20,000 thousand).

On 15 August 2024, the Bank received authorization from the European Central Bank (ECB) to repurchase up to 13,745 thousand of its own shares. According to the Bank's share buyback program, announced on October 31, 2024, the Bank had acquired 3,093 thousand shares by December 31, 2024, paying EUR 2,555 thousand for them. The sole purpose of the program is to reduce the Bank's share capital.

During twelve months period ended 31 December 2024 the Bank acquired 10,343 thousand units of own shares for EUR 8,375 thousand. 2,273 thousand units of own shares acquired in 2023 were granted to the employees of the Bank and its subsidiaries as a deferred part of variable remuneration for 2020. As of 31 December 2024 the Bank held 10,343 thousand own shares with carrying value of EUR 8,375 thousand.

During twelve months period ended 31 December 2023 the Bank acquired 4,764 thousand units of own shares for EUR 3,368 thousand. Part of acquired shares were granted to the employees of the Bank and its subsidiaries as a deferred part of variable remuneration for 2019. As of 31 December 2023 the Bank held 2,273 thousand own shares with carrying value of EUR 1,500 thousand.

Other equity

Other equity consists of amount that corresponds to the obligation to present Bank's shares to Group's employees as part of variable remuneration.

The Group's remuneration policy prescribes two main elements of remuneration – fixed remuneration and variable remuneration, and various additional benefits. Employees whose professional activities and/or decisions might have a significant impact on the risk accepted by the Group, receive deferred variable remuneration. The remuneration amounts are accrued as staff expenses in income statement. Until 2018, Group's incentive scheme included deferred payments in shares and cash of not less than 40% of variable remuneration being paid in equal instalments during three-year period. From 2019 under the Group's incentive scheme employees whose professional activities and/or decisions may have a significant impact on the risk assumed be the Group receive 50% of the annual long term incentive program in cash and 50% in form of Bank's shares options executable after 3 years. The number of share options is based on the currency value of the achieved results divided by the weighted average price at which the Bank's shares are traded on Nasdaq Vilnius during the period of five months prior the approval of renumeration. Each option is convertible into one ordinary share.

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 27
CAPITAL (CONTINUED)

The Group has assessed fair value of shares option by the Black-Scholes model which is attributable to Level 3 in fair value hierarchy. The model inputs include:

- For the option granted 31 March 2024: grant date (31 March 2023), expiry days (14 April 2028 and 29 April 2029), share price 0.71 on grant day, exercise price 0.58, expected price volatility of the bank's shares 25%, risk free interest rates – 3,5% and 2.3%;
- For the option granted 31 March 2023: grant date (31 March 2023), expiry days (9 April 2027 and 14 April 2028), share price 0.747 on grant day, exercise price 0.65, expected price volatility of the bank's shares 26%, risk free interest rates - 5% and 2.3%;
- For the option granted 30 March 2022: grant date (30 March 2022), expiry day (11 April 2025), share price 0.66 on grant day, exercise price 0.59, expected price volatility of the bank's shares 28%, risk free interest rate – 0.1%;
- For the option granted 31 March 2021: grant date (31 March 2021), expiry day (12 April 2024), share price 0.54 on grant day, expected price volatility of the bank's shares 25%, risk free interest rate - 0.1%.

The value of the option is included in other equity line in the statement of financial position. Other equity consists of.

		2024		2023
	Group	Bank	Group	Bank
Options	1,480	1,019	1,697	1,209
Shares distributable to the employees	-	-	-	-
Total	**1,480**	**1,019**	**1,697**	**1,209**

No options were forfeited or expired during years ended 31 December 2024 and 31 December 2023. During 12 months period ended 31 December 2024 2,273 thousand units of share options were exercised for benefit of Group's defined employees (for benefit of Bank's defined employees – 1,991 thousand units) on exercise date at weighted average share price of 0.66 EUR.

NOTE 28
CONTINGENT LIABILITIES AND COMMITMENTS

Contingent tax liabilities

The Tax Authorities have not carried out a full-scope tax audit of the Bank for the period from 2020 to 2024. The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year carry out an inspection of the Bank's books and accounting records and impose additional taxes or fines. Management is not aware of any circumstances that might result in a potential material liability in this respect.

Guarantees issued, letters of credit, commitments to grant loans and other commitments

		2024		2023
	Group	Bank	Group	Bank
Financial guarantees issued	87,985	87,985	59,216	59,256
Letters of credit	135	135	538	538
Commitments to grant loans	393,190	403,413	473,095	480,723
Other commitments	298	298	8,932	8,932
Total	**481,608**	**491,831**	**541,781**	**549,449**

Fair value of the guarantees amounts to EUR 511 thousand at 31 December 2024 (31 December 2023: EUR 418 thousand). It is estimated as the amount of the guarantee fee to be paid by the customers less amortization over the contract period.

Staging of guarantees issued, letters of credit, commitments to grant loans and other commitments:

		2024		2023
	Group	Bank	Group	Bank
Financial guarantees issued:	87,985	87,985	59,216	59,256
Stage 1	87,985	87,985	59,216	59,256
Letters of credit:	135	135	538	538
Stage 1	135	135	538	538
Commitments to grant loans:	393,190	403,413	473,095	480,723
Stage 1	371,314	363,909	466,672	458,661
Stage 2	19,570	37,198	6,115	21,754
Stage 3	2,306	2,306	308	308
Other commitments:	298	298	8,932	8,932
Stage 1	298	298	8,932	8,932
Total	**481,608**	**491,831**	**541,781**	**549,449**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 28
CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

As the guarantees and letters of credit are either 100% secured by cash collaterals pledged by the customers to the Bank, or are issued using the credit line that the Bank has granted to the customer (which has its own collaterals and impairment is calculated for the credit line), no ECL impairment provisions are formed against these obligations. Commitments to grant loans are included in the EAD model in loan ECL calculations and the impairment is calculated for the whole instrument that includes both on-balance and off-balance sheet amounts, therefore the impairment for commitments to grant loans is included in the loan impairment amount.

The Group‘s liabilities include provisions for other contingent liabilities that are recognized using IAS 37 approach. Such provisions are disclosed in Note 25.

NOTE 29
DIVIDENDS

Dividends are declared during the annual general meeting of shareholders of the Bank when appropriation of profit for the reporting period is performed.

On 29 March 2024 ordinary general meeting of shareholders made a decision to pay EUR 0.0485 (i.e. 16.72%) dividends per one ordinary registered share with EUR 0.29 nominal value each.

On 31 March 2023 ordinary general meeting of shareholders made a decision to pay EUR 0.0265 (i.e. 9.1%) dividends per one ordinary registered share with EUR 0.29 nominal value each.

The table below demonstrates movements in dividends for the years 2024 and 2023:

	2024	2023
Unpaid dividend amount at 1 January:	**94**	**84**
Dividends declared	32,095	15,919
Dividends paid	(32,159)	(15,909)
Unpaid dividend amount at 31 December:	**30**	**94**

NOTE 30
RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

a) members of the Bank’s Supervisory Council and Board (which also are the main decision makers of the Group), their close family members and companies that are controlled, jointly controlled over by these related parties;
b) subsidiaries of the Bank, includes SB draudimas GD UAB, SB Lizingas UAB, SB turto fondas UAB, SB modernizavimo fondas UAB, SB Asset Management UAB;
c) the shareholders holding over 20% of the Bank’s share capital or being a part of a voting group acting in concert that holds over 20% of voting rights therefore presumed to have a significant influence over the Group.

During 2024 and 2023, a certain number of banking transactions were entered into with related parties in the ordinary course of business. These transactions include settlements, loans, deposits and foreign currency transactions.

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 30
RELATED-PARTY TRANSACTIONS (CONTINUED)

The year-end balances of loans (incl. off-balance sheet commitments) granted to and deposits accepted from the Bank's related parties, except for subsidiaries, and ranges of annual interest rates were as follows (data of the Bank):

	Deposits, at the year-end		Range of annual interest rates, %		Loans, at the year-end		Range of annual interest rates, %		Off-balance sheet commitments, at the year-end	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2023**	**2023**	**2024**	**2023**
Members of the Council and the Board	576	424	0,00-4,30	0,00-4,30	765	274	4,37-4,66	5,63	44	25
Other related parties (excluding subsidiaries of the Bank)	708	225	0,00-4,75	0,00-4,30	8,722	9 171	0,69-5,343	0,69-6,80	1	1
Total	**1,284**	**649**	**-**	**-**	**9,487**	**9 445**	**-**	**-**	**45**	**26**
% of regulatory capital	0,00%	0,00%			0,01%	0,02%			0,00%	0,00%

In 2024 EUR 42 thousand interest income were generated from transactions with related parties (except for subsidiaries, in 2023 – EUR 55 thousand).

As at 31 December 2024 loans to related parties (except for subsidiaries) with gross value before impairment provisions of EUR 9,487 thousand (31 December 2023: EUR 9,455 thousand) had collaterals.

At 31 December 2024 and 2023 Bank's subsidiaries had no material transactions with the related parties except for the Bank and its subsidiaries.

Transactions with subsidiaries:

Balances of Bank's transactions with the subsidiaries are given below:

	Deposits, at the year-end		Range of annual interest rates, %		Loans, at the year-end		Range of annual interest rates, %		Off-balance sheet commitments, at the year-end	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Non-financial institutions	60 598	35,155	0-3.750	0.00-4.15	63 211	30,070	4.55-15.40	5.28-16.13	12 000	13,750
Financial institutions	13	52	0.00	0.00	290 817	247,553	2,6	4.35-5.80	17 628	15,639

No collateral is obtained on loans to subsidiaries.

Increase of balances of loans in table above in 2024 if compared to 2023 is related with transactions with UAB SB modernizavimo fondas 2 established in 2024 operations. This entity is not consolidated due to IFRS 10 requirements however considered as related party under IAS 24 requirements.
Bank's total balances with subsidiaries (see Note 16 for details on investment in subsidiaries):

	2024	**2023**
Assets		
Loans	354,028	277,623
Other assets	-	-
Bank's investment in subsidiaries	84,069	76,672
	-	-
Liabilities		
Term deposits		540
Demand deposits	60,611	34,667
Other liabilities	-	-

Income and expenses arising from transactions with subsidiaries:

	2024	**2023**
Income		
Interest	16,898	10,314
Commission income	6,432	2,711
Income (losses) from foreign exchange operations	-	-
Share of the profit or loss of investments in subsidiaries accounted for using the equity method	7,227	(4,267)
Other income	785	2,001
Expenses		
Interest	(153)	(88)
Operating expenses	940	155
Impairment (reversal of impairment) of loans	150	(162)
Impairment of an investment to subsidiaries	-	-

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 30
RELATED-PARTY TRANSACTIONS (CONTINUED)

Remuneration of the management of the Group/Bank

According to the Bank's Remuneration Policy, the members of the management bodies are paid a fixed and annual variable remuneration. The annual variable remuneration fund is formed based on the Bank's performance, taking into account current and future risks. During 2024 the total amount of fixed and annual variable renumeration (total of payments in cash and in shares of the Bank) to the Bank's Board members amounted to EUR 2,033 thousand (2023: EUR 1,598 thousand).

	2024	2023
Fixed renumeration in cash	1,428	1,122
Variable renumeration in cash	-	52
Variable renumeration in shares of Bank	605	424
Total	**2,033**	**1,598**

No other post-employment benefit or long-term benefit were paid to members of Board (including management).

Liabilities related to long term benefits related to remuneration are presented in the table below:

	2024	*2023*
Short-term (up to 1 year)	597	678
Long-term (over 1 year)	1,543	1,172
Total	**2,140**	**1,850**

	Payment in cash due in:				Payment in shares due in:				Total
	Up to 1 year	From 1 to 2 years	From 2 to 3 years	Total	Up to 1 year	From 1 to 2 years	From 2 to 3 years	Total	
31 December 2023:									
for year 2020 salaries and bonuses	-	-	-	-	678	-	-	678	678
for year 2021 salaries and bonuses	-	-	-	-	-	597	-	597	597
for year 2022 salaries and bonuses	-	-	-	-	-	-	575	575	575
Total liability at 31 December 2023	**-**	**-**	**-**	**-**	**678**	**597**	**575**	**1 850**	**1,850**
31 December 2024:									
for year 2021 salaries and bonuses	-	-	-	-	597	-	-	597	597
for year 2022 salaries and bonuses	-	-	-	-	-	573	-	573	573
for year 2023 salaries and bonuses	-	-	-	-	-	-	970	970	970
Total liability at 31 December 2024	**-**	**-**	**-**	**-**	**597**	**573**	**970**	**2,140**	**2,140**

NOTE 31
FINANCIAL GROUP INFORMATION

According to local legislation the Bank is required to disclose certain information for the Financial group. As of 31 December 2024 the Bank owned the following controlled subsidiaries included in the prudential scope of consolidation (the Bank and four subsidiaries comprised the Financial group, all of the entities attributable to Financial Group operate in Lithuania):

1. SB Turto Fondas UAB (real estate management activities),
2. SB Lizingas UAB (consumer financing activities),
3. SB Asset Management UAB (fund management activities).

As of 31 December 2023 the Bank owned the following subsidiaries included in the prudential scope of consolidation (the Bank and four subsidiaries comprised the Financial group, all of the entities attributable to Financial Group operate in Lithuania):

1. Šiaulių Banko Lizingas UAB (lease activities),
2. Šiaulių Banko Investicijų Valdymas UAB (investment management activities),
3. SB Turto Fondas UAB (real estate management activities),
4. SB Lizingas UAB (consumer financing activities).

In the Financial Group financial statements, the subsidiaries of the Bank that are not included in the Financial Group are not consolidated in full as would be required by IFRS 10 but presented on the consolidated balance sheet of the Financial Group as investments in subsidiaries at cost less impairment, in the same way as presented on the balance sheet of the Bank. This presentation is consistent with the regulatory reporting made by the Bank according to the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR).

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 31
FINANCIAL GROUP INFORMATION (CONTINUED)

STATEMENT OF FINANCIAL POSITION

	31 December 2024		31 December 2023	
	Fin. Group	Bank	Fin. Group	Bank
ASSETS				
Cash and cash equivalents	387,680	386,365	743,733	742,969
Securities in the trading book	18,020	13,543	20,522	20,402
Due from other banks	3,121	3,121	3,013	3,013
Derivative financial instruments	1,093	1,093	241	241
Loans to customers	3,117,700	3,105,007	2,645,104	2,633,482
Finance lease receivables	316,897	316,897	286,533	286,451
Investment securities at fair value	43,868	43,620	74,500	74,382
Investment securities at amortized cost	716,864	716,864	739,869	739,869
Investments in subsidiaries	38,180	84,069	32,628	76,672
Intangible assets	40,569	7,859	41,919	8,149
Property, plant and equipment	15,070	14,689	15,116	14,702
Investment property	-	-	993	-
Current income tax prepayment	82	-	9	-
Deferred income tax asset	6,074	2,716	7,575	3,658
Other financial assets	7,403	6,559	7,780	8,289
Other non-financial assets	9,790	8,505	12,084	10,681
Assets classified as held for sale	150	150	150	150
Total assets	**4,722,561**	**4,711,057**	**4,631,769**	**4,623,110**
LIABILITIES				
Due to other banks and financial institutions	67,926	68,487	571,750	576,316
Derivative financial instruments	123	123	1,041	1,041
Due to customers	3,537,972	3,543,291	3,163,157	3,166,908
Special and lending funds	23,037	23,037	15,718	15,718
Debt securities in issue	448,159	448,159	276,480	276,480
Current income tax liabilities	206	48	6,412	6,412
Deferred income tax liabilities	6,141	-	6,125	-
Other financial liabilities	43,812	39,245	38,217	34,359
Other non-financial liabilities	8,680	1,663	8,386	1,435
Total liabilities	**4,136,056**	**4,124,053**	**4,087,286**	**4,078,669**
EQUITY				
Capital and reserves attributable to owners of the Bank				
Share capital	192,269	192,269	192,269	192,269
Share premium	25,534	25,534	25,534	25,534
Treasury shares (-)	(8,375)	(8,375)	(1,500)	(1,500)
Reserve capital	756	756	756	756
Statutory reserve	60,903	60,805	47,681	47,605
Reserve for acquisition of own shares	20,000	20,000	20,000	20,000
Financial instruments revaluation reserve	(2,989)	(2,989)	(5,426)	(5,426)
Other equity	1,404	1,019	1,603	1,209
Retained earnings	297,003	297,985	263,566	263,994
Total equity	**586,505**	**587,004**	**544,483**	**544,441**
Total liabilities and equity	**4,722,561**	**4,711,057**	**4,631,769**	**4,623,110**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 31
FINANCIAL GROUP INFORMATION (CONTINUED)

INCOME STATEMENT

	2024 Fin. Group	2024 Bank	2023 Fin. Group	2023 Bank
Continuing operations				
Interest revenue calculated using the effective interest method	243,291	227,237	195,477	181,049
Other similar income	24,955	24,953	21,096	21,070
Interest expense and similar charges	(110,002)	(110,146)	(60,113)	(60,189)
Net interest income	**158,244**	**142,044**	**156,460**	**141,930**
Fee and commission income	38,442	32,587	28,642	28,968
Fee and commission expense	(8,871)	(8,044)	(8,207)	(8,114)
Net fee and commission income	**29,571**	**24,543**	**20,435**	**20,854**
Net gain from trading activities	6,304	6,248	5,481	5,358
Net gain (loss) from derecognition of financial assets	544	778	809	532
Net gain (loss) from disposal of tangible assets	593	141	864	97
Other operating income	982	1,384	881	2,096
Salaries and related expenses	(48,844)	(43,840)	(35,531)	(33,004)
Depreciation and amortization expenses	(7,893)	(6,392)	(5,386)	(5,126)
Other operating expenses	(37,674)	(32,402)	(30,569)	(25,557)
Operating profit before impairment losses	**101,827**	**92,504**	**113,444**	**107,180**
Allowance for impairment losses on loans and other assets	(10,898)	(4,635)	(15,509)	(8,059)
(Allowance for)/ reversal of allowance for impairment losses on other assets	-	-	286	-
Allowance for impairment losses on investments in subsidiaries	-	-	-	-
Share of the profit or loss of investments in subsidiaries accounted for using the equity method	5,429	7,227	(2,471)	(4,267)
Profit from continuing operations before income tax	**96,358**	**95,096**	**95,750**	**94,854**
Income tax expense	(17,608)	(15,810)	(20,366)	(19,234)
Net profit from continuing operations for the year	**78,750**	**79,286**	**75,384**	**75,620**
Profit (loss) from discontinued operations, net of tax	-	-	-	-
Net profit for the year	**78,750**	**79,286**	**75,384**	**75,620**
Net profit attributable to:				
Owners of the Bank	78,750	79,286	75,384	75,620
From continuing operations	78,750	79,286	75,384	75,620
From discontinued operations	-	-	-	-
Non-controlling interest	-	-	-	-

STATEMENT OF COMPREHENSIVE INCOME

	2024 Fin. Group	2024 Bank	2023 Fin. Group	2023 Bank
Profit for the year	**78,750**	**79,286**	**75,384**	**75,620**
Other comprehensive income (loss):				
Items that may be subsequently reclassified to profit or loss:				
Financial assets valuation gains taken to other comprehensive income	3,026	3,026	716	716
Financial assets valuation result transferred to profit or loss	20	20	2,640	2,640
Deferred income tax on gain (loss) from revaluation of financial asset	(609)	(609)	(671)	(671)
	-	-		
Items that may not be subsequently reclassified to profit or loss:				
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	-	-	-	-
Other comprehensive income (loss), net of deferred tax	**2,437**	**2,437**	**2,685**	**2,685**
Total comprehensive income	**81,187**	**81,723**	**78,069**	**78,305**
Total comprehensive income (loss) attributable to:				
Owners of the Bank	81,187	81,723	78,069	78,305
Non-controlling interest	**-**	-	**-**	**-**
	81,187	81,723	78,069	78,305

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 31
FINANCIAL GROUP INFORMATION (CONTINUED)

STATEMENT OF CASH FLOWS

		Year ended			
		31 December 2024		31 December 2023	
		Fin. Group	Bank	Fin. Group	Bank
Operating activities					
Interest received on loans and advances		225,951	209,897	177,561	163,133
Interest received on finance leases		22,958	22,956	18,678	18,652
Interest received on debt securities in the trading book		1,292	1,292	1,741	1,741
Interest paid		(103,744)	(104,419)	(29,587)	(29,633)
Fees and commissions received		38,442	32,587	28,642	28,968
Fees and commissions paid		(8,871)	(8,044)	(8,207)	(8,114)
Net cash inflows from trade in securities in the trading book		7,172	7,116	1,725	1,602
Net inflows from foreign exchange trading		5,218	5,218	6,975	6,975
Net inflows from derecognition of financial assets		544	779	809	532
Net inflows from disposal of tangible assets		593	141	864	97
Cash inflows related to other activities of Group companies		983	1,384	882	2,096
Recoveries on loans previously written off		285	161	210	208
Salaries and related payments to and on behalf of employees		(44,956)	(39,952)	(33,677)	(31,150)
Payments related to operating and other expenses		(37,674)	(32,402)	(30,631)	(25,557)
Income tax (paid)		(23,581)	(22,442)	(17,563)	(16,200)
Net cash flow from operating activities before change in operating assets and liabilities		**84,612**	**74,272**	**118,422**	**113,350**
Change in operating assets and liabilities:					
Decrease in due from other banks		(108)	(108)	(280)	(280)
Increase in loans to customers		(483,005)	(475,529)	(256,841)	(263,910)
Increase in finance lease receivable		(30,412)	(30,494)	(47,511)	(47,685)
Decrease (increase) in other financial assets		377	1,730	8,622	(2,669)
Decrease (increase) in other non-financial assets		16,543	16,894	860	9,743
Increase in due to banks and financial institutions		(487,134)	(491,139)	(128,349)	(124,862)
Increase in due to customers		362,470	364,038	361,761	361,653
Increase (decrease) in special and lending funds		6,679	7,319	1,534	1,534
Increase (decrease) in other financial liabilities		5,452	4,743	12,620	10,203
Increase (decrease) in other non-financial liabilities		(6,968)	(3,655)	(13,910)	(3,155)
Change		**(616,106)**	**(606,201)**	**(61,494)**	**(59,428)**
Net cash flow from operating activities		**(531,494)**	**(531,929)**	**56,928**	**53,922**
Investing activities					
(Acquisition) of property, plant and equipment, investment property and intangible assets		(5,179)	(4,893)	(7,393)	(7,299)
Disposal of property, plant and equipment, investment property and intangible assets		207	187	3,796	2,215
(Acquisition) of investment securities at amortized cost		(316,044)	(316,044)	(64,157)	(64,157)
Proceeds from redemption or sale of investment securities at amortized cost		335,131	335,131	279,209	279,209
Interest received on investment securities at amortized cost		17,776	17,776	9,777	9,777
Dividends received		13	13	14	10,014
(Acquisition) of investment securities at fair value		382	-	547	-
Sale or redemption of investment securities at fair value		33,645	33,645	16,824	16,824
Interest received on investment securities at fair value		639	639	758	758
Business acquired net of cash acquired during transaction	16	-	-	551	-
Establishment of subsidiaries	16	(100)	(100)	-	(400)
Increase in share capital of subsidiaries in cash	16	(70)	(70)	(13,206)	(17,706)
Net cash flow from (used in) investing activities		**66,400**	**66,284**	**226,720**	**229,235**
Financing activities					
Payment of dividends		(32,159)	(32,159)	(15,909)	(15,909)
Acquisition of own shares		(8,375)	(8,375)	(3,368)	(3,368)
Interest on debt securities in issue		(13,387)	(13,387)	(2,905)	(2,905)
Issue of debt securities		375,000	375,000	100,000	100,000
Redemption of debt securities issued		(210,000)	(210,000)	-	-
Principal elements of lease payments		(2,038)	(2,038)	(1,567)	(1,524)
Net cash flow (used in) from financing activities		**109,041**	**109,041**	**76,251**	**76,294**
Net increase (decrease) in cash and cash equivalent		**(356,053)**	**(356,604)**	**359,899**	**359,451**
Cash and cash equivalents at 1 January		**743,733**	**742,969**	**383,834**	**383,518**
Cash and cash equivalents at 31 December		**387,680**	**386,365**	**743,733**	**742,969**

(All amounts are in EUR thousand, unless otherwise stated)

NOTE 31
FINANCIAL GROUP INFORMATION (CONTINUED)

FINANCIAL GROUP'S STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares (-)	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total
31 December 2022	**174,211**	**3,428**	**-**	**756**	**(8,111)**	**36,990**	**20,000**	**2,287**	**214,704**	**444,265**
Impact of change in accounting principles	-	-	-	-	-	-	-	-	-	-
1 January 2023	**174,211**	**3,428**	**-**	**756**	**(8,111)**	**36,990**	**20,000**	**2,287**	**214,704**	**444,265**
Transfer to/from statutory reserve	-	-	-	-	-	10,691	-	-	(10,691)	-
Transfer to/from share acquisition reserve	18,058	22,106	-	-	-	-	-	-	-	40,164
Acquisition of own shares	-	-	(3,368)	-	-	-	-	-	-	(3,368)
Share-based payment	-	-	1,868	-	-	-	-	(684)	88	1,272
Payment of dividends	-	-	-	-	-	-	-	-	(15,919)	(15,919)
Total comprehensive income	-	-	-	-	2,685	-	-	-	75,384	78,069
Net profit	-	-	-	-	-	-	-	-	75,384	75,384
Other comprehensive income	-	-	-	-	2,685	-	-	-	-	2,685
31 December 2023	**192,269**	**25,534**	**(1,500)**	**756**	**(5,426)**	**47,681**	**20,000**	**1,603**	**263,566**	**544,483**
Transfer to statutory reserve	-	-	-	-	-	13,222	-	-	(13,222)	-
Transfer to reserve for acquisition of own shares	-	-	-	-	-	-	-	-	-	-
Acquisition of own shares	-	-	(8,375)	-	-	-	-		-	(8,375)
Share-based payment	-	-	1,500	-	-		-	(199)	4	1,305
Payment of dividends	-	-	-	-	-	-	-	-	(32,095)	(32,095)
Total comprehensive income	-	-	-	-	2,437	-	-	-	78,750	81,187
Net profit	-	-	-	-	-	-	-	-	*78,750*	*78,750*
Other comprehensive income	-	-	-	-	*2,437*	-	-	-	-	*2,437*
31 December 2024	**192,269**	**25,534**	**(8,375)**	**756**	**(2,989)**	**60,903**	**20,000**	**1,404**	**297,003**	**586,505**

COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

During the years ended 31 December 2024 and 31 December 2023, the Financial group and the Bank complied with prudential requirements to which it was subject.

NOTE 32
EVENTS AFTER BALANCE SHEET DATE

In January 2025, the Bank purchased 2 million of its own shares, for which a payment of 1.8 million EUR was made. The purpose of acquisition of own shares is to reduce the authorized capital of the Bank by cancelling the shares purchased by the Bank.

After end of reporting period there were no other significant events which would have impact to these financial statements.

CONSOLIDATED MANAGEMENT REPORT FOR 2024

31 December 2024

Tilžės 149, LT-76348 Šiauliai
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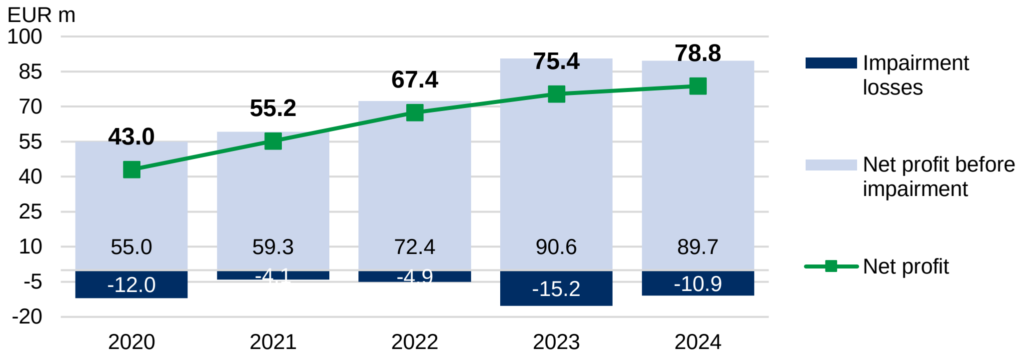
www.sb.lt

The consolidated report of Šiaulių Bankas AB (hereinafter — the Bank) covers the period 01 January 2024 to 31 December 2024.

The description of alternative performance indicators is available on the Bank's website at:
Homepage › Bank Investors › Financial Information › Alternative Performance Measures.

ANNUAL ACTIVITY RESULTS

- **Financial targets.** Šiaulių Bankas Group demonstrated strong performance and successfully achieved all its financial targets for 2024, delivering on its guidance
- **Profit.** Šiaulių Bankas Group earned a record net profit of €78.8 million
- **Loan portfolio.** The loan portfolio grew by 17% year-on-year to over €3.4 billion
- **Deposits.** The deposit portfolio grew by 12% over the year to almost €3.6 billion at the end of 2024
- **Fee & commission income.** Net fee and commission income grew by 44% year-on-year to over €29 million
- **Dividends.** Šiaulių Bankas Group intends to propose a distribution of 50% of its 2024 net profit, or €0.061 dividend per share
- **Share buybacks.** Will allocate up to 5% of the 2024 net profit for own share buybacks
- **Rebranding.** A rebranding of Šiaulių Bankas will be proposed for the upcoming shareholders' meeting



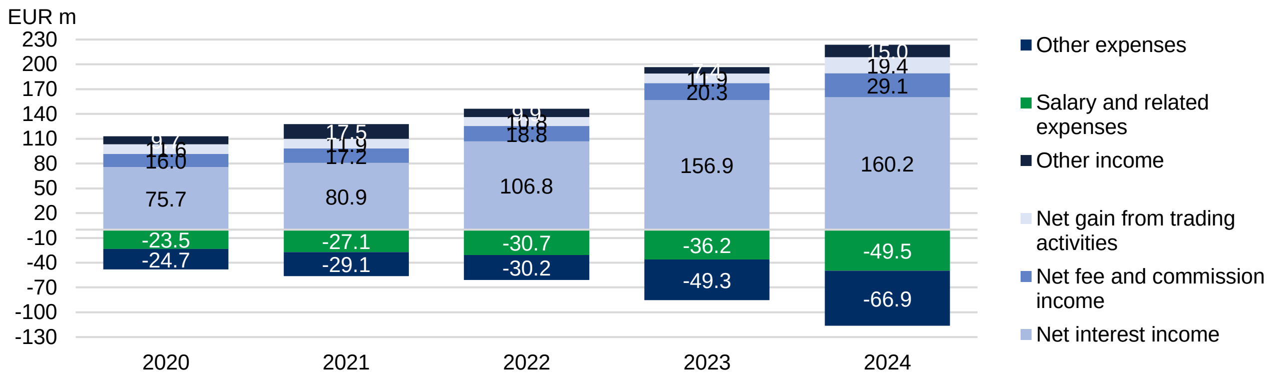
Overview of the key performance indicators

"In 2024, we have successfully integrated INVL's retail business into Šiaulių Bankas Group, updated our long-term vision and strategy, and initiated a business transformation that we believe will bring greater value to our customers, shareholders, and society.

While launching strategic projects such as the replacement of the core banking platform and rebranding preparation, we maintained high profitability and service quality, effectively managing risk and costs.

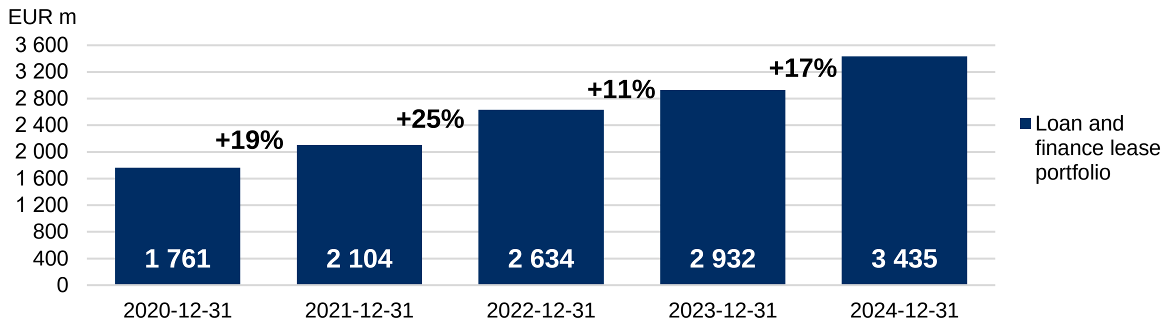
The successful implementation of our first international bond issuances and the updated dividend policy demonstrate our commitment to efficient capital utilization and delivering high returns to shareholders during the transformation period," says Vytautas Sinius, CEO of Šiaulių Bankas.

Šiaulių Bankas Group earned an unaudited net profit of €78.8 million in 2024 which is 5% more than in 2023. Operating profit before allowance for impairment losses and income tax amounted to €107.3 million, a 3% decrease compared to operating profit of €111.0 million in 2023. Increased operating expenses reflect larger group size post-merger with INVL Retail in 2023 and ongoing business investments.



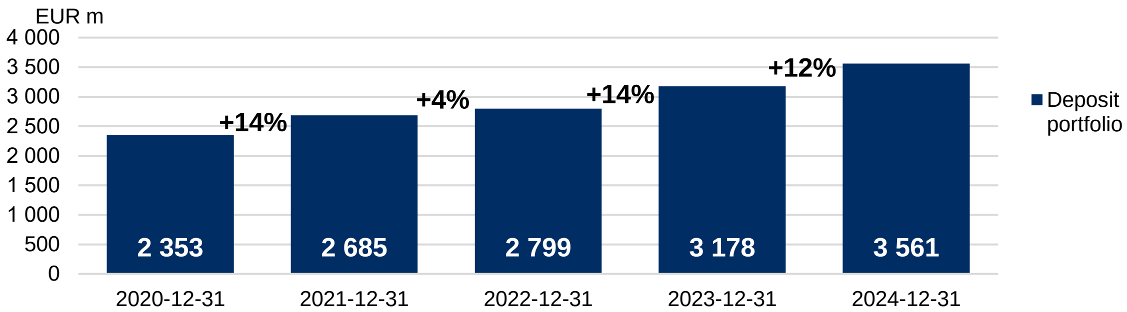
Net interest income grew by 2% year-on-year to €160.2 million, while net fee and commission income grew by 44% to over €29 million. The latter increased 11% in the last quarter of 2024 alone, compared to Q3 2024.

All loan book segments grew during the year, with the total loan portfolio increasing by 17% (€503 million) to €3.43 billion. New credit agreements worth €1.5 billion were signed during the year, 14% more than in 2023 (€1.3 billion).



The quality of the loan portfolio remains strong, with provisions of €11.3 million made in 2024, €4 million less than in 2023. The Cost of Risk (CoR) of the loan portfolio for year 2024 was 0.35% (0.54% for the 2023).

The deposit portfolio grew by 12% since the beginning of the year (€383 million) and exceeded €3.5 billion at the end of the year. The amount of term deposits grew by 22% (€348 million) to over €1.9 billion during the year and their share in the total deposit portfolio increased by 5 percentage points to 54%.



The bank's capital structure was enhanced by an additional issue of Tier 1 (AT1) bonds of €50 million in the fourth quarter. All issuances made in 2024 have significantly strengthened and diversified the capital base, which allows for continued rapid growth while ensuring high returns for investors.

The Bank's Management Board, taking into the account the updated dividend policy, the bank's strong performance in 2024, its robust capital position, and the favorable outlook for the operating environment, has decided to propose a dividend of 50% of the 2024 net profit (€0.061 per share) for approval at the Bank's Annual General Meeting.

Šiaulių Bankas has repurchased own shares worth €10.2 million and is planning to continue with buyback programs, in line with the existing the European Central Bank's (ECB's) authorization granted on 15th August 2024. The bank will also propose to allocate up to 5% of its 2024 net profit for the share buybacks for the capital reduction purpose, and to grant shares as part of the deferred variable remuneration for the employees of the Šiaulių Bankas Group.

The group's cost/income ratio (C/I) was 49.0%[1] (41.2%[1] in 2023) and the return on equity (RoE) was 14.0% (15.5% in 2023) at the end of the year. The capital and liquidity position remained strong and prudential ratios are being met by a wide margin. The capital adequacy ratio (CAR) stood at 22.8%[2] and the liquidity coverage ratio (LCR) at 232%[2].

[1] *after eliminating the impact of the client portfolio of SB Draudimas*
[2] *preliminary data*

Overview of Business Segments

Corporate Client Segment

Šiaulių Bankas has significantly increased the volume of corporate financing over the year – in 12 months new corporate financing agreements worth of €960 million were signed in 2024, 29% increase compared to previous year. In the 2024 the portfolio has grown by 20% (€308 million) to over €1.8 billion. Growth has been well-diversified across several strategic sectors, including manufacturing, retail, and renewable energy. A favorable business environment has encouraged investment and created additional opportunities for expansion.

Šiaulių Bankas continued its commitments to promote sustainability and signed amendments to the Pre-financing and Contingent loan agreements with the European Investment Bank (EIB) concluded in 2016 to increase the Bank's investment up to €255 million from €195 million – to finance the modernization program of multi-apartment buildings in Lithuania.

Private Client Segment

In 2024, Šiaulių Bankas has successfully implemented key strategic initiatives that strengthened its market position and ensured sustainable growth. The successful integration of INVL retail business was a major accomplishment, which enabled the bank to expand its service offering and provide customers with even more opportunities. The implementation of new core banking platform is on track, promising a greater efficiency and an improves customer experience.

To strengthen its image and further meet the expectations of its customers, Šiaulių Bankas has also started preparations for the rebranding. A rebranding of Šiaulių Bankas will be proposed for the upcoming shareholders' meeting.

The volume of new mortgage contracts in 2024 increased by 21% year-on-year to €213 million. In 2024 the mortgage portfolio has grown by 17% (€136 million) reaching €0.9 billion. The volume of new consumer loan contracts increased by 5% year-on-year to €232 million. Since the beginning of 2024, the consumer loan portfolio has grown by 19% (€57 million) to over €0.35 billion.

Investment Client Segment

The bank has remained active in the local corporate bond market, originating €42 million in corporate bonds across 10 issuances for its clients in Q4 2024. Total corporate bond issuance for the year reached €227 million. According to Nasdaq Baltics, Šiaulių Bankas is leading security issuer in Lithuania and the Baltic States and maintains the largest share of securities trading on the Lithuanian stock exchange.

Šiaulių Bankas demonstrated strong performance in asset management business in 2024. Client assets under management (AuM) reached €1.46 billion and grew by €277 million year-on-year. Growth was driven by new client investment flows and investment performance. In 2024, Šiaulių Bankas asset management company, earned €164.4 million for Tier II pension fund clients and €19.8 million for Tier III clients. In total, the profit generated for clients during the year was €184.2 million.

SB Alternative Investment Fund III, providing new investment opportunities for Lithuanian retail investors, has enjoyed a successful launch, attracting over €6 million in 2024. Distribution of units of the investment fund is ongoing.

The Life Insurance segment also showed steady growth, Risk Under Management (RUM) reaching EUR 1.7 billion in the fourth quarter, EUR 174 million more than a year ago.

REGARDING EXTERNAL ENVIRONMENT FACTORS

The Bank monitors the tense geopolitical situation in order to properly and timely assess and identify the potential impact of Russia's invasion of Ukraine on the Bank's operations and the quality of its portfolio due to the risks it poses to clients. The Bank has no operations in Russia, Belarus or Ukraine and does not have significant direct exposures in these countries. The Bank considers the secondary risk of direct insolvency of clients operating in Lithuania due to the geopolitical situation to be low: the Bank's largest clients are aware of the threats, the number of clients dependent on business relations with Ukraine and Russia is low, and clients with business relations in the countries mentioned above are reducing their dependence of their income on business transactions. To identify in a timely manner a potential increase in the risk of its clients, the Bank applies the procedures set out in the Bank's internal regulations, records Early Warning Indicators (EWI) for the impact of the geopolitical situation on the clients that have a moderate or greater dependence on the aforementioned countries through their supply or sales chains, or through their shareholding structure, and, in the event of a potentially significant risk, puts the client on the Watch List and implements enhanced monitoring for these clients, and approves action plans for the mitigation of risk. The greatest uncertainties and potential negative impacts arise from tertiary effects, i.e., the impact of Russia's invasion of Ukraine on the overall state of the economy. The Bank uses scenario assessments and stress testing to assess these impacts. These assessments indicate that the Bank's capital position is strong and that the Bank would be able to withstand significant shocks related to economic downturns.

The increased monitoring is not limited to credit risk, but also includes a stronger monitoring of the bank's liquidity position (except for the increased cash withdrawals a few days after the start of the invasion, there were no negative trends related to the invasion), increased focus on business continuity and IT security (business continuity plans have been updated with a number of additional scenarios, cybersecurity status is constantly being monitored, additional cyber-protection measures have been implemented, and testing of measures and plans is ongoing). Also, due to the rapidly changing situation and the introduction of new sanction packages, the processes and procedures for complying with the sanctions for clients and payments are under considerable scrutiny, which may in some cases lead to longer process time.

The Russian invasion of Ukraine may further contribute to increased market volatility. The Bank has no direct investments (securities or other financial instruments) in Russia, Belarus or Ukraine. The Bank has no or close to zero open currency exposure in these countries.

The Bank is closely monitoring the situation regarding other geopolitical factors and is in position to quickly react in case of material changes.

RATINGS

On June 7 2023 the international rating agency Moody's Investor Service has upgraded Šiaulių Bankas long-term deposit ratings from Baa2 to Baa1. The outlook on the long-term deposit ratings is affirmed as stable. This is the highest rating in the bank's history. Moody's has also upgraded the long-term Counterparty Risk Ratings from Baa1 to A3. The long-term Counterparty Risk Assessments (CR Assessments) were upgraded from Baa1(cr) to A3(cr). Moody's has affirmed short-term deposit ratings of Šiaulių Bankas at P-2 and the short-term CR Assessments at P-2(cr). The Baseline Credit Assessment has also been upgraded from Ba1 to Baa3.

RISK MANAGEMENT, COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

A complete disclosure of all significant risks incurred by the Group is provided in the chapter Financial Risk Management of the explanatory note of the financial statement for 2024.

Capital and liquidity position remain robust - prudential requirements are implemented with adequate reserve. According to the data as of 31 December 2024 the Bank complied with all the prudential requirements set out by the supervisory authority.

The main financial indicators of the Group:

	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024
ROAA, %	1.5	1.6	1.7	1.7	1.6
ROAE, %	12.7	14.3	16.1	15.5	14.0
Cost to income ratio, %	42.7	44.1	41.7	43.5	52.0
Cost to income ratio (adjusted due to the impact of the SB draudimas clients' portfolio), %	42.9	42.8	43.4	41.2	49.0
Loan to deposit ratio, %	75.0	78.6	94.6	92.7	97.1

At the end of Q4 2024 were effective MREL requirements determined in February, 2024 at Financial group level, which shall be met from 1 January 2025:

- The minimum requirement for own funds and eligible liabilities of the resolution entity with which the Financial group shall comply is 22,67% of total risk exposure (MREL-TREA) and 7.09% of leverage ratio exposure (MREL-LRE);
- Subordinated instruments shall comprise 13.50% of total risk exposure (MREL-TREA, subordinated) and 5.95% of leverage ratio exposures (MREL-LRE, subordinated).

In September 2024, Šiaulių Bankas AB successfully placed in the international financial markets, new 300 million euros nominal value MREL eligible bond issue and redeemed 210 million euros of MREL eligible bonds issued earlier. In May 2024, the Bank successfully placed a 10-year subordinated bond issue of EUR 25 million in the Baltic financial markets, which attracted more investor attention than expected. In October 2024, 50 million Euros Fixed Rate Reset Perpetual Additional Tier 1 Temporary Write Down Notes was issued in international markets. The funds raised will help the Bank to maintain its lending volumes to Lithuanian businesses, to achieve an efficient capital structure, to meet the requirements (including MREL) of the supervisory authority and to maintain the continuity of its dividend policy.

Data on indicators are also available on the website of Šiaulių Bankas:

- on operating profitability indicators:
  Homepage › Bank Investors › Financial Information › Profitability Ratios
- prudential requirements:
  Homepage › Bank Investors › Financial Information › Prudential Standards
- the description of alternative performance indicators:
  Homepage › Bank Investors › Financial Information › Alternative Performance Measures

ACTIVITY PLANS AND FORECASTS

The Bank Group aims to become a new generation financial services provider, offering broader services, flexibility and unique solutions. Having implemented the retail business merger transaction, it expanded the range of services provided, including second and third pillar pension and investment funds as well as wider life insurance services.

Having identified the Bank's long-term vision, we looked for a way to express an intermediate ambitious goal that would unite the entire newly created organization after the retail business merger. To this end, we set an ambitious goal - to become the best bank in Lithuania by 2029.

Having assessed all the circumstances and assumptions of future scenarios, in 2024 the Bank Group's strategy was updated for the period 2025–2027, in which the foundation of the Bank's strategy remains continuous in achieving long-term goals. The direction to actively shape the future of financial services, taking into account the needs and expectations of customers, remains relevant.

As a bank with Lithuanian roots, we have been building on our bold and character since our founding day and are even more firmly articulating our core purpose - our mission is **Banking that empowers**. We understand and create modern banking as progressive, close, human, nurturing and, above all, allowing to make dreams come true.

During this strategic planning exercise, we have also renewed our focus on the vision, which includes perspectives on customer relationship, reputation and visibility, and the bank's performance. Our vision - **A bank one wants to grow with.** For us, this means realizing our ambition to be a bank that is loved and recognized by our customers, employees, and investors, and that encourages (and helps) financial and professional growth.

Strategic ambition and objectives

Having identified a longer-term vision for the Bank, we also looked for a way to express an intermediate, ambitious goal of bringing together the entire, newly created organization after the merger of the retail businesses. To this end, we have set ourselves the ambitious goal of becoming the **Best Bank in Lithuania by 2029.** Achievements (desired results) that detail this ambition:

- **From a** customer **perspective, to become No.1 in customer satisfaction in the banking sector**;
- In terms of **growth**, to grow faster than the market in terms of number of active clients and loan portfolio;
- **From an** employee's **perspective, the goal is to become a TOP3 employer in the financial sector**;
- **In terms of** awareness**, to become the first brand in the minds of consumers in the banking sector;**
- **From the** investors**' perspective, to deliver a 20% rate of return to investors**.

In a fast-growing bank, risk management plays a crucial role in balancing ambitious growth with stability and compliance. While pursuing expansion, the bank must ensure adherence to regulatory requirements, ethical standards, and internal controls to prevent financial and operational risks. A systematic risk management approach involves continuous monitoring, stress testing, and proactive mitigation strategies to safeguard assets and maintain trust. By integrating risk awareness into decision-making, the bank can achieve sustainable growth while maintaining resilience against potential threats .

Strategic areas and objectives

In line with the Bank's business context, assumptions and market potential identified at the time of strategy development, and its stated ambition and objectives, the Bank's strategy is shaped in three horizontal (cross-functional) and four vertical areas:

The **horizontal strategic areas** are essential and fundamental elements for the realization of this strategy, without which the strategic objectives would be impossible to achieve or would be fundamentally changed:

- Compliance assurance, risk management and ESG implementation;
- Changing the technology platform;
- Rebranding.

The **vertical strategic areas** are breakthrough goals and strategic initiatives in specific perspectives:

- Customer perspective (divided into three business lines: corporate clients, private clients and investment clients);
- Employee perspective;
- Public (awareness) perspective;
- Investor perspective.

Summarizing the Bank's planned strategic period 2025-2027, it is necessary to emphasize that, taking into account market trends, changing customer expectations, intensifying competitive environment, the Bank's strengths and weaknesses and other factors relevant to the Bank's operations, this phase is considered to be a period of fundamental transformation for the Bank.

AUTHORIZED CAPITAL, SHAREHOLDERS

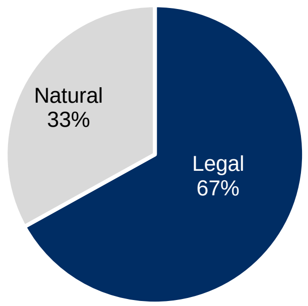
As of 31 December 2024, the authorized capital of the Bank totaled to EUR 192,269,027.34 and is divided into 662,996,646 units of ordinary registered shares with a nominal value of EUR 0.29 each (ISIN LT0000102253 Nasdaq CSD Lithuanian branch). The Charter of the Bank were registered in the Register of Legal Entities on 15 December 2023 after the last increase of the authorized capital by additional contributions.

The rights granted by the Bank's shares are specified in the Bank's Charter, which is available on the Bank's website at: Homepage › About Us › Important Documents

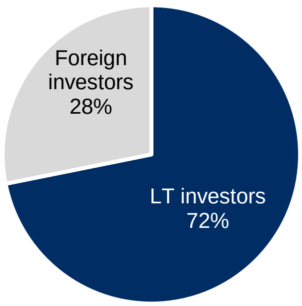
Authorized capital:	**01/06/2018**	**13/12/2018**	**15/12/2023**
Capital, EUR	157,639,187.74	174,210,616.27	192,269,027.34

As of 31 December 2024 the number if the Bank's shareholders was 18,774 (as of 31 December 2023 – 19,087). All issued shares grant the shareholders equal rights foreseen by the Law on Companies of the Republic of Lithuania of Lithuania and the Charter of the Bank: Homepage › About Us › Important Documents

Shareholders by type



Shareholders by residence



Shareholders owning more than 5% of the Bank's shares and votes as of 31 December 2024:

	Share of shares and votes, %
Invalda INVL AB, c.c. 121304349	19.93*
UAB Willgrow, c.c.. 302489393	8.97
EBRD, LEI code 549300HTGDOVDU60GK19	7.25
Tesonet Global, UAB, c.c.. 305475420	5.32
Algirdas Butkus	5.06**

* Pursuant to the Law on Securities of the Republic of Lithuania, the shareholder's votes are counted together with the controlled company: INVL Asset Management UAB, c.c. 126263073 - 0.30% of the votes

** Votes are counted together with controlled companies: Prekybos namai AIVA UAB, c.c. 144031190 – 1.81%, Mintaka UAB, c.c. 144725916 - 0.79%

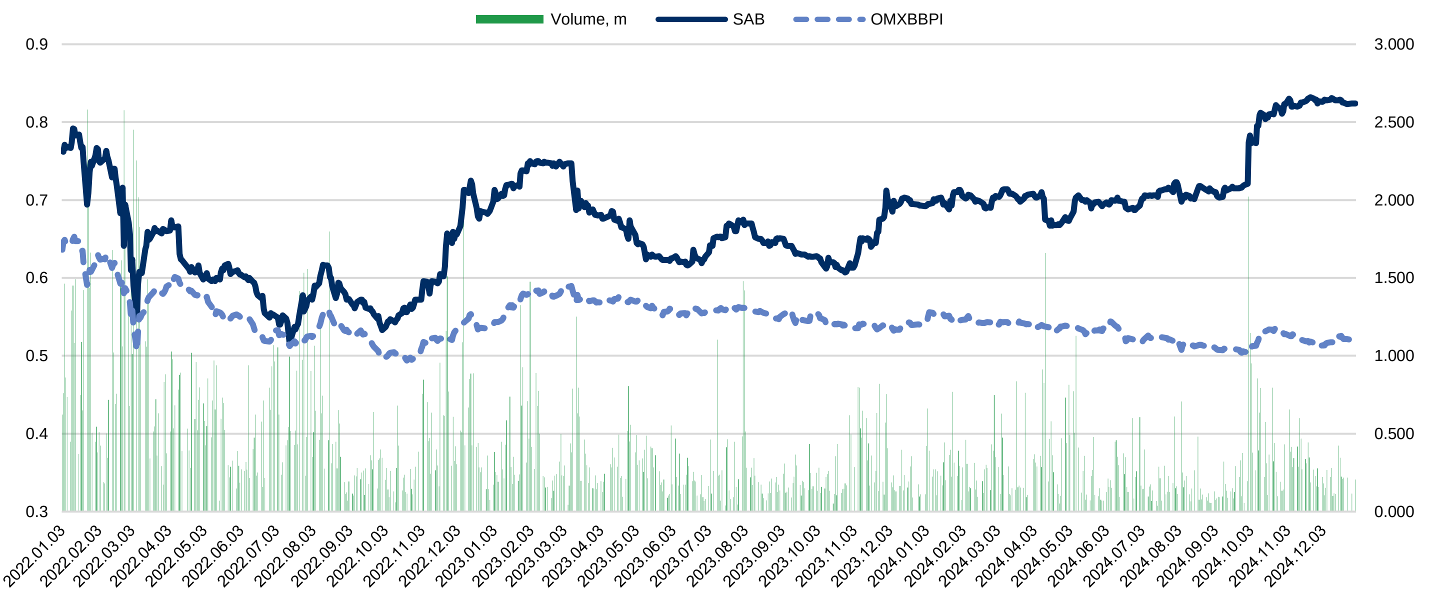
Restrictions on the transfer of securities apply. Employees who receive Bank shares as part of their annual variable remuneration, the shares received have a retention period. Shares may be transferred, pledged or otherwise disposed of only one year after the date of grant.

Information on shares:

	2020	2021	2022	2023	2024
Capitalization, M EUR	299.2	457.2	412.1	459.5	546.3
Turnover, M Eur	84.5	134.8	101.9	52.0	53.1
Share price on the last trading session day	0.498	0.761	0.686	0.693	0.824
Lowest share price during the reporting period	0.320	0.493	0.511	0.606	0.658
Highest share price during the reporting period	0.558	0.890	0.794	0.754	0.833
Average share price during the reporting period	0.442	0.663	0.624	0.667	0.738
Share book value	0.592	0.678	0.739	0.822	0.885
P/BV	0.8	1.1	0.9	0.8	0.9
P/E	7.0	8.3	6.1	6.1	6.9
Capital increase from retained earnings, %	-	-	-	-	-

* description of indicators is provided on the Bank's website: Homepage › Bank Investors › Financial Information › Alternative Performance Measures

Turnover and price of the Bank's shares 2022-2024:



As one of the most traded stocks in the Baltic market, the Bank's shares are included in the following *Nasdaq* indices:

- *OMX Baltic Benchmark (OMXBBGI, OMXBBPI, OMXBBCAPGI, OMXBBCAPPI)* - the Baltic benchmark index consists of the largest and most traded stocks on the Nasdaq Baltic Market representing all sectors;
- *OMX Baltic 10 (OMXB10)* - is a tradable index of the Baltic states consisting of the 10 most actively traded stocks on the Baltic exchanges;
- *OMX Baltic (OMXBGI, OMXBPI)* – is an all-share index consisting of all the shares listed on the Main and Secondary lists of the Baltic exchanges with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares;
- *OMX Vilnius (OMXVGI)* – is an all-share index which includes all the shares listed on the Main and Secondary lists on the Nasdaq Vilnius with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares;
- *OMX Baltic Financials (B8000GI, B8000PI, B40PI)* – an index of the Baltic financial institutions*;*
- *OMX Baltic Banks (B300GI, B8300PI*) - an index of the Baltic banks*.*

Return indices (RIs) represent the total return on the shares included in the index and reflect not only stock price movements but also the dividends paid, making these indices a more complete measure of market performance than price indices. Price indices (PIs) only reflect changes in the price of shares included in the index, regardless of dividends. There is a cap on the weight of the shares (CAP) forming indices of a limited number of shares above which the number of shares included in the index is reduced to a cap.

Besides, the Bank's shares are included into such indices as *STOXX All Europe Total Market, STOXX EU Enlarged TMI, STOXX Eastern Europe 300, STOXX Eastern Europe 300 Banks, STOXX Eastern Europe Mid 100, STOXX Eastern Europe TMI, STOXX Eastern Europe TMI Small, STOXX Global Total Market, STOXX Lithuania Total Market, Bloomberg ESG Data Index, Bloomberg ESG Coverage Index, S&P Frontier BMI Index, MSCI Frontier and Emerging Markets Select Index, FCI EMU MIDSMALLCAP MKTCAP-CONSTRAINED (FREE-FLOAT UNADJUSTED) 400 (NET) Index and in some FTSE Russell Frontier* indices*.*

ACQUISITION OF OWN SHARES

On 15 August 2024, the Bank received permission from the European Central Bank (ECB) to buy back up to 13,745,114 of its own shares. As at 31 December 2024, the Bank had 10,342,927 units of its own shares. According to the Bank’s share buyback program announced on 31 October 2024, the Bank purchased 3,092,927 units of its own shares for EUR 2,554,962.75. The sole purpose of the program is to reduce the Bank's capital.

DIVIDENDS

30th of September 2024 Supervisory Council approved new Dividend Policy of the Bank. According to the new Dividend Policy, Šiaulių bankas undertakes to pay out at least 50% of the previous year's net profit. Dividends would be paid under the following assumptions:

- Bank meets external and internal capital and liquidity and other regulatory requirements on a sustainable basis.
- Level of capital, after payment of the proposed dividends, remains sufficient for investments, expansion plans and other capital-intensive activities.

The General Meeting of Shareholders held on 29 March 2024 decided on the allocation of the Bank's profits. Dividends of EUR 0.0485 per ordinary registered share with a nominal value of EUR 0.29.

Information on the dividends paid:

	2019	2020	2021	2022	2023
Per cent from nominal value	-	1.90	11.72	9.14	16.72
Dividend amount per share, Eur	-	0.0055	0.034	0.0265	0.0485
Dividend amount, Eur	-	3,303,994	20,424,693	15,919,246	32,094,273
Yields from dividends, %	-	1.1	4.5	3.9	7.0
Dividends to Group net profit, per cent	-	7.7	37.0	25.0	37.3

The description of alternative performance indicators is available on the Bank's website at:
Homepage › Bank Investors › Financial Information › Alternative Performance Measures.

AGREEMENTS WITH SECURITIES PUBLIC TRADING INTERMEDIARIES

Agreements with public circulation intermediaries regarding the accounting of securities issued by the Bank are, not concluded, this accounting is managed by the Bank's Securities Accounting Department. The Bank has not entered into market-making agreements with respect to securities issued by the Bank.

According to data as of 31 December 2024 the Bank itself, as an intermediary of public trading, under agreements with the companies issuing securities conducted accounting of 800 companies which totaled to 1255 securities issues (including shares of public and private companies, debt securities, investment fund units). The Bank also conducts market making on the Nasdaq Baltic under a market making program and under agreements with issuers. As of the end of 2024, the Bank was the market maker of 4 securities issues.

MANAGEMENT OF THE BANK

The Management Board bodies of the Bank are as follows: the General Meeting of the Shareholders of the Bank, Supervisory Council of the Bank, Management Board of the Bank and Chief Executive Officer (CEO).

The General Meeting of Shareholders shall be convened annually, at the latest within 3 months after the end of the financial year. The Board of the Bank, the Supervisory Council and the shareholders having at least 1/10 of all votes have the right to convene the Meeting. The General Meeting of Shareholders is organized, voting is carried out at it, decisions are made in accordance with the procedure established by the Law on Companies. More information on the rights of the General Meeting of Shareholders is provided in the annex “Governance Report” to the consolidated management report for 2024.

The Supervisory Council of the Bank is a collegial body supervising the activities of the Bank. The Supervisory Council is chaired by the Chairperson. The Bank's Supervisory Council, consisting of eight members, is elected by the General Meeting of Shareholders for a term of four years. The members of the Supervisory Council are nominated for the meeting by the initiators of the meeting or shareholders holding 1/20 of the bank's shares. The Charter of the Bank provide that the number of terms of office of a member of the Supervisory Council is not limited.

More information on the functions of the Supervisory Council is provided in the annex “Governance Report” to the consolidated management report for 2024.

29 March 2024 The General Meeting of Shareholders of Šiaulių Bankas AB elected the Supervisory Council of the Bank for a new four-year term of office (2024-2028). Valdas Vitkauskas, Susan Gail Buyske, Tomas Okmanas, Mindaugas Raila, Darius Šulnis, Gintaras Kateiva were re-elected to the Supervisory Council of Šiaulių Bankas and a new independent member of the Supervisory Council, Monika Nachyła was elected, and took up her duties on 26 June 2024, after obtaining the permission of the Bank's supervisory authority. Valdas Vitkauskas was elected Chairman of the newly elected Supervisory Council. The selection of the eighth member of the Supervisory Council continues.

The Bank’s Supervisory Council, whose term of office expires on the day of the Ordinary General Meeting of Shareholders of the Bank in 2028, composition and other information for 31/12/2024 date was:

Name, Surname	Duties at the Supervisory Council	Other current leading positions	Share of capital under the right of ownership, % (31/12/2024)	Share of votes together with the related persons, % (31/12/2024)
Valdas Vitkauskas	Independent member since 2022 Chairman since 05/08/2022	-	-	-
Gintaras Kateiva	Member since 2008	LITAGRA UAB 304564478 Savanorių pr. 173, Vilnius (Chairman of the Board)	4.89	4.91*
Darius Šulnis	Member since 2016	Invalda INVL AB 121304349 Gynėjų str. 14, Vilnius (CEO); INVL Asset Management UAB 126263073 Gynėjų str. 14, Vilnius (Chairman of the Board), LITAGRA UAB 304564478 Savanorių pr. 173, Vilnius (Board member); FERN Group 306110392 Granito str. 3-101, Vilnius (Chair of the Supervisory Council) UAB „Galinta” No. 134568135, Veiverių str. 51C, Kaunas (member of the Board)	-	19.93**
Susan Gail Buyske	Independent member since 2020	America for Bulgaria Foundation (Chair of the Board)	-	-
Tomas Okmanas	Independent member since 2023	UAB „Hostinger“ 302710386 Jonavos str. 60C, Kaunas (Board member) Tesonet global, UAB 305475420 Švitrigailos str. 36, Vilnius (Board member and CEO) Tesonet Ventures, UAB 305600105 Švitrigailos str. 36, Vilnius (CEO) Hypervisor X, UAB 305449429 Švitrigailos g. 36, Vilnius (CEO) Nord Security Group (Board member and CEO) DATAQUAKE B.V. (Oxylabs Group) (member of the Founding Board) VU TSPMI Board of Trustees Vokiečių str. 10, Vilnius (member of the Board of Trustees)	-	5.32***
Mindaugas Raila	Member since 2023	Willgrow UAB, 302489393 Vilniaus str. 18, Vilnius (Chairman of the Board) ME Holding NT , UAB 302636473 A. Vivulskio str. 7-1 Vilnius (Chairman of the Board)	-	8.97****

		Stichting Pinetree Family Foundation (member of the Board)
Monika Nachyła	Independent member since 26/06/2024	Orange Polska S.A.(member of the Supervisory Council and Audit Committee) Abris Capital Partners (Partner and member of the Management Committee)

* Pursuant to the Law on Securities of the Republic of Lithuania, votes are counted together with the votes held by the spouse
** Mr. Šulnis is the CEO and indirect shareholder of Invalda INVL AB. Under the right of ownership Invalda INVL AB holds 19.63% of the shares of Šiaulių Bankas AB, together with the controlled company INVL Asset Management UAB it holds 19.93% of the shares and voting rights of Šiaulių Bankas AB.
*** Mr. Okmanas is member of the Management Board, CEO and indirect shareholder of Tesonet Global UAB, which owns 5.32% of Šiaulių bankas AB shares and voting rights
**** Pursuant to the Law on Securities of the Republic of Lithuania, votes are counted together with the votes held by the controlled company Willgrow UAB

The Management Board of the Bank is a collegial management body of the Bank consisting of 8 members. The rules of procedure of the Management Board shall determine the Rules of Procedure of the Management Board. The Management Board of the Bank is elected for four years. The members of the Management Board are elected, recalled and supervised by the Bank's Supervisory Council. The term of office of the Management Board shall be four years and the number of terms is not limited. If individual members of the Management Board are elected, they are elected until the end of the term of office of the existing Management Board. The General Meeting of Shareholders approved amendments to the Bank's Articles of Association according to which the Bank's Management Board will consist of 8 members instead of 7, as before.

At the first meeting of the newly elected Supervisory Council on 29 March 2024, a new Management Board was also elected for a new four-year term of office (2024-2028).

Vytautas Sinius, Mindaugas Rudys, Donatas Savickas, Daiva Šorienė, Algimantas Gaulia and Agnė Duksienė were re-elected to the Šiaulių bankas Management Board. Two new members have also been elected to the Management Board - Tomas Varenbergas, Head of the Bank's Investment Management Division, who took up his duties on 4 June 2024, after obtaining permission from the Bank's Supervisory Authority, and Laura Križinauskienė, Head of the Private Clients' Division, who took up her duties on 7 June 2024, after obtaining permission from the Supervisory Authority.

Vytautas Sinius was elected Chairman of the newly elected Management Board.

More information on the functions of the Management Board is provided in the annex “Governance Report” to the consolidated management report for 2024.

The Bank’s Management **Board, whose term of office expires on the day of the Ordinary General Meeting of Shareholders of the Bank in 2028, composition for 31/12/2024 date was:**

Name, Surname	**Duties at the Board**	**Other current leading positions at the Bank**	**Share of capital under the right of ownership, % (31/12/2024)**	**Share of votes together with the related persons, % (31/12/2024)**
Vytautas Sinius	Chairman since 19/08/2022	Chief Executive Officer	0.30	0.30
Donatas Savickas	Deputy Chairman since 1995	Deputy Chief Executive Officer, Head of Finance Division	0.13	0.13
Daiva Šorienė	Member since 2005	Deputy Chief Executive Officer, Head of Corporate Clients Division	0.07	0.07
Mindaugas Rudys	Member since 2020	Head of Service Development Division	0.07	0.07
Algimantas Gaulia	Member since 2021	Head of Risk Management Division	0.02	0.02
Agnė Duksienė	Member since 2023	Head of the Legal, Compliance and Prevention Division	-	-
Tomas Varenbergas	Member since 04/06/2024	Head of Investments Management Division	0.01	0.01
Laura Križinauskienė	Member since 07/06/2024	Head of Private Clients Division	-	-

THE COMMITTEES FORMED WITHIN THE BANK, AREAS OF THEIR ACTIVITIES

Functions, procedures of formation and the policy of activities of the bank's committees are defined by the legal acts of the Republic of Lithuania, legal acts of the Bank of Lithuania as well as provisions of the certain committees approved by the Management Board or Supervisory Council of the Bank.

COMMITTEES UNDER AUTHORITY OF THE BANK'S SUPERVISORY COUNCIL

For the effective exercise of the functions and duties of the Supervisory Council, the Bank shall establish standing committees of the Supervisory Council: (i) the Risk Committee; (ii) the Audit Committee; (iii) the Nomination Committee; (iv) the Remuneration Committee, the members whereof shall be appointed by decision of the Supervisory Council. A new committee of the Supervisory Council – Corporate Affairs Committee, has been established and started its activity as of 1 January 2024. Following the election of the Council in 2024 for a new term of office from 2024 to 2028, the composition of the Supervisory Council Committees was also updated (effective from 29 March 2024)

Information on the committee members as of 31 December 2024:

The Risk Committee advises the management bodies of the Bank on the overall current and future risk acceptable to the Bank and strategy and assist in overseeing the implementation of the strategy at the Bank, verifies whether prices of liabilities and assets offered to clients take fully into account the Bank's business model and risk strategy and shall also carries out other functions provided for in its provisions.

	Name, surname	
Chairman	Susan Gail Buyske	Independent member of the Supervisory Council
Members:	Darius Šulnis	Member of the Supervisory Council
	Valdas Vitkauskas	Independent member of the Supervisory Council

The Audit Committee main role in ensuring financial integrity and compliance under the Law on the Audit of Financial Statements. It is responsible for overseeing financial reporting processes, ensuring compliance with accounting standards, and monitoring the effectiveness of internal control and risk management systems. The committee also supervises the financial statements audit and sustainability report limited assurance audit process, ensuring auditor independence, and provides opinions on related party transactions as required by the Law on Companies of the Republic of Lithuania. By performing these functions, the Audit Committee enhances transparency, accountability, and stakeholder confidence in the organization's financial practices. In compliance with the legal acts of supervisory authorities, the audit committee shall be formed, its competence and performance shall be defined, regulations approved and performance supervised by the Council.

	Name, surname	
Chairwoman	Monika Nachyła	Independent member of the Supervisory Council
Members:	Valdas Vitkauskas	Independent member of the Supervisory Council
	Susan Gail Buyske	Independent member of the Supervisory Council

The Nomination Committee shall nominate and recommend, for the approval of the bodies of the Bank or for the approval of the General Meeting of Shareholders, candidates to fill the vacancies in the Bank's bodies, shall evaluate the balance of the skills, evaluate the target number of the underrepresented gender within the Bank's bodies, knowledge and experience of the members of the bodies of the Bank and suitability for the position, shall submit respective comments and findings, shall assess the structure, size, composition, performance results and shall carry out other functions provided for in its regulations.

	Name, surname	
Chairman	Valdas Vitkauskas	Independent member of the Supervisory Council
Members:	Darius Šulnis	Member of the Supervisory Council
	Monika Nachyła	Independent member of the Supervisory Council

The Remuneration Committee shall assess the variable remuneration policy, practices and incentives established for the management of the Bank's risks, capital and liquidity, supervise the independent control functions including remuneration to managers in charge of risk management and compliance function, draft resolutions on variable remuneration, advise the Council on the gender neutrality of remuneration policies and perform other functions provided for in its regulations.

	Name, surname	
Chairman	Valdas Vitkauskas	Independent member of the Supervisory Council
Members:	Gintaras Kateiva	Member of the Supervisory Council
	Tomas Okmanas	Independent member of the Supervisory Council

The Corporate Affairs Committee shall participate in the development/review of the annual objectives of the Group, also participate in the preparation/review of the strategy of the Group and provide comments and proposals to the Council and perform other functions provided for in its regulations.

	Name, surname	
Chairman	Darius Šulnis	Member of the Supervisory Council
Members:	Mindaugas Raila	Member of the Supervisory Council
	Tomas Okmanas	Independent member of the Supervisory Council
	Valdas Vitkauskas	Independent member of the Supervisory Council

COMIMITTEES UNDER AUTHORITY OF THE BANK'S MANAGEMENT BOARD

Information on the committee members as of 31 December 2024:

The Loan Committee evaluates loan granting material / documents and loan risk, approves / rejects lending decisions and / or amendments to terms and conditions, suggests regarding loan granting, loan interest rates, improvement of loan administration procedures and performs other functions foreseen by its provisions.

	Name, surname	Position
Chairman	Edas Mirijauskas	Director of Credit Department
Deputy	Diana Leonavičienė	Director of Regional Lending Unit

Members:	Dominykas Gesevičius	Director of Corporate Clients management Department
	Denis Zubovas	Director of Credit Risk Management and Control Department
	Ramūnas Dešukas	Director of the Special Assets Department
	Aurelija Geležiūnė	Director of the Legal Department

The Risk Management Committee performs functions related to the organization, coordination and control of the Bank's risk management system, determines and controls risk measurement indicators corresponding to the risk appetite acceptable to the Bank, as well as performs other functions provided for in its regulations:

	Name, surname	Position
Chairman	Algimantas Gaulia	Head of Risk Management Division
Deputy	Dalia Udrienė	Director of Risk Department
Members:	Tomas Dautoras	Director of Non-Financial Risk Department
	Agnė Duksienė	Head of Legal, Compliance and Prevention Division
	Edas Mirijauskas	Director of Credit Department
	Donatas Savickas	Head of Finance Division
	Daiva Šorienė	Head of Corporate Clients Division
	Denis Zubovas	Director of Credit Risk Management & Control Department

The Asset and Liability Management Committee's main purpose is to ensure sustainable management of the Bank's and its subsidiaries assets, liabilities, and capital, implementing the Bank's Group strategic business plan.

	Name, surname	Position
Chairman	Donatas Savickas	Head of Finance Division
Deputy	Vaidotas	Head of Treasury Unit
Members:	Dalia Udrienė	Director of Risk Department
	Algimantas Gaulia	Head of Risk Management Division
	Mantas Valukonis	Head of Financial Risk Management Unit
	Kristina Lazdauskė	Director of Management Reporting & Planning Department
	Tomas Varenbergas	Head of Investments Management Division

NPE (*Non-Performing Exposures*) Committee's main purpose is to address issues related to NPE restructuring, additional funding, recovery, etc., to ensure the proper implementation of the NPE strategy, to actively reduce the Bank's NPE portfolio, and to carry out other functions set out in its regulations.

	Name, surname	Position
Chairman	Ramūnas Dešukas	Director of the Special Assets Department
Deputy	Aušra Laurinavičienė	Head of Debt Recovery Unit
Members:	Daiva Šorienė	Head of Corporate Clients Division
	Denis Zubovas	Director of Credit Risk Management and Control Department
	Edas Mirijauskas	Director of Credit Department
	Justina Stuknienė	Head of Asset Restructuring & Realization Unit
	Asta Rasiulienė	Deputy Director of the Special Assets Department

INTERNAL CONTROL ASSESSMENT

The risk management and internal control process in the Bank is based on a three-level defense model. The first level of defense includes the entire risk management activities of the Bank group, carried out directly by the units serving customers and their managers. The second level of defense in the Bank is ensured by the Bank's Risk Management Division units and employees performing risk control functions and Compliance assurance and risk control functions. In the Bank group's companies, this involves the Bank group's company branches and employees working in risk management, compliance, and actuarial functions. The third level of defense is carried out by the Internal Audit Division, which conducts periodic independent audits of the Bank group's governance and internal control.

The Bank has approved the Internal Control Organization Procedure, which regulates the objectives and principles of internal control, the structure of the internal control system, its elements, and the organization of their implementation across the Bank Group. The Bank Group continues to pay special attention to fostering a culture of risk management and compliance, as well as strengthening the second line of defense.

EXTERNAL AUDIT

In 2024, the Bank was audited by KPMG Baltics UAB (company address: Lvivo str. 101, LT-08104 Vilnius, tel. (8 5) 2102 600, fax (8 5) 2012 659, the company was registered on June 24, 1994, company code 111494971).

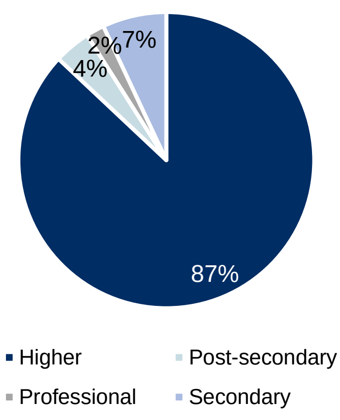
The General Meeting of Shareholders of the Bank held on 29 March 2024 adopted a resolution to elect KPMG Baltics UAB for auditing the consolidated annual financial statements of the Bank for 2024 and 2025 and the consolidated management report.

EUR thousands (excluding VAT costs)	Group		The Bank	
	2024	**2023**	**2024**	**2023**
Contractual auditing of financial statements	401	360	150	114
Cost for assurance and other related services	223	60	127	60
Costs for tax advice issues	-	-	-	-
Costs for other services	90	-	88	-
Total	**634**	**420**	**365**	**174**

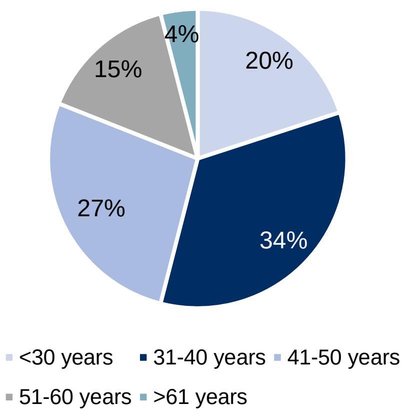
EMPLOYEES

As of 31 December 2024, the Bank had 1 090 employees and the Group had 1 239 employees (including those working under fixed-term and open-ended employment contracts, as well as employees on maternity, paternity, and parental leave). Compared to 31 December 2023, the number of employees in the Bank increased by 10%, while in the Group, the number of employees grew by 8.2%. As of 31 December 2024, women accounted for 78.4% and men for 21.6% of the Group's workforce. The gender distribution remains similar to the previous year, with a slight increase in the number of men.

Distribution of the Group's employees by education, per cent



Distribution of the Group's employees by age, per cent



HR Strategy

Taking into account the newly approved Šiaulių Bankas business strategy for 2024-2029, investor ambitions and objectives, the potential of existing employees, and the Group's unique position in the financial sector – providing the freedom to create solutions and influence decision-making – the HR management strategy for the next six years will focus on expanding professional development opportunities. Our goal is to become the best place for professional growth in Lithuania's financial sector.

Relationships with employees

The Bank fosters long-term employment relationships with its staff. As of 31 December 2024, 25.7% of Bank employees had been with the company for 10 years or more. In 2024, the overall employee turnover rate in the Bank was 13.69% (compared to 9.8% in 2023).

As a Group-wide initiative, employees are granted additional leave for continuous service within the Bank Group. This leave is awarded after one year of service and continues to accrue thereafter (1 day after 1 year of service, 2 days after 2 years, 3 days after 3 years, 4 days after 4 years, and 5 days after 5 or more years of service). These additional leave days are cumulative and may be carried over to subsequent years; however, in the event of employment termination, any unused balance is not compensated. Employees may use these additional leave days if they have accrued fewer than 30 days of annual leave.

In 2024, a new Bank Employee Council was elected by secret ballot, consisting of 11 Bank employees holding various positions within the organization. The Employee Council operates in accordance with the Employee Council's regulations. The Council actively collaborates with the Bank's HR and other departments, providing recommendations and seeking the best solutions for the Bank's employees.

Performance evaluation

Once a year, the Bank conducts a formal annual employee performance evaluation process. To ensure the successful implementation of the Bank's strategic objectives and a fair, effective, and sustainable performance evaluation process, in 2024, goal communication and cascading within the Bank were strengthened through various actions and measures. This helped employees better understand how their daily activities contribute to achieving the Bank's strategic objectives.

During the performance evaluation process, managers and employees discuss and assess the achievement of annual goals, completed projects, and competencies, highlighting strengths and areas for development. Specific development measures are agreed upon, and career opportunities are discussed. The conversation encourages mutual feedback, fostering open and value-driven communication and collaboration. To ensure that every employee feels their work contributes to and influences the Bank's overall results, and that all efforts are aligned in the same direction, annual goals are set by mutual agreement between the manager and the employee. These goals contribute to the Bank's overall objectives and performance results.

In addition, the Bank organizes semi-annual performance review meetings to assess the progress of annual goals, identify additional measures if needed, and take actions to ensure goal achievement.

In 2024, the Bank introduced a new performance evaluation platform to meet the expectations of both managers and employees, digitize the process, ensure timely analysis of performance evaluations, and integrate additional assessment tools into a single platform. The new performance evaluation platform will enable the efficient organization and optimization of the performance evaluation process, ensuring the smooth execution of evaluation stages, timely and accurate data integration, and opportunities to further develop and enhance the process.

Engagement

The Bank strives to engage employees and their representatives in decision-making on various important matters. As in previous years, in 2024, an employee engagement process was carried out to ensure that employees have the opportunity to actively participate and express their opinions. This process allows the Bank to consider employees' perspectives in decision-making, ensuring that their voices are heard and taken into account.

One of the engagement methods used in the Bank is the real-time feedback tool "Pulse" surveys, which allow for regular (monthly) assessments of employee job satisfaction and team well-being. This tool helps monitor whether employees receive sufficient communication from both the organization and their managers, identify the prevailing mood within teams, and respond quickly to any arising situations. Through these surveys, employees can provide direct feedback, and the organization can react promptly without having to wait for annual survey results.

The annual employee engagement survey plays a crucial role in the sustainable growth of the Bank.

In 2024, the Bank conducted its annual employee engagement survey, which serves as a key tool for improving organizational performance. It helps not only to monitor employee engagement levels but also to identify strengths and areas for improvement to support long-term growth.

Structure and objectives of the survey

The annual employee engagement survey was conducted for the fifth consecutive year to gather employee insights on organizational changes and the work environment. The survey consisted of two main parts:

- Organizational perspective: Four key elements were assessed – engagement culture, strategic alignment, motivation, and relationships, along with change implementation.
- Employee perspective: Engagement levels were analyzed based on three categories: Engaged, in-between, and disengaged employees.

The objective of the 2024 survey was to assess employee sentiment, identify organizational strengths, and determine areas for improvement to create a more effective and employee-friendly work environment.

Results of the 2024 survey

An impressive 90% of Bank employees participated in the 2024 survey. This demonstrates a high level of interest and willingness to contribute to the organization's growth. Key insights: Employees value the meaningfulness of their work, the broad scope of responsibilities, and the organization's focus on customer needs. Managers trust their teams, empower independent decision-making, and provide valuable feedback. Job roles encourage problem-solving, foster creativity, and promote accountability. Additionally, the flexibility to work both in the office and remotely remains one of the organization's key strengths.

At the same time, the survey highlighted areas for improvement. The organization's goals and priorities could be more clearly defined to ensure better alignment across teams. More attention is needed to workload balance and employee well-being, while cross-functional collaboration should be enhanced to facilitate better knowledge sharing among teams. Furthermore, career management processes should be more transparent and consistent to provide employees with greater opportunities for structured professional growth.

Based on the survey results and identified areas for improvement, the Bank has refined and approved action plans and implementation tasks aimed at addressing these areas. The first change initiatives have already been launched, with implementation planned until the first quarter of 2025. Regular quarterly performance reviews are scheduled to monitor progress and adjust actions accordingly.

Employee Emotional Well-being.

Amid the ongoing war in Ukraine and the organizational changes resulting from the merger of two businesses, in 2024, we continued to actively discuss and educate employees on emotional well-being, aiming to raise awareness and care for their psychological health. “Labas po pietų, Bendruoli” (Good Afternoon, Co-workers) addressed various relevant topics such as "How to strengthen personal psychological safety and stress resilience," "What does our body want to tell us?" "Summer 'Vitamins' – how to dose them when returning to ensure they last long?" and "How to effectively manage your energy levels in the modern hybrid work and life environment." These lectures were held remotely, allowing all employees in the organization to join the sessions on Friday afternoons. The lectures provided not only theoretical knowledge but also practical advice on how to take better care of oneself. We also shared podcasts from the Tech Kinship community, which delve into the importance of emotional health. Additionally, employees were reminded about the website "Self Help – Towards Emotional Health", which is dedicated to recognising and helping find the right ways to feel better. Similarly to last year, psychological consultations were included in the employee health insurance. These initiatives encouraged employees to pay more attention to their emotional health. In the autumn, we encouraged employees to make time for physical activity by inviting everyone to participate in the Sustainable Business League 2024 step challenge. Together, we walked almost 30 million steps! In December, we held numerous Christmas initiatives, with Christmas events for employees and their children, and gifts were presented to everyone. Each year, we also encourage Bank employee teams to engage in joint activities, allocating a budget for this purpose.

Organizational structure

In 2024, to enhance the synergy and efficiency of the Bank’s units, ensure the effectiveness of Bank operations and processes, the interchangeability of existing competencies, and the consolidation of related functions, as well as to manage and improve the quality of operations, the Bank's organizational structure was updated. To achieve these objectives, structural changes were made to the Bank's business units:

- a new Real-Time Monitoring Unit was established within the Legal, Compliance, and Prevention Division’s Financial Crime Prevention Department. This unit is responsible for monitoring client operations and transactions in real time for sanctions and money laundering risk management, ensuring the full process from warning analysis to investigation and decision-making regarding the execution of the transaction and reporting to the Financial Crime Investigation Service, as well as competency development in sanctions, money laundering, and terrorist financing prevention.
- A new Retrospective Monitoring Unit was established within the Legal, Compliance, and Prevention Division’s Financial Crime Prevention Department. This unit is responsible for retrospectively monitoring client operations and transactions for sanctions and money laundering risk management, transferring the functions of the existing Retrospective Group, aiming to more clearly distinguish between competencies for regular monitoring (scenarios) and case investigations based on situations identified from external sources.

In 2024, considering the launch of the core banking system change project and aiming to ensure focused and specialized attention to the management of this project, which goes beyond the scope of usual IT updates or typical project management teams, compatibility, data integrity, and the uninterrupted functionality of all platforms.

- A new Strategic Technology Development Department was established within the Business Development Division. This department is responsible for the implementation of the core banking system change.
- The Daily Banking Department was abolished in order to consolidate all the functions related to the development, support, documentation preparation, monitoring, and regulatory compliance of daily banking products into a single department. The functions of the Daily Banking Department’s daily banking products development, support, documentation preparation, monitoring, and regulatory compliance were transferred to the Financing Services Development Department, which was renamed to the Product Development Department.

Structural changes within the Bank were only implemented after assessing their impact on the Bank's operations and the effectiveness of risk management processes. Before the Bank's Board made decisions regarding changes to the Bank’s organizational structure, a risk assessment was conducted involving individuals responsible for internal control functions.

Professional development of employees

2024 at the Bank was marked by an intensive and consistent development process, which, as in previous years, was closely linked to the organization’s strategic goals and employee needs. Learning took place in various forms – from traditional to electronic training and self-directed knowledge enhancement. This flexible and diverse approach to development ensured that every employee could find the most suitable way to grow and improve.

To meet ambitious strategic goals and strengthen the organization's leadership, special attention was given to leadership development this year. Strengthening leadership competencies became a key link, enabling not only more effective implementation of the Bank's strategy but also creating added value for the organization and its employees. The training provided was based on the latest educational trends in the market and globally, with a focus on the measurable happiness index results, engagement survey data, and the needs expressed by the leaders.

Taking into account the collective assessments of the Bank’s Board and the Supervisory Council, as well as the expressed educational needs, it was decided to allow members of the Bank's Board and Supervisory Council to independently plan their individual development plan according to their specific needs. Additionally, training was organized for members of the Bank's Board and service leaders on topics such as PPTF prevention, competition and lobbying, client centrism, and the provisions of the Code of Conduct.

In 2024, we continued the Leadership Clubs program for middle management. The Leadership Clubs format allowed us to successfully create and maintain strong interpersonal relationships between leaders, encouraging club members to share acquired knowledge, best practices, and daily challenges with each other; to create a safe environment where, through discussions and reflections, each individual could analyze and assess their experiences, achievements, reconsider their assumptions, and deepen learning. Within the club, group coaching was used to strengthen the leadership competencies of the Bank’s middle management. The club helped maintain leaders' resilience during organizational changes and reinforced self-confidence, team trust, and confidence in the organization’s direction. The Leadership Club meetings were held throughout the year, with four leader groups meeting 3-4 times per year. Each meeting lasted a full workday. A total of 67 leaders participated in the club. The first 2024 Leadership Club meetings began with a theme of trust, which was crucial in the context of change. Then, each Leadership Club group, within their team framework, agreed on which theme(s) they would like to develop in the subsequent club meetings. The topics varied: team management, internal communication, resilience in uncertainty, my leadership philosophy and recipes, DISC methodology and its practical application, etc. However, the majority of the time in the club meetings was dedicated to sharing experiences, discussions, and seeking effective solutions.

All newly joined employees or newly appointed leaders to managerial positions were invited to participate in Situational Leadership training, designed for all Bank leaders. This training helps leaders work more effectively with teams, apply an individual approach to each employee, and strengthen one-on-one communication to foster greater engagement and collective results. In the autumn, the heads of the Bank’s departments, groups, and client servicing were invited to the Effective Leadership in Ongoing Change training. The training lasted for two days and was attended by more than 100 leaders. Before the live training, the leaders were also required to complete homework, i.e. to review the Feedback e-learning course, in which they learned about providing appropriate and supportive feedback, how to offer it to each team member, and how to give constructive comments that would allow employees to improve. During the live training, the leaders learned about developmental conversations, the benefits they can bring, and the GROW model was also introduced. The leaders also got acquainted with the One-on-One conversation and discussed the practical part of the Feedback e-learning course.

As in 2023, in 2024, we aimed to strengthen leadership competencies and invited leaders of all levels to two Leadership Breakfast sessions. The first breakfast topic was Trust. During the training, the five key waves for strengthening trust were presented: personal trust, relationships, the organization, the market, and society. Each wave was examined, discussing how to build trust and create positive relationships and reputation both personally and professionally. The second breakfast topic was "How to Create Psychological Safety in a Team?"

Since the team leader plays a crucial role in creating psychological safety, the concept of psychological safety was discussed during the meeting, along with the leader's role in influencing the team’s microclimate. Leadership practices were examined, which help to create psychological safety within a team, and the four key leader practices for ensuring psychological safety were presented.

In accordance with the 2024 development plan aimed at strengthening knowledge in the prevention of money laundering and terrorist financing (AML/CFT), internal and external experts were engaged to conduct more than one training session for target groups on the topics outlined in the plan. Targeted employees were invited to attend training, such as: "Financial Crime Prevention and Sanctions (FNS) – Current Issues and Trends," "Sanctions Training: Practices and Case Analysis." During the latter training, employees examined the most relevant case law in sanctions cases. During case analysis, based on anonymized and real examples from our work, participants had the opportunity to ask relevant questions, consult with the lawyer, and practically apply the acquired knowledge in daily operations, thus strengthening their competencies and abilities to handle real-life situations. As every year, in order to enhance the competencies of compliance specialists, employees working in the areas of money laundering and prevention, customer due diligence, and financial settlements, we provided them with the opportunity to acquire appropriate knowledge and best global practices on how to manage risk, fight money laundering, and apply financial crime prevention in practice. We ensured that some of them could obtain ICA, CFA, and CAMS certifications, which are recognized as the highest level of competency standards worldwide, and also participate in AML Centre training sessions and conferences.

In 2024, the Bank implemented the first pilot project of this kind by acquiring access to the Udemy online learning platform. 20 licenses were purchased. The target audience of the project was the Service Development Department, whose employees had the opportunity to voluntarily study on this platform for 3 months or more. The objective of the project was to strengthen the learning culture within the organization and expand the availability of professional training, i.e. to enhance employee competencies. Udemy is an online learning platform that provides access to thousands of courses in various fields. It offers over 155,000 courses on a wide range of topics and languages, taught by subject matter experts. This project garnered significant employee interest as it allowed them to individually choose courses according to their interests and professional goals, promoting continuous learning and personal growth. The project is not yet complete and will continue until June 2025, but employees already dedicated over 200 hours to learning in the first half of the year.

Bank employees were also invited to take advantage of the opportunity to strengthen their competencies and develop professionally by choosing to participate in Turing College programs funded by the Employment Service. The selected programs – Data Analytics, Data Science, Business Analytics & AI, etc. – provided the opportunity to deepen knowledge and develop practical skills in the fields of data analysis, artificial intelligence, and business analytics. These initiatives contributed to the growth of employee competencies, encouraging them to apply the latest technologies and methodologies in daily operations.

In 2024, we took a significant step in developing a competency model for sales teams, which enables more effective usage of employee potential, strengthens motivation, and ensures a purposeful investment in training. Over the year, the competencies for the sales team positions were established, described in detail, an evaluation tool was created, and a successful pilot testing was carried out. Based on the analysis, a further action plan was developed, with the main focus being the integration of competency measurement into the employee evaluation system.

An important part of the sales team development was the "Sales Success Formula" – a two-day practical training program focused on mastering the sales process, persuasive communication, and addressing customer needs. The program was created based on the Bank's customer service standards and external experts' knowledge. During the program, participants deepened their understanding of the sales stages, learned from real-life situations, and strengthened their influencing skills. The training started in November 2024, and all sales team employees will complete the program in the first quarter of 2025. Once this phase is completed, the training will become periodic – with employees joining the sales team at the Bank receiving it consistently, based on a chosen frequency.

Employees from the Bank's headquarters and network branches enhanced their competencies by participating in external conferences (e.g.: LOGIN 2024, HR Week, Digital Product Conference, Sales Formula, Vmware, Turning Point, LiMA DAY'24: ANNUAL (OUT) SALES, Big Data CONFERENCE Europe 2025, etc.) and various seminars covering topics relevant to their job functions.

To further develop the Šiauliai Bank Academy – the digital learning platform, six mandatory training courses were created and launched in 2024 to strengthen employee competencies and ensure compliance with regulatory requirements. Fire safety training was aimed at increasing employee awareness of fire prevention measures and behavioral rules during emergencies, in order to ensure their own and others' safety. Conflict of interest training was designed to develop the ability to recognize and manage situations where personal interests may conflict with the organization's interests, thus ensuring transparency. Insider information training focused on the responsible handling of confidential information and its protection from potential misuse. Data quality and management training aimed at promoting responsible data management and ensuring their accuracy. Finally, customer due diligence and identity verification training strengthened employees' ability to carry out customer data verification and identity checks, in order to comply with anti-money laundering standards and ensure safe financial transactions. The implementation of these trainings contributed to the professionalism and confidence in the Bank's operations.

The continuous update of already released e-learning courses is crucial to ensure that employees have access to the most relevant and up-to-date information that meets current requirements. The Digital Security e-learning courses were updated, with an increased focus on the latest cybersecurity challenges and preventive measures. The Operational Risk e-learning courses were improved by incorporating new cases and methodologies to help employees effectively identify and manage risks. Additionally, the PPPTF training was updated to further expand employees' knowledge in the field of money laundering and terrorism financing prevention.

The New Employee Orientation Program – Tumas was updated, which has been successfully greeting newcomers and guiding each new employee through the first three months of their probationary period throughout the year. This program aims to ensure smoother integration of newcomers into the organization, providing them with comprehensive information about the Bank's activities, values, and core processes. The program became even more comprehensive and informative with the addition of 11 new videos that provide more detailed insight into the Šiauliai Bank Group. In these videos, leaders speak about the people and culture within the group, its clients, products, and services. They also introduce the Bank's ambitious strategy, talk about the brand, the new banking platform, sustainability, and the importance of compliance and risk management. Furthermore, the newcomer adaptation program was refreshed with the Bank Group's values, which were created and approved in 2024. The first value is Closer to People, the second is Act Rationally, the third is Surpass Yourself, and the fourth is Trust Each Other.

In 2024, the Bank's unique program Financing Solutions Forum continued, aimed at strengthening the functional and generic competences of credit professionals. During the program, employees also participated in a training segment on personal development, titled " Who am I becoming in the process? Personal Growth at Work", which encouraged deeper self-awareness, emotional intelligence development, more effective problem-solving, enhanced collaboration skills, and active pursuit of professional and personal growth goals.

In 2024, we continued the monthly lecture series for employees titled "Good Afternoon, Fellow". During these lectures, we aimed to discuss various topics that are important to the entire organization. One of the most relevant topics today is artificial intelligence (AI), so we paid special attention to this area. We invited an AI and ChatGPT expert to give an inspiring and informative lecture titled "Artificial Intelligence – Everything You Need to Know About AI" for the entire organization. During this time, employees had the opportunity to familiarize themselves with the fundamentals of AI, its applications in the financial sector, challenges, and ethical issues. The lecture encouraged deeper reflection on the significance of AI in our daily activities, as well as revealed how we can utilize this technology for everyday tasks. This initiative was a great opportunity to expand knowledge and promote dialogue on the importance of future technologies.

The war in Ukraine also remained a relevant topic, so we invited employees to the Chameleon 2024 lecture, during which they were introduced to updated information about the military actions in Ukraine, Israel, and the Red Sea, and the security situation in the Baltic region, as Sweden and Finland became NATO members. The lecture reminded employees about the importance of war and the dissemination of proper information, emphasizing responsible behavior and the importance of verifying sources to avoid the spread of misinformation.

Employee recruitment

In 2024, to attract highly skilled employees in various fields, including prevention, compliance, risk management, and leadership positions, we partnered with external recruitment agencies and actively expanded our employee search channels.

To ensure the quality and efficiency of recruitment, recruitment processes were standardized, and recruitment measurement standards were implemented, enabling objective assessment of candidates' suitability for the requirements and improving the accuracy of recruitment.

Significant attention was also given to talent market monitoring and analysis. These efforts ensured that the Bank could quickly respond to changes in the labor market, remain competitive, and attract highly qualified specialists.

These initiatives helped ensure high-quality recruitment of employees and strengthened the Bank's position as an attractive employer in the market.

Internship opportunities

In 2024, the Bank continued its collaboration with Lithuanian higher education institutions, creating opportunities for students to undertake various types of internships within the Bank.

In 2024, a total of 12 students undertook mandatory or voluntary internships in various Bank departments. The students had the chance to gain practical work experience at the Bank and establish professional connections crucial for their future careers. After completing the internship, the Bank provides opportunities for students to be employed and begin their professional careers.

Employee motivation

For the majority of the Bank's employees, quarterly and/or annual bonuses can be awarded for the achievement of departmental and personal goals, paid in cash. In 2024, new principles for awarding bonuses were reviewed and implemented, providing quarterly and/or annual bonuses for performance results, which depend on the employee's personal and departmental results, evaluating not only financial but also non-financial criteria. The approved goal evaluation scale and bonus brackets define the amount of bonus (quarterly/annual) based on the achieved goal results. Employees can also be rewarded with one-off bonuses for exceptional results, participation in significant Bank projects, etc.

Annual variable compensation, awarded in cash and Bank shares, can only be granted to Designated Employees. Designated Employees are the Bank's and certain Group companies' executives and board members, as well as other Bank employees whose professional activities have a significant impact on the nature of the Bank's and Group's risks, and who, under the applicable laws of the Republic of Lithuania and the European Union, as well as the Bank's internal documents, are considered eligible for annual variable compensation. More information about the compensation of Designated Employees is provided in the Compensation Policy section of this report.

Additional benefits offered within the Group are not based on employee performance and are provided to all employees under the same conditions. In 2024, as a socially responsible employer, the Bank continued to provide health insurance to all employees. Health insurance is one of the most relevant additional motivation tools. It allows insured employees to access health-related services more quickly, such as receiving treatment at chosen healthcare institutions, visiting specialists, undergoing various tests, purchasing medicines, and using other health improvement services. In 2024, employees were given the option to choose between Health Insurance and a free limit in the newly introduced MELP additional benefits app used by the Bank. Using this digital tool, employees can purchase various services related to professional development, wellness, healthy living, and quality leisure activities. However, the majority of Bank employees continue to use Health Insurance.

Bank employees have the opportunity to contribute to their pension savings by choosing between two products – a pension fund or investment life insurance, where part of the contribution is paid by the employee and part is provided by the employer. Approximately 26% of employees participate in these programs.

Other additional benefits offered to the Bank employees, which are not based on performance, include:

- Telework;
- Flexible working hours;
- Additional leave days for certain managerial positions and for uninterrupted service;
- Additional days off in case of illness or bereavement;
- Welcome kits, gifts for employees and their children during major holidays;
- One-off payments in the event of the death of an employee's family member, a significant accident, or the diagnosis of a critical illness, etc.;
- Higher compensation for the first two days of employee sickness;
- Free flu vaccines and other discounts provided by the bank's partners;
- Team-building events;
- Opportunities to participate in interbank and other sports tournaments.

REMUNERATION POLICY

The information has been prepared and is provided in accordance with the Description of the Minimum Requirements for Remuneration Policy of the Board of the Bank of Lithuania, the provisions of Article 450 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, the Bank’s Articles of Association, the decisions of the Supervisory Council and the Board, and other legal acts regulating the requirements for the Remuneration Policy of the Bank, as a financial institution and a stock company whose shares are admitted to trading in the regulated market.

Information relating to the decision-making process used to determine the Remuneration Policy, including the number of meetings held by the main body overseeing remuneration during the financial year

In 2024, the Remuneration Policy was reviewed and updated based on the decisions of the Bank's Remuneration Committee, the Bank's Supervisory Council, the Bank's Management Board, and the recommendations of the Bank's internal audit. The draft Remuneration Policy was submitted to the Board of the Bank and the Remuneration Committee for consideration in accordance with internal legislation. The Remuneration Policy, together with the feedback from the Bank's Management Board, Remuneration Committee, the Bank's Chief Compliance Officer (CCO), has been submitted to the Bank's Supervisory Council and the Bank's General Meeting of Shareholders for approval. The version of the Remuneration Policy approved by the Bank's General Meeting of Shareholders on 29 March 2024 shall enter into force from the date of its approval and shall apply when awarding, approving, granting and paying remuneration to Nominated Employees for their work/performance in 2023 and/or subsequent years. The version of the Remuneration Policy approved on 29 March 2024 shall apply to the approval and granting of deferred portions of the annual variable remuneration to Nominated Employees for their work/performance in 2022. The version of the Remuneration Policy approved by the Bank's General Meeting of Shareholders on 30 March 2022 applied when awarding remuneration to Nominated Employees for their work/performance in 2022. The version of the Remuneration Policy approved by the Bank's General Meeting of Shareholders on 31 March 2020 applies when awarding, approving and granting remuneration to Nominated Employees for their work/performance up to 2022.

The version of the Remuneration Policy approved by the Bank's General Meeting of Shareholders on 29 March 2024 is intended for and applicable to the Bank and Group companies. The Group companies that are subject to special remuneration requirements under other laws shall draw up and approve their own remuneration policy that applies jointly with this Remuneration Policy. The approved Remuneration Policy is published on the website of the Bank.

The Remuneration Policy is in compliance with the operational and risk strategy of the Group as well as its objectives, including those in relation to the environmental, social and governance (**ESG**) risk, the values and culture of the organization as well as the long-term interests of continuing operations aimed at increasing the long-term value of the Bank's shares of, avoiding conflicts of interest, promoting sound and efficient risk management as well as reliable and effective management of money laundering and terrorist financing risks, and lays down the processes and principles followed in paying remuneration. The Remuneration Policy is an integral component of the risk management framework of the Bank.

The Remuneration Policy of the Bank is gender-neutral, i.e., it is based on the principal of equal pay for equal work or work of equal value for workers of either gender.

The responsibility for the setting of the principles of the Remuneration Policy and remuneration framework models, the maintenance of the Remuneration Policy, the supervision of the implementation and the periodic review of the Remuneration Policy at least once per year shall be with the Supervisory Council of the Bank; the Management Board of the Bank shall be responsible for the implementation of the Remuneration Policy. The Internal Audit Service of the Bank shall audit the implementation of the Remuneration Policy; the audits shall be conducted on a regular basis but at least once per year.

External consultants were consulted in the preparation of the draft Remuneration Policy.

The Bank has formed a Remuneration Committee that carries out competent and independent assessments of variable remuneration policy and practice, and ensures that the remuneration framework takes into account all types of risk, capital and liquidity, and is compatible with sound and effective risk management as well as with the business strategy, objectives and the long-term interests of continuing operations of the Bank or the Group company, and provides an opinion on the gender neutrality of the Remuneration Policy. The composition of the Remuneration Committee, the procedure for its formation, its functions, rights and responsibilities are set out in the Rules of Procedure of the Bank's Remuneration Committee approved by the Supervisory Council of the Bank. The composition of the Remuneration Committee is approved by the Supervisory Council of the Bank, and the list and functions of the committee members are set out in the section of the Management Report entitled "Committees established in the Bank and their areas of activity". The Remuneration Committee held seven (7) meetings in 2024.

Information on the link between remuneration and performance

The remuneration system is a complex of remuneration package elements used by the Group to attract, motivate and retain the best employees who would help implement the long-term objectives and the business strategy of the Group.

The Bank and Group companies have fixed remuneration and variable remuneration.

Fixed remuneration shall be established, calculated and paid on the terms and conditions and in accordance with the procedure set out in the Remuneration Policy and internal documents of the Bank. Fixed remuneration represents a sufficiently high proportion of total remuneration to ensure that employees are not dependent on variable remuneration and that the Bank and Group companies are able to pursue a flexible remuneration policy, including the possibility of non-payment of variable remuneration. Competence, experience, qualifications, specific knowledge, external and internal equity, market trends, etc. are all taken into account when determining the remuneration of a given employee. Additional benefits apply regardless of the individual performance of the employees, without providing an incentive to take risks, and therefore they are not considered to be a remuneration for the work or functions performed. Additional benefits are based on predefined criteria, they reflect the professional experience of the employees and are irrevocable for the stated effective term of the benefits and/or until the employee holds a specific job position with assigned certain additional benefits in accordance with the internal documents of the Bank and the additional benefits, limits and/or rates set therein.

Variable remuneration is paid to link the individual performance targets of employees to the long-term interests of the Group in order to ensure sustainable business development and to encourage employees to act in and respectful, honest, transparent and professional manner, respecting the rights and interests of customers.

The amount of variable remuneration is based on the assessment of the Bank, the Group, individual Group companies, divisions, specific groups of activities, and the pre-set objectives and results achieved by the employee. The variable remuneration awarded to an employee may depend on the job position of the employee, the importance of his/her decisions that may have a significant effect on the risk taken by the Group. When assessing individual employee's objectives and achievements, not only the personal financial result achieved, but also non-financial/non-quantitative contributions (e.g., adherence to the Code of Ethics, adherence to the Bank's values, relations with clients/colleagues, adherence to the standards, fulfilment of the requirements set out in the internal documents, taking initiative, leadership, participation in the project activities, performance improvement) are considered. Methods for calculating variable remuneration are designed to meet the Group's business strategy, objectives, values, the long-term interests of continuing operations, and promote sound and effective risk management, help avoid conflicts of interest, ensure compliance with the Code of Ethics and discourage employees from taking excessive risks that are unacceptable to the Group, also ensure the principles of investor and customer protection in the provision of services by the Group and not harming the interests of customers.

A variable remuneration fund is formed only after assessing the Bank's performance, taking into account current and future risks, costs of the capital employed and liquidity support needs. The variable remuneration fund and its size must not limit the ability of the Group to strengthen its capital base. Where the persons performing risk management and compliance control functions of the Bank are in doubt as to the effect on customer behavior and operational risk exposure, they provide input within their respective competences during the setting-up of variable remuneration budgets, establishing performance criteria and awarding variable remuneration.

The Remuneration Policy seeks to promote responsible business, fair dealing with customers and avoiding conflicts of interest in relations with customers, so that the monetary/non-monetary rewards do not become an incentive for employees to pursue their own interests, the interests of the Bank or any other company of the Group to the detriment of customers' interest.

Key features of the remuneration structure, including information on the criteria used to assess performance, and risk adjustment, deferral policies and award criteria. The ratio between fixed and variable remuneration.

The Bank and the Group companies, depending on their size, the nature, scale and complexity of their operations and the risks they take, are subject to fixed remuneration and variable remuneration (remuneration components):

- Fixed remuneration for employees consists of (i) official remuneration and other related benefits (e.g., holiday pay, compensation for unused leave, sick pay, overtime, etc.) and (ii) fringe benefits.
- Fixed remuneration for the Supervisory Council members who are not employees consists of (i) official remuneration (ii) supplement to the official remuneration.
- Variable remuneration of employees includes (i) annual variable remuneration, (ii) supplements, (iii) one-time bonuses, (iv) other benefits that are considered variable remuneration by law (e.g., non-compete payment, severance pay or relevant part thereof, etc.).

No variable remuneration is granted to members of the Supervisory Council of the Bank.

Detailed information on the components of remuneration at the Bank and Group companies is provided in the Remuneration Policy, which is published on the Bank's website.

Variable remuneration may be granted to all employees, while maintaining an appropriate balance between fixed and variable remuneration components and the possibility of a flexible policy regarding variable remuneration components, i.e., the variable remuneration awarded shall not exceed 100% of the sum of the fixed remuneration elements earned during the same one (1) calendar year for which the variable remuneration was awarded in order to promote sound and effective risk management, unless the Bank's General Meeting of Shareholders (applicable only to the Bank's Nominated Employees)/the Bank's Management Board as the sole shareholder of the Group companies (applicable to the executives and members of the Management Board of the Group companies, who are Nominated Employees), in accordance with the statutory requirements, increases the maximum ratio of variable to fixed remuneration to 200%.

The Group does not offer guaranteed variable remuneration.

The actual ratio between variable and fixed remuneration in the Group is calculated by adding up all components of the variable remuneration awarded over a certain period and dividing their sum by the amount of the components of fixed remuneration awarded during the same period.

In accordance with the Bank's Remuneration Policy, the members of the Bank's Supervisory Council are paid a fixed remuneration consisting of an official remuneration and a bonus to the official remuneration. The official remuneration and the bonus to the official remuneration of the members of the Bank's Supervisory Council are determined irrespective of the member's gender, age, nationality, experience, and are paid on a pro rata basis for the preceding month, quarter, or at such other periodicity as may be determined in the contract with a member of the Bank's Supervisory Council.

For the performance of their duties as members of the Bank's Supervisory Council, members of the Bank's Supervisory Council shall be paid an annual official remuneration of EUR 50,000 (before applicable taxes).

The amounts of the supplements to the official remuneration of the members of the Bank's Supervisory Council were reviewed in 2024 and approved by the Bank's General Meeting of Shareholders in the Remuneration Policy on 29 March 2024. The annual supplement to the official remuneration of a member of the Bank's Supervisory Council for the position of chairperson of the Bank's Supervisory Council is EUR 200,000 (before applicable taxes), for the position of chairperson of one committee is EUR 18,000 (before applicable taxes), and for the position of a member of one committee is EUR 10,000 (before applicable taxes). A member of the Bank's Supervisory Council receiving a supplement for the position of chairperson of a committee does not receive a supplement for the position of a member of the same committee.

The amounts of the official remuneration and supplements to the official remuneration of the members of the Bank's Supervisory Council have been fixed for the full term of office of a member of the Bank's Supervisory Council as from 29 March 2024 at the meeting of the Bank's General Meeting of Shareholders approving the Remuneration Policy. In accordance with the Bank's Remuneration Policy, annual variable remuneration may only be granted to Nominated Employees, except for members of the Supervisory Council of the Bank.

Nominated Employees are the members of the Supervisory Council of the Bank, managers and members of the Board of the Bank and part of the Group companies, as well as other employees of the Bank whose professional activities have material impact on the risk profile of the Bank and the Group, due to which such employees are considered to be recipients of variable annual remuneration for the purpose of the applicable laws of the Republic of Lithuanian and the European Union and internal documents of the Bank.

Group companies, with due regard to the applicable special regulatory requirements, designate the nominated employees of a specific Group company. Such nominated employees are not considered to be the Nominated Employees. Group companies that are subject to special remuneration requirements under other legislation shall determine the principles of variable remuneration applicable to Nominated Employees of Group companies and shall award and pay variable remuneration to them in accordance with the procedures set out in the Group company's internal documents.

Nominated Employees shall be designated in accordance with the criteria set out in the Resolution of the Board of the Bank of Lithuania on the Approval of the Description of the Minimum Requirements for Remuneration Policy and the qualitative and quantitative criteria set out in Commission Delegated Regulation (EU) No. 2021/923.

Representatives from independent risk management, compliance, legal, human resources and other departments, as appropriate, are involved in the designation of Nominated Employees, as well as the Remuneration Committee and other committees of the Council (Risk, Nomination and/or Audit), within the scope of their responsibilities in relation to remuneration decisions. The list of Nominated Employees shall be reviewed annually, or more frequently if necessary, e.g., in the event of significant changes in the structure of the Bank/Group, in accordance with the criteria set out in the legislation, and taking into account any additional criteria that may be applicable (if appropriate), reflecting the level of risk inherent in the Group's various activities and the impact of employees on the nature of risk.

The list of Nominated Employees shall be approved by the Management Board of the Bank, subject to the designation report. The Bank's Supervisory Council shall be informed of the report on the designation of the Nominated Employees and the list of Nominated Employees. The Bank's Supervisory Council approves all exceptions to the designation of Nominated Employees and reviews and monitors their impact and, if necessary, approves exceptions in the designation of Nominated Employees. In 2024, the Nominated Employees were awarded an annual variable remuneration for their performance in 2023. It has been determined that the award and payment of the annual variable remuneration to the Nominated Employees for their performance in 2023 would not restrict the Group's ability to maintain an adequate capital base and would not place undue pressure on liquidity ratios. It has also been established that the payment of the annual variable remuneration should not affect the risk level of the behavior and activities of the Nominated Employees. In 2024, in awarding the annual variable remuneration to the Nominated Employees in respect of their performance in 2023, the Nominated Employees were assessed, and no instances were identified where the Nominated Employees acted dishonestly or where their performance has resulted in a loss to the Bank or a Group company.

In calculating annual variable remuneration to members of the Bank's Management Board, the Chief Executive Officer, Deputy Chief Executive Officers, Heads of Divisions, Heads of significant business units of the Bank, except where the individuals referred to herein are also the Heads of internal control functions (i.e., CRO, CCO, Head of Internal Audit Division), the Bank's/Group's performance is given more weight than the performance of a unit/line of business/individual. For other Nominated Employees, including heads of internal control functions, the Bank's/Group's performance is weighted less heavily than the performance of a unit/line of business/individual or the Group company's performance for the purpose of calculating annual variable remuneration.

The variable remuneration of employees performing risk management, compliance and internal audit functions is awarded for the work performed and the results obtained in connection with the performance of their assigned functions; the performance of the units under their control is not taken into account. It may be linked, however, to the overall performance of the Bank/Group/Group company or the performance of certain lines of business unrelated to the business units under their control.

The amount of the annual variable remuneration for Nominated Employees shall be determined taking into account the financial and non-financial performance, i.e., the results of the assessment of the Bank's/Group's objectives, the results of the assessment of the achievement by the Nominated Employee of the objectives of the Group company/division/certain group of activities/personal objectives, and the weight assigned to these objectives, the coefficients of the annual variable remuneration approved by the respective body of the Bank, and possible adjustments to the calculated coefficient, which may also be influenced by the employee's non-financial/non-quantitative contribution. The annual variable remuneration is linked to the risk taken by the unit/employee and to the performance of the

Group/Group company and the unit/certain lines of business/employee. The criteria for calculating annual variable remuneration and target ratios are affected by the job position and responsibility, the effect on operating performance as well as the existing and future risks. The relative weighting of the performance criteria of each level (group of posts) is established by the respective body of the Bank that sets the exact proportions/weightings of the targets.

Pursuant to the version of the Remuneration Policy approved by the Bank's General Meeting of Shareholders on 29 March 2024, the annual variable remuneration of the Nominated Employees for their performance in 2023 has been awarded and may be awarded in the future in one of the following ways:

- by awarding the full annual variable remuneration in Bank shares, with a deferral period of 5 or 4 years.
- by awarding 50% of the annual variable remuneration in cash, to be paid immediately, and 50% of the annual variable remuneration in Bank shares, with a deferral period of 4 years.
- by awarding the full annual variable remuneration in cash, to be paid immediately; this method may be used where the annual variable remuneration awarded for a given performance year does not exceed EUR 50,000 (gross) and does not represent more than one third (1/3) of the total annual remuneration of the Nominated Employee to whom the annual variable remuneration is awarded, and where such option is provided for by law.

The deferral period for the annual variable remuneration shall be determined taking into account the potential risk associated with the outcome of the annual performance review of the Nominated Employee:

- for members of the Bank's Management Board, the Chief Executive Officer and senior management, the deferral period is five (5) years from the date of award of the annual variable remuneration to the date of granting the deferred portion.
- for other Nominated Employees, including those performing internal control functions (other than those serving as members of the Bank's Management Board), the deferral period is four (4) years from the date of award of the annual variable remuneration to the date of granting the deferred portion, unless 100% of the annual variable remuneration is awarded and paid in cash, if the amount awarded for a given year of work does not exceed EUR 50,000 (gross) and does not represent more than one third (1/3) of the total annual remuneration of the Nominated Employee to whom the annual variable remuneration is awarded, and, where applicable, where the law so provides.

The awarded annual variable remuneration or parts thereof that are deferred shall be confirmed. The approval of the first deferred portion shall take place one year after the award of the annual variable remuneration by approving the specific deferred portion of the annual variable remuneration awarded, and the other deferred portions of the annual variable remuneration shall be approved pro rata on an annual basis, taking into account the length of the deferral period. The deferred portion awarded at the time of approval may be adjusted downwards (with the right to reduce to zero) by applying ex post adjustments (where applicable), and in compliance with legal requirements.

For Nominated Employees, the annual variable remuneration is awarded only after an annual performance review and based on the results of the most recent year's performance review, i.e., the approval of the deferred portion must be based on the results of the Nominated Employee's performance reviews of at least the 3 most recent years. Where the duration of the employment relationship or the contract with a Nominated Employee is less than 3 years, account is taken of the available performance review data of the employee.

Pursuant to the Remuneration Policy, the Group does not have a pension scheme and agreements for early retirement are not concluded. The Group does not generally conclude prior agreements about the amount of severance pay and non-compete compensation.

In case of expiry of an employment contract with a Nominated Employee, an agreement on the procedure for the payment of annual variable remuneration and/or outstanding portions thereof must be made. Any portions of variable remuneration unpaid/not awarded as at the redundancy date of the Nominated Employee shall be paid/awarded taking into account the employee's performance during the period set by the Bank or Group company, his/her period of service during that year, and in such way that the employee is not remunerated if his/her actions resulted in a loss to the Bank or the Group, except for statutory payments under the law. The award/approval of annual variable remuneration takes place under the same procedure and at the same time as the award/approval of variable remuneration for other employees, regardless of the date on which the employee's employment ends. The same rules shall apply in the event that no agreement can be reached with the dismissed Nominated Employee as provided for herein.

In 2024, the Remuneration Policy was supplemented with provisions on the amounts and notice periods for benefits and compensation (hereinafter, the **Severance Pay**) in connection with the termination of the employment relationship/term of office, which are determined in accordance with the statutory mandatory amounts and/or notice periods for such payments and the Remuneration Policy. Maximum Severance Pay for a Nominated Employee is the amount of his/her average salary for a period of twelve (12) months. In exceptional circumstances, the maximum possible Severance Pay may be increased by the Council to the Nominated Employee's average salary for a period of up to eighteen (18) months. In all cases, the Severance Pay to the Nominated Employee shall not exceed the ratio of variable to fixed remuneration set out in the Remuneration Policy. Severance Pay shall be linked to performance over the performance period and shall be set so as not to reward failure to fulfil obligations or misconduct and/or underperformance. Severance Pay to members of the Bank's Management Board holding other positions in the Bank, to the Bank's Chief Executive Officer and his/her deputies, and to the Head of the Internal Audit Division and other key function holders shall be subject to the prior decision/approval of the Council. Severance Pay is considered to be variable remuneration. The Severance Pay shall be granted in accordance with the method of granting the annual variable remuneration applicable to the Nominated Employee and applying the same principles of approval, award and withholding as those applicable to the deferred portion of the annual variable remuneration in accordance with the Remuneration Policy and other internal documents of the Bank. The amount of severance pay, and the procedure for awarding it, is set out in the internal documents of the Bank. In accordance with the provisions of the Guidelines on Sound Remuneration Policies of 2 July 2021

(EBA/GL/2021/04; hereinafter, the **Guidelines**), Severance Pay is considered to be variable remuneration. For the calculation of the ratio between variable and fixed remuneration, exceptions apply, subject to the provisions of the Guidelines on severance pay/compensation.

In the event of resignation or removal of a member of the Bank's Supervisory Council, or in any other case where the term of office of a member of the Bank's Supervisory Council ends before the expiry of the term of office, no benefits or compensation shall be payable in connection with the termination of the contract of the member of the Supervisory Council of the Bank. In such a case, the member of the Bank's Supervisory Council is paid a portion of his/her remuneration in proportion of his/her time of service as the member or chairperson of the Bank's Supervisory Council and/or a member/chairperson of a committee of the Bank for which remuneration has not yet been paid.

Information on the performance assessment criteria on which the entitlement to shares, options or variable remuneration is based. The main criteria and reasons for the variable remuneration system and other fringe benefits.

The annual variable remuneration, including the deferred portion thereof, may be awarded, approved, granted and/or paid only provided the financial position of the Bank/Group is sustainable, upon application of ex ante and ex post adjustments (where applicable) and without prejudice to the requirements of other laws. The Bank's assessment of current and potential future risks, including ESG risk, arising from, or directly related to, the payment of annual variable remuneration is based on the Bank's assessment of quantitative and qualitative criteria. Quantitative criteria are the Bank's capital and liquidity ratios, and qualitative criteria are the Bank's business continuity risk management indicators. Annual variable remuneration must be reduced or not paid at all upon motion of the Bank's management/supervisory bodies/Remuneration Committee, if the performance of the Bank/Group fails to meet the indicators set out in the strategy, or where losses are recorded, where the Nominated Employee has acted in bad faith or where his/her actions resulted in a loss to the Bank or the Group. The annual variable remuneration may be withheld if the Nominated Employee has not completed a full calendar year.

In accordance with the Remuneration Policy, the deferred portions of the annual variable remuneration shall be made available to the Nominated Employee in line with the deferral period of the annual variable remuneration applicable to the position of Nominated Employee:

- where a 5-year deferral period applies, 3/5 of the deferred portion shall be granted 3 years after the award of the annual variable remuneration, 1/5 of the deferred portion shall be granted 4 years after the award of the annual variable remuneration, and the remaining 1/5 of the deferred portion shall be granted 5 years after the award of the annual variable remuneration.
- where a 4-year deferral period applies, 3/4 of the deferred portion shall be granted 3 years after the award of the annual variable remuneration, and the remaining 1/4 of the deferred portion shall be granted 4 years after the award of the annual variable remuneration.

The deferred portion may be released to the Nominated Employee under an option agreement (option contract) between the Bank and the Nominated Employee whereby the Bank grants the Nominated Employee the right to acquire the Bank's shares free of charge upon the expiry of the deferment period, or other method established by the Management Board of the Bank may be used. The annual variable remuneration, or part thereof, granted in Bank shares shall be subject to a one-year restriction period for the right of transfer (retention period) from the date of granting the shares, during which time the Nominated Employee may not transfer, pledge, otherwise encumber or otherwise dispose of the shares granted.

The Bank's shares as a portion of the annual variable remuneration payable to Nominated Employees are awarded in accordance with the Rules for Awarding Shares approved by the General Meeting of Shareholders of the Bank; they are awarded to ensure the interest of the Group in increasing employee engagement, promoting long-term employment with the Group and pursuing its long-term strategic objectives. Employees are prohibited from personally ensuring themselves under insurance strategies or by taking out insurance cover against a decrease of their variable remuneration in order to mitigate the risk determined through the application of the principles for calculating their variable remuneration.

GENERAL QUANTITATIVE INFORMATION ON REMUNERATION

Average monthly remuneration of the Bank's and the Group's employees before taxes

	Bank				Group			
	Management personnel		Other employees		Management personnel		Other employees	
	Average number of employees	Average monthly salary, EUR	Average number of employees	Average monthly salary, EUR	Average number of employees	Average monthly salary, EUR	Average number of employees	Average monthly salary, EUR
2023	72	9,616	746	2,571	93	8,951	825	2,534
2024	81	9,933	914	2,788	114	9,063	1,009	2,562

Information on the remuneration of Nominated Employees of the Bank and the Group in 2024, before tax

As at 31 December 2024, the Group had 34 Nominated Employees, of whom: 30 at the Bank, 4 at SB Lizingas UAB, holding the Nominated Positions, whose professional activities have a significant impact on the risk profile of the Group, and that have been determined by the Board of the Bank in accordance with the applicable legislation of the Republic of Lithuania and European Union, and the internal documents of the Bank.

In view of the changes in the organizational structure of the Bank in 2024 and the identified business lines in the Group context, an assessment of the Nominated Positions has been carried out and the Group's list of Nominated Positions has been updated in accordance with the qualitative and quantitative criteria set out in Directive 2013/36/EU and Commission Delegated Regulation (EU) No. 2021/923.

The tables below provide aggregate quantitative information for the Bank and the Group:

- The data for the Nominated Employees are based on the positions identified on 31 December 2024. Remuneration information for 2024 is presented including employees who were in the position of a Nominated Employee in 2024. For the Nominated Employees who became members of a management body exercising the management function in 2024, the information for the relevant period is presented separately, by position, in the relevant columns for both the Business Area and the members of the management body.
- Fixed remuneration includes payments made in the respective year: main salary, payments for leave, payments for sick leave, income in kind, fringe benefits (e.g., pension insurance and accumulation, health insurance contributions, gratuities/cash benefits, prizes, funeral allowances, etc.).
- Variable remuneration includes payments made in the respective year: bonuses and premiums; cash portion of the annual variable remuneration awarded (deferred portion of the annual variable remuneration awarded in shares is excluded); deferred share-based components of annual variable remuneration paid.
- Deferred variable remuneration for prior periods – annual variable remuneration data on the recipients who hold and have held the position of a Nominated Employee and who have been awarded an annual variable remuneration for the relevant previous periods.
- Fixed remuneration of members of the Bank's management body performing the supervisory function (no variable remuneration is paid to members of the Bank's management body performing the supervisory function), and fixed and variable remuneration for members of the Bank's and the Group's management body exercising the management function.
- The members of the management body exercising the management function shall be understood as the members of the Management Board and the Chief Executive Officer of the Bank, the members of the Management Board and the Chief Executive Officer of SB Lizingas UAB. Information on members of the management body exercising the management function is presented separately and is not repeated in the Business Area data, unless the Nominated Employee became a member of the Bank's Management Board in the current year.
- Fixed and variable remuneration of the Bank's and the Group's Nominated Employees, broken down by Business Area.
- The Nominated Employees performing investment banking functions are responsible for the investment services business functions, which include the provision of investment services to clients in the areas of corporate finance advisory services, private equity, capital markets, trading and sales.
- The Nominated Employees performing retail banking functions are responsible for corporate and private client transactions and lending activities.
- The Nominated Employees performing asset management functions are responsible for portfolio management, UCITS management and other forms of asset management.
- The Nominated Employees performing the operational functions are responsible for information technology, information security, human resources, outsourcing of essential or critical operational functions.
- The Nominated Employees performing the independent internal control functions are those performing an independent risk management function, a compliance function or an internal audit function.
- Values in the Total column are calculated by adding together information under Members of the management body performing the supervisory function, Members of the management body performing the management function and under Business areas.

In 2024, no Nominated Employee in the Bank and the Group was paid total remuneration (fixed and variable) in the range of EUR 1 million to EUR 1.5 million

Bank, 2024	Members of the management body performing the supervisory function	Employees bearing significant risks (Nominated Employees)							Total
		Members of the management body performing the management function	Business areas						
			Investment banking	Retail banking	Asset management	Operational function	Independent internal control functions	Other	
Number of members of the Supervisory Council and the Management Board, pcs.	7	8	-	-	-	-	-	-	*15*
Number of recipients acting as Nominated Employees, pcs.	-	-	1	9	-	1	4	5	*20*
Number of recipients performing senior management functions, pcs.	-	-	-	-	-	1	1	-	*2*
FIXED REMUNERATION in 2024, EUR thousand	**744**	**1 409**	**157**	**1 109**	**-**	**180**	**598**	**491**	**4 688**
Number of recipients, pcs.	8	8	2	10	-	2	6	5	41
ANNUAL VARIABLE REMUNERATION FOR 2023, AWARDED IN 2024, in EUR thousands	**-**	**834**	**94**	**594**	**-**	**88**	**105**	**116**	**1 831**
Number of recipients, pcs.	-	9	3	8	-	2	8	5	35
Non-deferred annual variable remuneration for 2023 awarded in cash in 2024 (paid in 2024), in EUR thousands	-	-	52	297	-	-	105	90	544
Deferred annual variable remuneration for 2023 awarded in shares in 2024 (not paid), in EUR thousands	-	834	42	297	-	88	-	26	1 287
Deferred (not paid) annual variable remuneration for 2023 awarded in shares in 2024, number of shares	-	1 246	63	444	-	132	-	39	1 924
Variable remuneration as a percentage of fixed remuneration (awarded for 2023), %	-	**59%**	**60%**	**54%**	**-**	**49%**	**18%**	**24%**	**39%**
Guaranteed variable remuneration in 2024, EUR thousand	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Number of recipients, pcs.	-	-	-	-	-	-	-	-	-
Payments related to termination in 2024, in EUR thousands	**-**	**-**	**-**	**-**	**-**	**-**	**45**	**-**	**-**
Number of recipients, pcs.	-	-	-	-	-	-	1	-	-
Of whom: maximum amount per person	-	-	-	-	-	-	-	-	-
Deferred variable remuneration for prior periods	**-**	**1 365**	**116**	**585**	**-**	**108**	**137**	**241**	**2 552**
Deferred annual variable remuneration for 2020 awarded in shares in 2021 and paid in 2024, in EUR thousands	-	537	44	28	-	32	36	81	758
Deferred annual variable remuneration for 2021 awarded in shares in 2022 outstanding at 31/12/2024, in EUR thousands	-	450	38	241	-	33	48	69	879
Deferred annual variable remuneration for 2022 awarded in shares in 2023 outstanding at 31/12/2024, in thousands euro	-	378	34	316	-	43	53	91	915

Group, 2024	Members of the management body performing the supervisory function	Employees bearing significant risks (Nominated Employees)							Total
		Members of the management body performing the management function	Areas of business						
			Investment banking	Retail banking	Asset management	Operational function	Independent internal control functions	Other	
Number of members of the Supervisory Council and the Management Board, pcs.	7	12	-	-	-	-	-	-	*19*
Number of recipients acting as Nominated Employees, pcs.	-	-	1	9	-	1	4	5	*20*
Number of recipients performing senior management functions, pcs.	-	-	-	-	-	1	1	-	*2*
FIXED REMUNERATION in 2024, EUR thousand	**744**	**1 849**	**157**	**1 109**	-	**180**	**598**	**491**	**5 128**
Number of beneficiaries, pcs.	8	12	2	10	-	2	6	5	45
ANNUAL VARIABLE REMUNERATION FOR 2023, AWARDED IN 2024, in EUR thousands	-	**1 132**	**94**	**594**	-	**88**	**105**	**116**	**2 129**
Number of beneficiaries, pcs.	-	16	3	8	-	2	8	-	-
Non-deferred annual variable remuneration for 2023 awarded in cash in 2024 (paid in 2024), in EUR thousands	-	162	52	297	-	-	105	90	706
Deferred annual variable remuneration for 2023 awarded in shares in 2024 (not paid), in EUR thousands	-	970	42	297	-	88	-	26	1 423
Deferred (not paid) annual variable remuneration for 2023 awarded in shares in 2024, number of shares	-	1 450	63	444	-	132	-	39	2 128
Variable remuneration as a percentage of fixed remuneration (awarded for 2023), %	-	**60%**	**60%**	**54%**	-	**49%**	**18%**	**24%**	**41%**
Guaranteed variable remuneration in 2024, EUR thousand	-	-	-	-	-	-	-	-	-
Number of beneficiaries, pcs.	-	-	-	-	-	-	-	-	-
Payments related to termination in 2024, in EUR thousands	-	-	-	-	-	-	**45**	-	-
Number of beneficiaries, pcs.	-	-	-	-	-	-	1	-	-
Of whom: maximum amount per person	-	-	-	-	-	-	-	-	-
Deferred variable remuneration for prior periods	-	**1 893**	**116**	**835**	**0**	**108**	**137**	**241**	**3 330**
Deferred annual variable remuneration for 2020 awarded in shares in 2021 and paid in 2024, in EUR thousands	-	723	44	278	-	32	36	81	1 194
Deferred annual variable remuneration for 2021 awarded in shares in 2022 outstanding at 31/12/2024, in EUR thousands	-	597	38	241	-	33	48	69	1 026
Deferred annual variable remuneration for 2022 awarded in shares in 2023 outstanding at 31/12/2024, in thousands euro	-	573	34	316	-	43	53	91	1 110

MAIN INVESTMENTS DURING THE REPORTING PERIOD

The table below shows the main investments made by the Bank's group during the reporting period, in EUR thousand:

Acquisition of property, plant and equipment, investment property and intangible assets	5,179
Acquisition of debt securities at amortized cost	316,044

COMPANIES COMPRISING GROUP

	Nature of activities	Registration date	Company code	Address	Tel.	e- mail, website
Šiaulių Bankas AB	commercial banking	04/02/1992	112025254	Tilžės str.149 LT-76348 Šiauliai	+370 41 595 607	info@sb.lt, www.sb.lt

The Bank directly controls the following subsidiaries

SB Lizingas UAB	finance lease, consumer credits.	14/07/1997	234995490	Laisvės av. 80, LT-44249 Kaunas	+370 37 407 200	info@sbl.lt, www.sblizingas.lt
SB Turto Fondas UAB	real estate management	13/08/2002	145855439	Vilniaus str. 167, LT-76352 Šiauliai	+370 41 525 322	turtofondas@sb.lt, www.sbip.lt
Life insurance SB draudimas UAB	life insurance	31/08/2000	110081788	Laisvės pr. 3, LT-04215 Vilnius	+370 5 236 2723	info@sbdraudimas.lt, www.sbdraudimas.lt
SB modernizavimo fondas UAB*	multi-apartment renovation financing	05/04/2022	306057616	Tilžės str. 149, LT-76348 Šiauliai	+370 41 595 607	sbfondas@sb.lt
SB Asset Management UAB	fund management	07/02/2023	306241274	Gynėjų str. 14, LT-01109 Vilnius	+370 41 595 607	https://info@sbam.lt
SB modernizavimo fondas 2 UAB*	multi-apartment renovation financing	21/02/2024	306682354	Tilžės str. 149, LT-76348 Šiauliai	+370 41 595 607	sbfondas@sb.lt

*Not consolidated under IFRS 10 requirements

OTHER INFORMATION, PUBLISHED INFORMATION AND MAJOR EVENTS

TRANSACTIONS WITH RELATING PARTIES

Information on these transactions with related parties is provided in note 30 to the Bank's financial statements for the year 2024.

INFORMATION ON SANCTIONS IMPOSED

During 2024, neither Šiaulių Bankas nor the Group companies were subject to any sanctions.

INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES

The Bank is constantly investing and looking for ways to ensure expansion and better operational efficiency.

INFORMATION ABOUT HARMFUL TRANSACTIONS

During the reporting period, no harmful transactions that were not in accordance with the Bank's objectives, normal market conditions, harming the interests of shareholders or other groups of persons and which had or could have a negative impact on the Bank's activities or results of operations were concluded. There were also no transactions where the Bank's executives, controlling shareholders or other related parties would have been in a conflict of interest due to their different duties to the Bank and their private interests and / or duties.

REPORTS ON MATERAIL EVENTS

In accordance with the procedures set by the Charter of the Bank and the legal acts of the Republic of Lithuania reports on material events are announced in the Central regulated information base and on the Bank ‘s website at:

Homepage › Bank Investors › Reports on Stock Events

Other important events are available on the Bank’s website at:

Homepage › About Us › News

ADDITIONAL INFORMATION

Governance information for 2024 (attached)

Remuneration information for 2024 (attached)

Sustainability information for 2024 (attached)

Chief Executive Officer
2025-03-07

Vytautas Sinius

GOVERNANCE INFORMATION FOR 2024

(Additional Information to the Consolidated Management Report for 2024)

Tilžės 149, LT-76348 Šiauliai
Tel. (8 41) 595 607, faks. (8 41) 430 774
Email info@sb.lt
www.sb.lt

Following Article 24th of the Law on Reporting of Enterprises and Groups of Enterprises of the Republic of Lithuania, the Bank discloses its compliance with its specific provisions or recommendations.

Clause 1. Reference (s) to the applicable Corporate Governance Code (Codes) and where it is (they are) published and / or a reference to all publicly available information on corporate governance practices.

The Bank's shares are traded on a regulated market and are listed on the Nasdaq Baltic Main List. Following Article 12(3) of the Law on Securities of the Republic of Lithuania and clause 25.4 of the Listing Rules of Nasdaq Vilnius, the Governance Code for the companies quoted on the Nasdaq Vilnius applies to the Bank, which has been prepared by Nasdaq Vilnius in accordance with the Commission recommendation 2014/208/ES dated 09 April 2014 approved by the European Commission regarding quality of governance reporting provided by undertakings. The Bank follows the Corporate Governance Report form approved by the Board of Nasdaq Vilnius AB on 15 January 2019 which is prepared in accordance with the Governance Code for Listed Companies approved by the Board of Nasdaq Vilnius on 15 January 2019.

Clause 2. In the event of a deviation from, and / or non-compliance with the applicable provisions of corporate governance code (s), the provisions being deviated from and / or not complied with and the reasons for it.

Following Article 12(3) of the Law on Securities of the Republic of Lithuania and clause 25.4 of the Listing Rules of Nasdaq Vilnius AB, the Bank discloses its compliance with the Governance Code for the companies quoted on the Nasdaq Vilnius AB, its specific provisions and recommendations. Where the Bank does not meet some of its provisions or recommendations, it is indicated which specific provisions or recommendations are not met and explanatory information is provided.

Free Form Summary of the Corporate Governance Report

According to the Articles of Association, the Bank's bodies are the General Meeting of Shareholders, the Supervisory Council, the Management Board and the Chief Executive Officer. The Bank's Supervisory Council is a collegial eight-member supervisory body with four independent members. The Management Board of the Bank is an eight-member collegiate executive body of the Bank, consisting of the Chief Executive Officer, Deputy Chief Executive Officers and Heads of Bank Divisions. The Bank has 7 committees. 5 Committees – Risk, Audit, Nomination, Remuneration, Corporate Affairs – are formed by the decision of the Supervisory Council from the members of the Supervisory Council, 2 Committees – Loan and Risk Management – by the decision of the Management Board.

The Supervisory Council is elected by the General Meeting of Shareholders for the term of 4 years. The Management Board of the Bank is also elected by the Supervisory Council for a 4-year term. The Management Board elects and dismisses the Chief Executive Officer and his/her Deputies, determines the remuneration of the Chief Executive Officer and other conditions of the employment contract.

More information on the Bank's corporate governance, shareholders' rights, activities of the Supervisory Council, Management Board and Committees, members, internal control and risk management systems is provided in the Bank's consolidated management report for the year ended 31 December 2024.

Structured table for disclosure

PRINCIPLES/ RECOMMENDATIONS	YES /NO/NOT APPLICABLE
I Principle. General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights.	
The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders.	
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. **COMMENT** The information required by legislation and the Bank's documents is publicly available on the Bank's website in Lithuanian and English. All shareholders have the same statutory rights to attend general meetings.	Yes
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders. **COMMENT** The Bank's authorized capital consists of 662,996,646 ordinary registered shares with a par value of EUR 0.29 each. Each share grants one vote at the general meeting. All shares of the Bank entitle the holders to equal rights.	Yes
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes

COMMENT

The Bank's website contains the Bank's Articles of Association which establish the rights granted to the holders of the Bank's shares.

When new shares are issued, the rights granted by the shares shall be disclosed in the prospectus and in other publicly available issue documents.

1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders. — No

COMMENT

When approving the Articles of Association of the Bank, the General Meeting of Shareholders transferred the right to approve the decisions of the Management Board regarding the sale of a significant part of the assets to the Supervisory Council of the Bank (without prejudice to the requirements of the Law on Companies of the Republic of Lithuania). It should be noted that in the event of a particularly significant transaction, the Bank's bodies, the Management Board or the Supervisory Council, could decide to convene a GMS on this issue, although such an obligation is not directly enshrined in the Bank's Articles of Association. For example, at the Extraordinary General Meeting of Shareholders held on 22 February 2023, the issue of *approval of the implementation of the Master Agreement regarding merger of Invalda INVL AB retail asset management and life insurance businesses with the Šiaulių Bankas AB Group* was put to the vote.

1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest. — Yes

COMMENT

The General Meetings of Shareholders of the Bank are held in Vilnius/Šiauliai at an address and time announced in advance. Ordinary shareholders' meetings are held at the end of March (i.e., within 3 months after the end of the financial year) extraordinary – when necessary. The notice convening the General Meeting of Shareholders shall specify that the draft resolutions may be submitted in writing or by e-mail before the time indicated on the date of the meeting and shall be communicated to the chairperson after he/she has announced the agenda of the meeting, until the meeting begins to discuss the agenda items.

1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed. — Yes

COMMENT

All information and documents of the General Meeting of Shareholders are drafted in Lithuanian and English and are publicly available on the Bank's website and through the GlobeNewswire information delivery system regulated by the Nasdaq Baltic.

1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot. — Yes

COMMENT

The Bank's shareholders have the right to participate in the shareholders' meeting both in person and through a representative, by issuing a duly authorized proxy or concluding a transfer of voting rights in accordance with the procedure established by legal acts. Shareholders are also be provided with the opportunity to vote in writing in advance by completing the general ballot paper and submitting it to the Bank prior to the meeting.

1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person. — No

COMMENT

Due to the specific nature of the Bank's share accounting, where voting is done through intermediaries and the beneficial owners of part of the shares are not known to the Bank prior to the disclosure at the General Meeting of Shareholders, the Bank does not itself encourage or initiate the possibility to participate and vote in General

Meetings of Shareholders by electronic means of communication. However, the Bank would be prepared to allow shareholders to participate in the General Meeting of Shareholders and to vote by electronic means and to provide voting instructions, if so requested by shareholders holding shares carrying at least 1/10 of the total votes.	
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided. **COMMENT** The information made public together with the draft resolutions discloses information about the proposed candidates, as well as data on the candidates' education, professional experience and other positions held. Information on the remuneration paid to the members of the Supervisory Council is set out in the Remuneration Policy, which is approved by the Bank's General Meeting of Shareholders and published on the Bank's website. In 2024, 1 (one) new independent candidate was elected to the Bank's Supervisory Board, together with details of the candidate's education, work experience and other positions held, submitted to the General Meeting of Shareholders. The name of the audit company proposed for election to the General Meeting of Shareholders and the proposed remuneration for audit services are provided in the draft resolution for the relevant item on the agenda of the meeting.	Yes
1.10. Members of the company's collegial management body, heads of the administration[1] or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders. **COMMENT** General Meetings of Shareholders, which are organized and coordinated in advance, are always attended by persons who can provide information related to the agenda of the meeting. Proposed candidates shall always attend the General Meeting of Shareholders who elect the members of the Supervisory Council except in special cases (e.g., if physical attendance at the meeting would not possible due to the illness, quarantine regime or other important circumstances).	Yes

II Principle. Supervisory Council

2.1 Functions and liability of the supervisory council

The supervisory council f the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.
The supervisory council should ensure the integrity and transparency of the company's financial accounting and control system.

2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare. **COMMENT** The members of the Supervisory Council act in accordance with the principles of good governance and perform their functions taking into account the interests of the Bank and its shareholders, depositors and other interested third parties. The obligations specified in the recommendation are enshrined in the agreement on the activities of a member of the Supervisory Council and in the Rules of Procedure of the Supervisory Council.	Yes
2.1.2. Where decisions of the Supervisory Council may affect the interests of the company's shareholders differently, the Supervisory Council should treat all shareholders impartially. It should ensure that shareholders are properly informed about the company's strategy, risk management and control and resolution of conflicts of interest. **COMMENT** The Supervisory Council follows the recommendations. Before making decisions, the members of the Supervisory Council assess their influence on the activities of the Bank and the shareholders of the Bank. The Bank shall comply with the disclosure requirements of listed companies and shall ensure that the Bank's shareholders are properly informed about the Bank's strategy, operations and risk management and control.	Yes
2.1.3. The supervisory council should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory council should act and pass decisions without an external influence from the persons who elected them. **COMMENT**	Yes

[1] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

When making decisions that have a bearing on the Bank's operations and strategy, the Bank's Supervisory Council acts independently and follows the requirements of legal acts. The work and decisions of the members of the Supervisory Council shall not be influenced by the persons who elected them. The Rules of Procedure of the Supervisory Council include the provision stating that each member shall be prepared and able to act objectively, critically and independently and to make informed, objective and independent decisions.	
2.1.4. Members of the supervisory council should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent [2] members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	Yes
KOMENTARAS The members of the Supervisory Council have the right to express their opinion on all issues on the agenda of the meeting, which must be duly reflected in the minutes of the meeting in accordance with the Rules of Procedure of the Supervisory Council. The Rules of Procedure of the Supervisory Council oblige the members of the Supervisory Council to constructively and critically evaluate the proposals, explanations and information submitted to the Supervisory Council. Also, in the event of circumstances that could cause a conflict of interest between a member of the Supervisory Council and the Bank, the member of the Supervisory Council must immediately inform the Bank and the Supervisory Council in writing about such new circumstances. The obligations specified in the recommendation are enshrined in the agreement on the activities of a member of the Supervisory Council and in the Rules of Procedure of the Supervisory Council.	
2.1.5. The supervisory council should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	Yes
COMMENT The Bank's Supervisory Council supervises the activities of the Bank's bodies in the exercise of its responsibilities, including that all the Bank's strategies (as well as the tax planning strategy) are developed and implemented in accordance with legal acts.	
2.1.6. The company should ensure that the supervisory council is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory council and its committees.	Yes
COMMENT The Bank ensures the Supervisory Council is provided with the resources necessary for its activities – it technically services the meetings of the Supervisory Council, ensures the secretarial function and providing all the necessary information. The Rules of Procedure of the Supervisory Council also provide for the right of the Supervisory Council to call on the assistance of other specialists (i.e., consultants, subject matter experts, personal assistants, etc.) (e.g., to appoint an expert/group of experts to audit and evaluate the financial accounts of the Bank, considering issues within the competence of the Supervisory Council.	

II Principle. Supervisory Council
2.2 Formation of the Supervisory Council
The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.

2.2.1. The members of the supervisory council elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory council, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	Yes
COMMENT Shareholders, in assessing the qualifications and professional experience of the members of the Supervisory Council, shall vote accordingly at the General Meeting of Shareholders in respect of the proposed candidates to the Supervisory Council. Before recommending candidates to the Supervisory Council to the General Meeting of Shareholders, the Nomination Committee evaluates the candidates for the members of the Supervisory Council in accordance with the applicable legal regulations and the Bank's internal legal acts. The evaluation also includes a collective evaluation of the Supervisory Council as a body. The diversity of the qualifications, professional experience and competences of the members of the Supervisory Council is ensured by the fact that a member of the Supervisory Council (nominated or already elected at the shareholders meeting) is allowed to start his/her duties only with the	

[2] For the purposes of this Code, the criteria of independence of members of the supervisory board are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuaniai.

permission of the supervisory authority. The supervisory authority shall also assess the individual and collective suitability of the members of the Supervisory Council when issuing authorization. The composition of the Supervisory Council is in line with the requirements set out in the Bank's Diversity Policy adopted in 2022, including the criterion of under-representation of the genders in the Bank's collegial body.	
2.2.2. Members of the supervisory council should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience. **COMMENT** The Supervisory Council is elected for four years. The number of terms of office of a person in the Supervisory Council shall not be limited. The General Meeting of Shareholders may remove the entire Supervisory Council or its individual members before the end of the term of office and may elect new members until the end of the term of office of the existing Supervisory Council.	Yes
2.2.3. Chair of the supervisory council should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory council either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision. **COMMENT** The other (former) duties of the Chair of the Supervisory Council do not prevent him/her from acting impartially as the Chair of the Supervisory Council. The current Chairman of the Supervisory Council (the independent Supervisory Council member) does not hold any other positions, either has not been the Chief Executive Officer or a member of the Management Board of the Bank.	Yes
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof. **COMMENT** The members of the Supervisory Council devote sufficient time and attention to the duties of the member of the Supervisory Council. In 2024, the Supervisory Council held eight (8) Supervisory Council meetings, of which one (1) was an extraordinary meeting, and two (2) Supervisory Council decisions were taken by poll (i.e., by written ballot). 6 (six) regular meetings were attended by all Supervisory Board members and 1 (one) regular meeting was attended by 6 (six) of the 7 (seven). In 1 (one) extraordinary meeting of the Supervisory Board, convened as a matter of urgency, 5 (five) out of 7 (seven) members were present.	Yes
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances. **COMMENT** There are four (4) independent members in the current eight (7)-member Supervisory Council, whose term is until the ordinary General Meeting of Shareholders in 2028S. The selection of 1 (one) independent member of the Supervisory Board is ongoing. This information is disclosed in the Bank's consolidated management reports and the information published on the website of the Bank. The Supervisory Council has not decided that any of the current independent members cannot be considered independent.	Yes
2.2.6. The amount of remuneration to members of the supervisory council for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders. **COMMENT** For their activities and participation in meetings, the members of the Supervisory Council are paid a fixed remuneration which consists of a salary and a bonus paid for performing additional functions while holding the position of a member of the Supervisory Council (Chair of the Supervisory Council, Chair of the Committee, Committee member). The annual amount of the official remuneration and the percentage of bonuses to the official remuneration paid to a member of the Supervisory Council for the entire term of office shall be approved by the General Meeting of Shareholders of the Bank when approving the Remuneration Policy.	Yes
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures. **COMMENT**	Yes

Each year, the members of the Supervisory Council participate in the overall process of assessing the effectiveness of the Bank's internal management system, which includes assessing its structure, organization and ability to act as a group, as well as assessing whether the Supervisory Council had achieved the set performance targets. The composition and operating procedures of the Supervisory Council are specified in the Bank's Articles of Association and published in the management reports.

III Principle. Management Board
3.1 Functions and liability of the management board
The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy. **COMMENT** The Bank's Management Board ensures the implementation of the Bank's strategy as approved by the Supervisory Council.	Yes
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development. **COMMENT** The Bank has a Supervisory Council, accordingly the Management Council, performs the functions assigned to it by law and the Bank's Articles of Association. The duty to act in good faith, diligently, responsibly and prudently, to make decisions for the benefit of the Bank and its shareholders and taking into account their legitimate interests is enshrined in the Rules of Procedure of the Management Board of the Bank. The duty to act in good faith, diligently, responsibly and prudently, to make decisions for the benefit of the Bank and its shareholders and taking into account their legitimate interests is enshrined in the Rules of Procedure of the Management Board of the Bank.	Yes
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers. **COMMENT** The Board of the Bank ensures compliance with laws and internal policies. As set out in the Bank's Articles of Association, the Management Board monitors the implementation of the Bank's risk management policy, independent risk management and compliance, effective functioning of the Bank's internal control system, how appropriate is governance structure, compliance with set principles, values, and code of conduct. The Management Board monitors and supervises whether the actions of the Bank's administration are in accordance with the Bank's strategy, policies, business plans, budget implementation and, where appropriate, special external or internal factors (e.g., non-standard financial sector developments, regulatory changes, supervisory requirements, substantial deviation from business plans, budget) may revoke decisions made by the Chief Executive Officer of the Bank.	Yes
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[3] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards. **COMMENT** The Management Board is responsible for enforcing applicable laws, regulations and standards in the areas of internal control, ethics and compliance, including those included in the OECD Guidelines. The Bank has various documents in place to ensure internal control, ethics and compliance management measures, such as: Code of Ethics; Policy for Anti-Corruption and Unacceptable Conduct; Compliance Policy of the Šiaulių Bankas Group; Financial Crime Prevention and Sanctions Compliance Policy; Standard for Prevention of Money Laundering and Terrorist Financing; Conflict of Interest Management Policy; Risk Appetite Framework; Risk Management Strategy, etc.	Yes
3.1.5. On Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards. **COMMENT**	Yes

[3] Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf

When appointing the Bank's Chief Executive Officer, the Management Board of the Bank takes into account the balance of his/her qualifications, skills, experience and competence, as well as his good reputation. It is also taken into account whether the supervisory authority has not objected to such appointment.

III Principle. Management Board
3.2 Formation of the management board

3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks. **COMMENT** The qualifications and professional experience of the members of the Management Board are assessed by the Supervisory Council by voting in favor of the proposed candidates to the Management Board. Before recommending candidates to the Management Board to the Supervisory Council, the Nomination Committee evaluates the candidates to the Management Board in accordance with the applicable legal regulations and the Bank's internal legal acts. The evaluation also includes a collective evaluation of the Management Board as a body. The diversity of the qualifications, professional experience and competences of the members of the Management Board is ensured by the fact that a member of the Management Board (nominated or already elected by the Supervisory Council) is allowed to start his/her duties only with the permission of the supervisory authority. When granting authorizations, the supervisory authority assesses the individual and collective suitability of the members of the Management Board of the Bank.	Yes
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's management report. **COMMENT** Information on candidates to the Management Board of the Bank, including their curriculum vitae and declaration of interests, shall be submitted to the meeting of the Bank's Supervisory Council at which the Management Board or its individual members are elected. Information about the positions held by the members of the Management Board or their participation in the activities of other companies is constantly collected, stored and presented in the Bank's consolidated management report and on the Bank's website.	Yes
3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company. **COMMENT** Members of the Management Board are familiarized with their duties, activities, organizational and governance framework of the Bank, its strategy and operations.	Yes
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and frequent reapproval of their status. **COMMENT** According to the Bank's Articles of Association, the Management Board of the Bank is elected for four years. The number of terms of office of a person in the Management Board shall not be limited. The Supervisory Council may remove the entire Management Board or its individual members before the end of the term of office and may elect new members until the end of the term of office of the existing Management Board.	Yes
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision. **COMMENT** The other (current and former) duties of the Chair of the Management Board of the Bank do not prevent him/her from acting impartially as the Chair of the Management Board. The fact that the Chair of the Management Board also is the Chief Executive Officer of the Bank ensures the compliance with the requirement set forth in Article 33(2) of the Law on Banks of the Republic of Lithuania.	Yes

3.2.6. Each member should devote sufficient time and attention to the duties of a board member. If a board member attended less than half of the board meetings during the financial year of the company, the company's supervisory council should be informed about it, if the supervisory council is not formed in the company – the general meeting of shareholders. **COMMENT** Members of the Management Board devote sufficient time and attention to the performance of the duties of a Management Board member. The minutes of the company record the participation and voting of the members of the Management Board in making decisions. In 2024, 66 meetings of the Management Board were held, all of which were attended by at least five Management Board members (according to the Rules of Procedure of the Management Board, a meeting may take place and decisions may be taken when at least 2/3 of the members of the Management Board are present).	Yes
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory council is not formed at the company, and some of its members will be independent[4], it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances. **COMMENT** The Bank has a Supervisory Council.	Not applicable
3.2.8. The amount of remuneration to members of the management board for their activity and participation in meetings of the management board should be approved by the general meeting of shareholders. **COMMENT** The Bank has a Supervisory Council, which is responsible for electing and removing members of the Management Board. All members of the Management Board also hold other positions in the Bank. In accordance with the Remuneration Policy approved by the General Meeting of Shareholders, the prior approval of the Supervisory Council is required when determining the remuneration and other terms of the employment contract of the members of the Management Board holding other positions in the Bank. The Supervisory Council also approves the annual variable remuneration of the members of the Management Board holding other positions in the Bank.	No
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests. **COMMENT** In accordance with the Rules of Procedure of the Management Board, the Management Board acts in good faith, with care and responsibly, in accordance with the principles of good governance, and performs its functions in the interests of the Bank's shareholders, clients and other interested third parties. A member of the Management Board shall not have the right to vote and attend the Management Board meeting when dealing with issues related to his/her activities on the Management Board or his/her responsibility, as well as matters in which the member may have an interest, or where the lack of objectivity of the member of the Management Board may expose the Bank to other risks.	Yes
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data. **COMMENT** Each year, the members of the Management Board participate in the overall process of assessing the effectiveness of the Bank's internal management system, which includes assessing management structure, organization and ability to act as a group, as well as assessing whether the Management Board had achieved the set performance targets. The composition and operating procedures of the Management Board are specified in the Bank's Articles of Association and published in the management reports.	Yes

IV Principle. Rules of procedure of the supervisory board and the management board of the company

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

[4] For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania.

4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform he supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this. **COMMENT** The legal acts regulating the activities of the Supervisory Council and the Management Board, the Articles of Association and the Rules of Procedure of the Bank, shall establish the principles and procedure of cooperation between the Supervisory Council and the Management Board and ensure that the supervisory and management bodies function properly for the maximum benefit of the Bank and its shareholders. All or part of the members of the Management Board are normally invited to attend meetings of the Supervisory Council. Members of the Management Board are invited to attend meetings of the Supervisory Council depending on the agenda of the relevant Supervisory Council meeting.	Yes
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter. **COMMENT** The Supervisory Council and the Management Board of the Bank act in accordance with the procedures established in their Rules of Procedure. Meetings of the Supervisory Council shall be held at least four times a year and at intervals not exceeding four months. In 2024, the Supervisory Council held eight (8) meetings, and two (2) Supervisory Council decisions were taken by poll (i.e., by written ballot). Meetings of the Management Board shall be convened periodically, but at least once a month, in accordance with the Rules of Procedure of the Management Board. In 2024, 66 meetings of the Management Board were held.	Yes
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution. **COMMENT** The Rules of Procedure of the Supervisory Council and the Management Board provide for a requirement that the notice of the meetings being convened be given in advance. Meetings of the Supervisory Council are held in accordance with a schedule agreed in advance with the Supervisory Council. Extraordinary meetings are convened as necessary / questions are submitted to the Supervisory Council by a survey. The agenda of the meeting is prepared by the secretary of the Supervisory Council, approved by the chair and submitted to the members of the Supervisory Council in advance not later than four working days before the meeting, and in case the issue should be solved by way of survey – not later than two working days. The meeting may take place and the resolutions adopted at it will be considered valid even if this procedure is not observed if all members of the Supervisory Council agree to it and this is indicated in the minutes of the meeting. The Management Board meets according to a pre-agreed meeting schedule, i.e., every week. Extraordinary meetings are convened as necessary, subject to prior agreement with the Chairman of the Management Board. The agenda of the meeting is prepared by the Secretary of the Management Board, coordinated with the Chairman of the Management Board, and made available to all members of the Management Board in advance, at least 2 days before the meeting. Additional urgent items may be included on the agenda of a Management Board meeting only with the consent of the Chair of the Management Board.	Yes
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed. **COMMENT** The dates of all meetings of the Supervisory Council and the Management Board cannot be agreed due to the different frequency of meetings of these bodies. Members of the Management Board are invited to attend meetings of the Supervisory Council depending on the agenda of the relevant Supervisory Council meeting.	Yes

V Principle. Nomination, remuneration and audit committees

5.1 Purpose and formation of committees

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organize its work in such a way that the decisions it takes would be free of material conflicts of interest.
Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees[5]. **COMMENT** The Bank's Supervisory Council has formed Audit, Risk, Nomination, Remuneration and Corporate Affairs Committees which operate in the Bank.	Yes
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees. **COMMENT** *See comment of clause 5.1.1.*	Not applicable
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole. **COMMENT** *See comment of clause 5.1.1.*	Not applicable
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees. **COMMENT** The Nomination, Remuneration, Risk and Audit Committees are composed of three members each, and the Corporate Affairs Committee of four members. The Committees are made up of members of the Supervisory Board, who are appointed to the Committees based on their expertise. The Remuneration, Nomination, Risk and Corporate Affairs Committees each have two independent Supervisory Board members, the Audit Committee has all independent members. The Chairpersons of the Remuneration, Nomination, Risk and Audit Committees are independent members of the Supervisory Board. The Chairman of the Supervisory Board is also the Chairman of the Nomination and Remuneration Committee.	Yes
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their management reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance. **COMMENT** The recommendation is implemented through the committees of the Supervisory Council formed and operating in the Bank. The powers (functions, rights and duties) of the committees of the Supervisory Council are determined by the Supervisory Council by approving the operating regulations of each committee. The chairs of the committees shall present to the Supervisory Council information on the activities of each committee between the meetings of the Supervisory Council at the beginning of each meeting of the Supervisory Council, as well as the management reports of the committees to the Supervisory Council. The powers of the committees, their composition and other information are published in the Bank's annual and semi-annual reports.	Yes

[5] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee. **COMMENT** Only Bank employees or other persons (experts) invited by the committee may attend and participate in the meetings of the committees. The chairs of the committees are enabled to communicate directly with the shareholders.	Yes

V Principle. Nomination, remuneration and audit committees

5.2 Nomination committee

5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning. **COMMENT** The main functions of the Bank's Nomination Committee are in line with this recommendation.	Yes
6.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee. **COMMENT** Consultations between the Nomination Committee and the Chief Executive Officer of the Bank take place through the information and documents required for the decisions of the Nomination Committee which are prepared by the Secretary of this Committee – the responsible employee of the Bank's Personnel Department who coordinates all the issues relating to employment relations with the Chief Executive Officer.	Yes

V Principle. Nomination, remuneration and audit committees

5.3 Remuneration committee

The main functions of the remuneration committee should be the following: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation. **COMMENT** The main functions of the Bank's Remuneration Committee are in line with this recommendation.	Yes

V Principle. Nomination, remuneration and audit committees

5.4 Audit committee

5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities[6] of the audit committee. **COMMENT** The key functions of the Bank's Audit Committee are described in the Regulations of the Audit Committee and correspond to those specified in legal acts.	Yes
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches. **COMMENT** As provided for in the Regulations of the Audit Committee, the members of the committee must be provided with detailed information regarding the specifics of the Bank's accounting, financial and operational activities. The Bank's management staff and persons responsible for accounting and compiling of the financial statements are required to inform the Audit Committee of the methods of accounting for high-value and non-standard transactions, if the accounting of these transactions can be managed by different methods as well as activities in preferential trade zones and/or through specialist entities (enterprises, organizations) in order to find out whether such activity is justified.	Yes
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present. **COMMENT** In accordance with the Regulations of the Audit Committee, other employees of the Bank may be invited to attend the meetings of the Audit Committee (as observers or specialists), but they do not have the right to vote in decision making. All those present at a meeting of the Audit Committee shall have access to information on the items on the agenda for which they are invited. Furthermore, in carrying out its duties, the committee shall be entitled to use the assistance of third parties for the purpose of conducting special investigations or other tasks and obtaining the necessary funding from the Bank.	Yes
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group. **COMMENT** The Bank's Audit Committee, ensuring the effectiveness of the internal audit function, coordinates and periodically assesses the work of internal audit function and discusses the results of inspections, assesses how the identified deficiencies are being eliminated and internal audit plans are being implemented, and, if necessary, takes appropriate actions. In supervising external auditors or audit firms, the committee shall be aware of the auditors' work program including the scope of assignments in the financial statements audit, the materiality level applied, and the process of identification of significant risks.	Yes
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions. **COMMENT** The Audit Committee verifies if the Bank complies with the effective provisions concerning the possibility for employees to submit complaints or anonymously report suspicions that significant violations are made within the Bank and aims to ensure that procedures are established for a proportionate and independent investigation of such issues and for the necessary follow-up. The Audit Committee also may demand information on major events and non-compliance events, or whether they have been subject to appropriate measures in a timely manner.	Yes
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved. **COMMENT** The Bank's Audit Committee reports to the Supervisory Council once a year, when the financial statements are submitted for approval to the Bank's General Meeting of Shareholders.	No

[6] Issues related to the activities of audit committees are regulated by Regulation No. 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

VI Principle. Prevention and disclosure of conflicts of interest

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.
The corporate governance framework should recognize the rights of the stakeholders as established by law and promote active cooperation between the company and its stakeholders in creating the company's well-being, jobs and financial stability. In the context of this principle, the term "stakeholders" includes investors, employees, creditors, suppliers, customers, the local community and others with interests in a particular company.

Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value. **COMMENT** The recommendation is followed. This is ensured by the provisions of the Rules of Procedure of the Supervisory Council and the Management Board of the Bank that members of the Supervisory Council and the Management Board must avoid activities that may give rise to situations of conflict of interest and must disclose to the Bank, prior to taking up their duties as a member of the supervisory and/or management body, any information that may give rise to, or that has already given rise to, a conflict of interest, and must keep such information updated. In accordance with the Bank's internal regulations, members of the Bank's Supervisory Council and Management Board annually submit to the Bank declarations of associated persons and private interests. Meanwhile, if there is a change in the data contained in the declarations, the declarations are updated and submitted to the Bank immediately. It should also be noted that the Bank has adopted the Procedure for the Management of Conflicts of Interest, which sets out the main measures for the identification, prevention and management of conflicts of interest in the Bank, as well as the rights, duties and responsibilities of the Bank's Supervisory Council and Management Body and of other employees in relation to managing conflicts of interest.	Yes

VII Principle. Remuneration policy of the company

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy. **COMMENT** The Remuneration Policy approved by the General Meeting of Shareholders on 29 March 2024[7] is published on the website of the Bank. This policy is in line with the long-term strategy of the Bank and is regularly reviewed in accordance with the procedure and on terms provided for in the legal acts.	Yes
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments. **COMMENT** The Remuneration Policy covers all forms of remuneration applied by the Bank.	Yes
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance. **COMMENT** The applicable Remuneration Policy provides for a fixed remuneration for the members of the Supervisory Council, independent of the Bank's performance.	Yes

[7]This version of the Remuneration Policy, as approved by the Bank's General Meeting of Shareholders on 29 March 2024, is effective as of the date of its approval and applies to the full extent, except for the appointment, approval and payment of remuneration (other than the deferred portion of the annual variable remuneration awarded) to the Designated Employees in respect of service/performance for the year 2022 and for the payment to the Designated Employees in respect of service/performance in respect of the years 2021 and 2020 (in such cases, the dates as of 31 March 2020 and 30 March 2022 shall apply. Remuneration Policy as approved by the Bank's General Meeting of Shareholders).

7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	Yes
COMMENT According to the Remuneration Policy, amounts of payments related to employment termination/end of term of office and notice periods are determined based on the statutory amounts of such payments and/or the duration of such notice periods established in the laws and the procedure laid down in the Remuneration Policy. The Remuneration Policy also sets the maximum amount of severance pay available to a nominated employee at the sum of twelve (12) months of his/her average salary, unless the Supervisory Council decides to grant a higher amount on a case-by-case basis and subject to the fulfilment of other additional conditions set out in the policy (up to a maximum amount of the employee's average monthly salary for a period of eighteen (18) months).	
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	No
COMMENT The Bank has a system of payment of a part of the annual variable remuneration in the Bank's shares. The Remuneration Policy and other documents regulating the Bank's remuneration system provide for the granting of rights to shares four or five years after the initial appointment (through the Employee Options). The retention of shares after the grant is not provided for the members of the Management Board and the Chief Executive Officer and is in no way linked to the end of their term of office.	
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	Yes
COMMENT On 29 March 2024, the Bank's General Meeting of Shareholders approved the Remuneration Policy, which complies with the requirements of the Law on Companies of the Republic of Lithuania and other legislation applicable to the Bank. As of 2021, the Bank publishes information on the implementation of the Remuneration Policy.	
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	Yes
COMMENT In 2024, the Ordinary General Meeting of Shareholders approved a new version of the Remuneration Policy, and the Rules for Granting Shares were approved in 2022. These documents govern the annual variable share-based remuneration scheme through options. Changes in the Rules for Granting Shares and Remuneration Policy are possible only by the decision of the General Meeting of Shareholders.	

VIII Principle. Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes
COMMENT The Bank identifies employees, shareholders, customers, suppliers and partners, regulators, communities and the public, associates and the media as key stakeholder groups. The rights and legitimate interests of all these groups are respected, and this is more fully disclosed in the Social Responsibility Report.	
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation	Yes

of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc. **COMMENT** Depending on the stakeholder group, participation is made possible. This is explained in more detail in the Social Responsibility Report. One of the Bank's exclusive instruments is employee participation in the share capital through the payment of part of the annual variable remuneration in the Bank's shares.	
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information. **COMMENT** Stakeholders are given access to the necessary information, except where the information is confidential.	Yes
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function. **COMMENT** The Bank provides different stakeholder groups with different channels for reporting illegal or unethical practices. For employees – through the Bank's internal information system AIS, for shareholders – through investor relations channels, for customers – through the Remote Call Centre, etc.	Yes

IX Principle. Disclosure of information

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:	
9.1.1. operating and financial results of the company; **COMMENT** Disclosed quarterly in interim and annual financial statements.	Yes
9.1.2. objectives and non-financial information of the company; **COMMENT** Disclosed in interim and annual financial statements.	Yes
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary. **COMMENT** It is disclosed on the Bank's website and in its interim and annual statements. The acquisition or disposal of a stake is also publicly announced when the person or group of persons who have acquired or lost the stake inform the Bank thereof in accordance with the established procedure.	Yes
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration; **COMMENT** It is disclosed on the Bank's website and in its interim and annual statements.	Yes
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities; **COMMENT** Information on the composition and activities of the Committees is disclosed in an management report. The number of committee meetings and attendance by the members shall not be disclosed.	No
9.1.6. potential key risk factors, the company's risk management and supervision policy; **COMMENT** Information on the Bank's risk management and supervision is disclosed in the annual financial statements.	Yes
9.1.7. the company's transactions with related parties; **COMMENT**	Yes

It is disclosed on the Bank's website in accordance with the criteria established by legal acts and internal documents of the Bank.

9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.); — Yes

COMMENT

It is disclosed on the Bank's website in accordance with the criteria established by legal acts and internal documents of the Bank.

9.1.9. structure and strategy of corporate governance; — Yes

COMMENT

It is disclosed on the Bank's website and in its interim and annual statements.

9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts; — Yes

COMMENT

Information on environmental, social and governance (ESG) aspects and the management of these risks is disclosed in the Social Responsibility Report.

Information on significant investment projects planned and implemented within the scope of the Bank's activities is published as essential information of the issuer through the regulated information publication system administered by Nasdaq.

9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companie**s**. — Yes

COMMENT

The Bank discloses consolidated results for the Group as a whole through consolidated interim and annual statements and consolidated management report.

9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7. — Yes

COMMENT

Information on the professional experience, qualifications and potential conflicts of interest of the Bank's Supervisory Council, Management Board and Chief Executive Officer that could affect their decisions is disclosed. The Consolidated Management Report and the Consolidated Financial Statements disclose information on the total personnel costs, the salaries paid to key executives of the Bank during the year; the Remuneration Report provides detailed information on the remuneration received by each member of the collegial body.

9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time. — Yes

COMMENT

Information is provided to shareholders and investors to the same extent and simultaneously in the Lithuanian and English languages and is publicly available on the Bank's website.

X Principle. Selection of the company's audit firm

The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.

10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its management report should be audited by an independent audit firm: — Yes

COMMENT

The Bank's consolidated financial statements are audited, and the financial information presented in the management report is audited by an independent firm of auditors in accordance with the International Standards on Auditing as adopted by the EU.

10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company. **COMMENT** The candidate audit firms are selected by the Audit Committee and proposed to the General Meeting of Shareholders by the Supervisory Council.	Yes
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders. **COMMENT** The fee information for the audit firm for non-audit services (if any) would be disclosed publicly in the Bank's consolidated management reports. The Supervisory Council and the Management Board have this information at their disposal.	Yes

Clause 3. Information on risk scope and risk management - describes risk management related to financial reporting, risk mitigation measures and the internal control system in place.

More details are provided in the Financial Risk Management disclosure in notes to the financial statements for the year 2024 and on the internal control system in the Consolidated Management Report 2024.

Clause 4. Information on significant direct or indirect holdings.

As of 31 December 2024, the following shareholdings have been declared in accordance with the procedure established in the Law on Securities of the Republic of Lithuania and the disclosure rules of the Bank of Lithuania:

- Acquisition of a shareholding by Algirdas Butkus together with his controlled companies - UAB prekybos namais "Aiva" and UAB "Mintaka" - notified on 22 March 2024. The holding amounted to 5,02% at the date of notification and to 5,06% of the Bank's shares as of 31 December 2024.
- The dilution of the European Bank for Reconstruction and Development's (EBRD) holding of 10.00% on 4 June 2024, notified on 31 December 2024. EBRD held a 7.25% stake.
- Tesonet Global UAB - acquisition of a stake notified on 7 June 2024. As at 31 December 2024, 5.32% of the Bank's shares.
- AB Invalda INVL's shareholding above 15%, notified on 19 December 2023. As at 31 December 2024, the stake held by Invalda INVL AB together with its subsidiary UAB INVL Asset Management amounted to 19.93% of the Bank's shares.
- The 5,71 % stake held by Willgrow UAB (formerly UAB ME investicija), notified on 29 December 2021, amounted to 8,97 % as at 31 December 2024.

Clause 5. Information on related party transactions as provided for in Article 372 of the Law on Companies (identifying the parties to the transaction (legal form, name, code, register of the legal entity, register where the data concerning this entity are collected and stored; natural person's name, address for correspondence) and transaction value).

In 2024, the Bank published on its website three notices regarding significant transactions with parties related with the Bank:

NOTIFICATION 06/03/2024
Transaction concluded with SB Lizingas UAB, a subsidiary of Šiaulių Bankas AB.

Registration No. 234995490, address: Karaliaus Mindaugo pr. 35, Kaunas.

Transaction information:

Credit limit EUR 290 000 000 (maturity until 30.03.2025, interest rate until 30.03.2024 4,35 %, from 30.03.2024 until 30.03.2025 5,35 %).

Credit limit EUR 7 000 000 (maturity until 30.09.2024, interest rate 5,80 %).

The credit transactions with a related party of AB Šiaulių Bankas were concluded in the ordinary course of business of AB Šiaulių Bankas under normal market conditions. AB Šiaulių Bankas considers that the loan transactions and the terms and conditions of the credit transactions are fair and reasonable in relation to AB Šiaulių Bankas and its shareholders, who are not parties to the credit transactions.

Clause 6. Information on and description of shareholders having special control rights.

There are no shareholders with special control rights in the Bank.

Clause 7. Details of any existing restrictions on voting rights, such as restrictions on the exercise of voting rights by a certain percentage or number of persons, the time limits by which voting rights may be exercised or the systems by which ownership of the securities is separated from the shareholder.

As of 31 December 2024, the Bank was not aware of any restrictions on the voting rights attached to the Bank's shares, the time limits for exercising the voting rights, or any voting rights conferred by these shares separated from the shareholder under any systems.

Clause 8. Information on the rules governing the election and replacement of the members of the Board as well as amendments to the Charter of the Company.

According to the Bank's Articles of Association, the members of the Management Board are elected, removed and supervised by the Bank's Supervisory Council. The selection of the members of the Management Board is carried out in accordance with the Regulations on the Selection of Management Board Members, and the evaluation of the candidates to the Management Board is carried out in accordance with the Policy for the Assessment of Managers. In accordance with Policy for the Assessment of Managers, the Nomination Committee evaluates the candidate and recommends that the appointing/electing person/body make a final decision on the respective position in the Bank. A member of the Management Board must also obtain the permission of the supervisory authority before taking up his/her duties at the Bank.

The Bank's Articles of Association are amended by the General Meeting of Shareholders of the Bank. Decisions on the amendment of the Articles of Association are adopted by a majority of votes, which may not be less than 2/3 of all votes granted by the shares of the shareholders participating in the meeting.

Clause 9. Information on the powers of board members.

The Management **Board of the Bank** is a collegial management body of the Bank consisting of eight (8) members. The term of office of the Management Board is four years and the number of terms is not limited. If individual members of the Management Board are elected, they are elected until the end of the term of office of the existing Management Board. The Management Board acts in accordance with its Rules of Procedure.

The Bank's Management Board shall consider and approve:

- the Bank's management report;
- the governance structure of the Bank and positions of employees;
- regulations of the branches, representative offices and other separate subdivisions of the Bank;
- the Bank's lending procedure in accordance with the Lending Policy approved by the Bank's Supervisory Council;
- the procedure for issuing guarantees, sureties and assuming other obligations;
- the procedure for writing off loans and other debt obligations;
- regulations of the Loan Committee and Risk Management Committee of the Bank;
- a description of the procedure for participation and voting at the Meeting by electronic means;
- the Rules of Procedure of the Management Board.

The Management Board also elects/appoints and removes the Chief Executive Officer of the Bank and his/her deputies, determines the remuneration of the Chief Executive Officer, other terms and conditions of his/her employment contract, approves his/her job description, promotes him/her and imposes sanctions, determines which information is considered a trade secret and confidential information of the Bank.

The Management Board shall adopt:

- decisions on the Bank becoming the promoter and/or participant of other legal entities;
- decisions on opening branches, representative offices and other separate subdivisions of the Bank and on terminating their activities;
- decisions on the investment, transfer or lease of fixed assets with the book value exceeding 1/20 of the Bank's authorized capital (calculated separately for each type of transaction);
- decisions on the pledge and mortgage of fixed assets with the book value exceeding 1/20 of the Bank's authorized capital (the total amount of transactions is calculated);
- decisions on the issue of guarantees or sureties to secure obligations of other entities in the amount exceeding 1/20 of the Bank's authorized capital;
- decisions on the acquisition of fixed assets for a price exceeding 1/20 of the Bank's authorized capital;
- decisions to issue non-convertible bonds;
- decisions on other matters that are considered or decided by the Management Board under the laws and Articles of Association of the Bank.

The Management Board shall set forth:

- the terms and conditions of issue of the Bank's shares;

- the procedure for issuing the Bank's bonds. When the General Meeting decides on the issue of convertible bonds, the Management Board shall have the right to determine additional terms and conditions of their issue and approve the subscription agreements which the Chief Executive Officer or a person authorized by him/her is entitled to sign;
- the recruitment procedure and cases in which employees are hired by the Bank with the approval of the Management Board.

The Management Board shall execute resolutions passed by the General Meeting of Shareholders and the Supervisory Council.
The Management Board shall analyze and evaluate the materials submitted by the Chief Executive Officer of the Bank concerning:

- the strategic business plan of the Bank and information on its implementation;
- organization of the Bank's activities;
- the Bank's financial position;
- results of economic activity, revenue and expenditure estimates, inventory and other records of changes in assets.

The Management Board analyzes and evaluates the draft Rules for Granting Shares and submits it to the Supervisory Council and the General Meeting of Shareholders along with the feedback and proposals. The Management Board, furthermore, analyzes and assesses the set of annual financial statements of the Bank and profit/loss distribution project, and submits them to the Supervisory Council and the General Meeting of Shareholders together with the management report of the Bank, and handles other matters related to the business of the Bank if they do not fall within the competence of other bodies of the Bank under the laws or Articles of Association of the Bank.
The Management Board is responsible for convening and organizing the General Meetings of Shareholders in a timely manner.

Clause 10. Information on the competence of the general meeting of shareholders, rights of shareholders and their implementation, if not provided by law.

The competence of the General Meeting of Shareholders, the rights of shareholders and exercise thereof do not differ from those provided by law.

Clause 11. Information on the composition of the management, supervisory bodies and their committees, areas of their and company head's activity.

The **Supervisory Council** is a collegial body supervising the activities of the Bank. The Supervisory Council is chaired by the Chairperson. The Bank's Supervisory Council, consisting of seven (7) members, is elected by the General Meeting of Shareholders for a period of four years. The members of the Supervisory Council are proposed to the General Meeting by the initiators of the General Meeting or shareholders holding 1/20 of the Bank's shares.
Candidates are proposed before or during the meeting. Each candidate to the Supervisory Council shall inform the General Meeting of his/her duties and responsibilities, as well as his/her other activities related to the Bank and other legal entities related to the Bank.
In the election of the members of the Supervisory Council, each shareholder shall have the number of votes attributable to the shares he/she holds multiplied by the number of members of the Supervisory Council being elected. These votes are distributed at the shareholder's discretion, for one or more candidates. The candidates who receive most votes shall be elected.
Four (4) independent members were elected to the Supervisory Council for this term. The Articles of Association of the Bank provide that the number of terms of office of a member of the Supervisory Council shall not be limited.

Functions of the Supervisory Council:

- considers and approves the Bank's business strategy, analyzes and assesses information on the implementation of the Bank's business strategy, provides this information to the Ordinary General Meeting of Shareholders;
- elects members of the Management Board and removes them from office, submits proposals to the Management Board regarding the candidacy of the Chairperson of the Management Board. Setting the remuneration and other terms and conditions of employment contracts of the members of the Management Board who hold other positions in the Bank, the Chief Executive Officer and his/her deputies requires prior approval of the Supervisory Council. If the Bank is operating at a loss, the Supervisory Council must consider whether the members of the Management Board are suitable for the position;
- elects members of the Audit, Risk, Nomination and Remuneration Committees, and form and elect the members of the other Board Committees;
- supervises activities of the Management Board and the Chief Executive Officer of the Bank;
- supervises the implementation of business plans of the Bank, analyzes the Bank's revenue and expenses, own investments and capital adequacy issues;
- considers and approves the Rules of Procedure of the Supervisory Council of the Bank;
- approves business plans and annual budget of the Bank;
- approves any type of policies related to the Bank's activities including the risk management policy;
- approves the description of procedures and conditions for the valuation of transactions with related parties that are entered into on an arm's length basis and in the ordinary course of business, as defined in the Law on Companies;
- ensures that the Bank has an efficient internal control system in place;
- submits to the General Meeting of Shareholders feedback and proposals on the draft Rules for Granting Shares;
- makes proposals and comments to the General Meeting of Shareholders on the draft set of annual financial statements of the Bank, profit/loss distribution project and report of the Bank, and the activities of the Management Board and Chief Executive Officer;
- makes proposals to the Management Board and Chief Executive Officer to revoke their decisions that contradict the laws and other legal acts, the Articles of Association of the Bank or decisions of the General Meeting of Shareholders;

- submits to the General Meeting of Shareholders and the Management Board comments and proposals regarding the draft remuneration policy of public limited liability companies whose shares are admitted to trading on a regulated market and the draft remuneration report;
- approves the lending policy and sets forth the procedure for lending that is subject to the approval of the Supervisory Council;
- makes proposals to the Management Board and Chief Executive Officer to revoke their decisions that contradict the laws and other legal acts, Articles of Association of the Bank or decisions of the General Meeting of Shareholders;
- draws up the list of transactions and decisions of the management bodies of the Bank, the conclusion/adoption or execution of which requires the approval of the Supervisory Council;
- passes decisions that fall within the competence of the Supervisory Council under the procedures approved by the Supervisory Council, which the Supervisory Council is required to adopt in accordance with the laws, Articles of Association of the Bank and decisions of the General Meeting of Shareholders;
- considers and decides on other matters that must be considered or decided on by the Supervisory Council under the laws, Articles of Association of the Bank and decisions of the General Meeting of Shareholders.

Management Board of the Bank – see Clause 9.
Chief Executive Officer (CEO) is a single-person management body of the Bank who organizes day-to-day activities of the Bank and performs other actions necessary to perform his/her functions, implement the decisions of the Bank's bodies and ensure the Bank's activities.
Functions of the CEO of the Bank:
- to organize day-to-day activities of the Bank;
- to hire and dismiss employees of the Bank, conclude and terminate employment contracts concluded with them, provide incentives to them and impose sanctions on them. The CEO is entitled to authorize another Bank employee to perform actions listed herein;
- to represent the Bank in dealings with other persons, in a court and arbitral tribunal without a separate authorization;
- to issue and revoke authorization to represent the Bank and powers of procurations;
- to issue orders;
- to perform other actions necessary to perform his/her functions, implement decisions of the Bank's bodies and ensure the Bank's activities.

Chief Executive Officer is responsible for:
- organizing the Bank's activities and achieving its goals;
- drawing up a set of financial statements and management report of the Bank;
- drafting the Remuneration Policy, the Remuneration Report and the Rules for Granting Shares;
- concluding an agreement with the audit firm;
- submitting information and documents to the General Meeting of Shareholders, the Supervisory Council and the Management Board in the cases provided for in the laws or at the request of the respective bodies;
- submitting documents and data of the Bank to the manager of the Register of Legal Entities;
- submitting documents to the Bank of Lithuania and Lithuanian Central Securities Depository;
- publishing information required by laws and other regulations in sources specified in the Articles of Association of the Bank;
- submitting information to the shareholders;
- drafting a description of the procedure for participation and voting at the Meeting by electronic means;
- drafting a description of procedures and conditions for the valuation of arm's length transactions with related parties in the ordinary course of business;
- fulfilling other duties provided for in laws and regulations, Articles of Association of the Bank and job description of the Chief Executive Officer of the Bank.

The Chief Executive Officer of the Bank shall act on behalf of the Bank and shall have the right to conclude transactions unilaterally, except as otherwise provided for in the Articles of Association of the Bank or decisions of the Bank's bodies.

More information about the composition of management bodies and committees is provided in the summary to this report and the consolidated management report for 2024, section Bank Management.

Clause 12. For the selection of the company's chief executive officer, members of the management and supervisory bodies, a description of the company's diversity policy in relation to gender, other aspects such as age, disability, education, professional experience, the objectives of the policy, the manner in which it has been implemented and the results of its implementation during the reporting period. If the diversity policy is not applied, the reasons for not applying it shall be explained. For companies with boards of directors and/or supervisory boards, the section of the management report devoted to information on corporate governance shall also include statistical information on gender representation on the company's management and supervisory bodies (percentages of representation by gender), the measures already taken or to be taken by the company to ensure that the under-represented gender in the company's management and supervisory bodies is not less than 33 %. (the proportion of gender representation in the company's management, board of directors, supervisory board and the reasons for failing to achieve this proportion.

The Bank has a Diversity Policy approved by the Supervisory Council on 5 May 2022, which is publicly available on the Bank's website. Diversity in the Bank is understood in a broad sense, not only in terms of the diversity of the management bodies, but also across the organization and the Bank's Group. Diversity is a situation in which the characteristics of employees and members of management bodies, including their age, gender, education, and professional experience, differ in such a way as to ensure a diversity of views within the Bank's Group and, as appropriate, the management / supervisory bodies. The geographical origin criterion is not mandatory as the Bank does not operate internationally but is seen as an advantage by the Bank. The following Diversity Policy principles and objectives were identified: (i) Fostering the diversity culture; (ii) Increasing the diversity of the management body; (iii) Equality; (iv) Achieving gender balance; (v) Increase of the number of the under-represented gender in management bodies; and (vi) Zero-tolerance to discrimination. At least 25 per cent of the members of the Bank's collegial bodies must be women (under-represented gender), with a target of 30 per cent as of 2028 (it should be noted that the current term of office of the Bank's governing bodies is 2020–2024).

The selection of members of the Bank's supervisory and management bodies is governed by the provisions on the selection of members of the Management Board/Supervisory Board approved by the Bank's Supervisory Board. Before the selection is announced, the need for the required competences, experience, knowledge and skills shall be assessed and the Nomination Committee shall prepare a description of the functions and skills in this respect.

In 2024, the gender representation in the governing bodies of the Bank was as follows:

Bank body	**Women (%)**	**Men (%)**	**Women (number)**	**Men (number)**
Management Board	37,5	62,5	3	5
Supervisory Council	28,6	71,4	2	5
Chief Executive Officer (Member of the Management Board)	-	100	-	1
Total	33,3	66,7	5	10

As the overall representation of women (under-represented gender) in the Bank's governing bodies is 33.3%, Šiaulių Bankas meets the legal minimum threshold of 33%. In the future, the Bank will continue to apply transparent and equality-based selection processes in order to maintain its diversity policy and promote gender balance at the highest levels of management.

Clause 13. Information on all the agreements between the shareholders (their substance, terms).

The Bank does not have any information about any mutual agreements between the shareholders related to the Bank's shares effective as of 31 December 2024.

REMUNERATION INFORMATION FOR 2024

(Additional Information to the Consolidated Management Report for 2024)

Tilžės 149, LT-76348 Šiauliai
Tel. (8 41) 595 607, faks. (8 41) 430 774
Email info@sb.lt
www.sb.lt

The Bank's information on remuneration has been prepared and approved in accordance with the procedure stipulated in the Republic of Lithuania Law on Companies and complies with the requirements set out in Article 25 of the Republic of Lithuania Law on Accountability of Enterprises and Enterprise Groups.

Upon approval by the Bank's General Meeting of Shareholders of the 2024 consolidated financial statements of the Bank and the Bank Group, this information will be publicly disclosed for a period of 10 years on the Bank's official website at www.sb.lt.

This section, dedicated to information on remuneration (reporting period from 2024-01-01 to 2024-12-31), provides details regarding the remuneration of each member of the Bank's management (the Chief Executive Officer, the Management Board) and supervisory bodies (Supervisory Council). The members of the management and supervisory bodies have been identified on the basis of their position in the Bank as at 31 December 2024, and disclosures are also made regarding those members who commenced/ceased their roles during the course of 2024 (if any).

As of 29 March 2024, the General Meeting of Shareholders of the Bank did not express disagreement/other remarks regarding the 2023 Remuneration Report, which, as an attachment to the Bank's consolidated management report, is publicly disclosed on the Bank's website in the document titled "2023 Annual Report of AB Šiaulių Bankas and the Bank Group." Indications were received solely from certain shareholders – institutional investors – on the basis of undisclosed information concerning the performance metrics of board members, which would allow understanding the relationship between the allocated variable remuneration and the achieved results, objectives, and their weighting, as well as the respective lower and upper limits for the payment of variable remuneration and the methodology for its calculation.

The allocation of remuneration to members of the Bank's management Board and supervisory bodies is governed by the Remuneration Policy, approved by the Bank's General Meeting of Shareholders and publicly disclosed on the Bank's website. On 29 March 2024, the General Meeting of Shareholders approved a revised version of the Remuneration Policy, which is fully applicable when assigning, confirming, granting, and paying remuneration for the year 2023. For work/activities in 2022, the allocation of remuneration follows the version of the Remuneration Policy approved on 30 March 2022. According to this policy, the annual deferred portion of the variable remuneration for members of the Bank's management Board is confirmed and granted in accordance with the 2022-approved version of the Remuneration Policy.

The allocation, confirmation, granting, and payment of remuneration to the members of the Bank's management Board for work/activities in 2021 and 2020 are guided by the edition of the Remuneration Policy approved on 31 March 2020.

The model of the Group's remuneration framework is consistent and aligned with the Group's business and risk strategy, objectives, including those related to environmental, social, and governance (hereinafter the **ESG**) risks, values, corporate culture, risk culture, and long-term sustainability interests, aiming to increase the long-term value of the Bank's shares, avoid conflicts of interest, promote reliable and effective risk management, as well as robust management of money laundering and terrorist financing risks, and defines the processes and principles governing the payment of remuneration. Remuneration is determined taking into account the employee's knowledge, experience, qualifications, responsibility, operational efficiency, and work quality, as well as the position held, applicable remuneration ranges for the position, and similar factors. A uniform remuneration system is applied, ensuring non-discrimination of employees based on gender, age, nationality, race, social status, religion, etc. The successful implementation of the Remuneration Policy provides the Bank with opportunities to attract, motivate, and retain the best employees who contribute to the achievement of the Group's long-term goals and the strategic implementation of the business. The Bank monitors gender pay gaps and takes action to reduce them when necessary.

According to the Remuneration Policy, fixed remuneration is paid to the members of the Bank's Supervisory Council, while members of the Bank's Management Board receive both fixed and variable remuneration. The variable remuneration fund is established only after evaluating the Bank's performance, taking into account existing and future risks, the use of capital, and the need for liquidity support. The methods for calculating variable remuneration are developed to align with the Bank Group's business strategy, objectives, values, long-term sustainable business interests, promote reliable and effective risk management, avoid conflicts of interest, ensure compliance with the code of ethics, and prevent incentivizing excessive risk-taking by remuneration recipients.

In accordance with the Bank's Remuneration Policy, the annual variable remuneration for members of the Bank's Management Board is granted only after the annual performance assessment, based on the results of the last year's performance evaluation. In confirming the deferred portion, consideration is given to the results of evaluating the member's performance over at least the last 3 years. When the duration of employment or the Contract with the Employee is less than 3 years, decisions are based on the available performance evaluation results. The size of variable remuneration is based on the overall assessment of employee, department, and predetermined goals and achieved results of the bank and the Group. The allocated variable remuneration may also depend on the employee's position and the significance of decision-making, which can have a significant impact on the risk assumed by the Group. When assessing individual employee objectives and achievements, not only the achieved personal financial result is evaluated, but also the non-financial/qualitative contribution (e.g., compliance with the Code of Ethics, adherence to the Bank's values, relationships with clients/colleagues, adherence to standards, fulfilment of requirements set out in internal documents, initiative, leadership, participation in project activities, process improvement).

As stipulated in the Bank's Remuneration Policy, annual variable remuneration for members of the Bank's Management Board is paid in both cash and Bank shares. This section discloses information on the annual variable remuneration allocated in 2024 based on the results of operations in 2023. Following the decision of 29 March 2024, approving the Remuneration Policy applicable to the allocation of annual variable remuneration for the year 2023, the provision of the portion of remuneration payable in Bank shares to members of the Bank's management body is deferred for a period of 5 (five) years from the date of allocation of the annual variable remuneration.

The deferred portion is approved in increments of five times, meaning that each year, 1/5 of the allocated shares must be approved. 3/5 of the deferred portion is granted 3 years after the allocation of the annual variable remuneration, 1/5 of the deferred portion is granted 4 years after the allocation of the annual variable remuneration, and the remaining 1/5 of the deferred portion is granted 5 years after the allocation of the annual variable remuneration. A retention period applies to the granted portions.

This deferred portion can be granted through an option agreement (option contract) entered into between the Bank and the employee, granting the employee the right to acquire Bank shares at no cost upon the expiration of the deferral period or by any other method determined by the Bank's Management Board.

The annual variable remuneration may be allocated to a member of the management body, maintaining an appropriate balance between the variable and fixed components of remuneration, and allowing for flexible policies related to variable remuneration components; specifically, the variable remuneration allocated for 1 calendar year cannot exceed 100% of the total amount of fixed remuneration elements received during the same 1 calendar year for which the variable remuneration is allocated (i.e., the ratio of variable to fixed remuneration cannot exceed 100%), aiming to promote reliable and effective risk management.

REMUNERATION OF MEMBERS OF THE SUPERVISORY BODY

In accordance with the Bank's Remuneration Policy, members of the Supervisory Council are paid fixed remuneration, consisting of the base salary and additional allowances. Remuneration for members of the Supervisory Council is determined irrespective of the member's gender, age, nationality, and experience, and is paid on a pro rata basis for the preceding month, quarter or at such other intervals as may be specified in the member's contract of service as a member of the Supervisory Council of the Bank. The amounts of position salary and supplements for the entire term of office of a member of the Supervisory Council are determined by the Bank's general shareholders' meeting when approving the Bank's Remuneration Policy.

Information about the remuneration of the members of the Bank's Supervisory Council for the year 2024 (current or having resigned in 2024), excluding taxes:

Full name	**Positions on the Bank's Supervisory Council and Committees**[1]	**Remuneration paid by the Bank in 2024, EUR**[2]
Valdas Vitkauskas	Independent Member of the Supervisory Council, Chairperson of the Supervisory Council, Chairperson of the Remuneration and Nomination Committee, Member of the Audit, Risk, and Corporate Affairs Committees	323,621
Gintaras Kateiva	Member of the Supervisory Council, Member of the Remuneration Committee	59,395
Darius Šulnis	Member of the Supervisory Council, Chairperson of the Corporate Affairs Committee, Member of the Nomination and Risk Committees	83,645
Ramunė Vilija Zabulienė[3]	Independent member of the Supervisory Council, Chairperson of the Audit Committee, Member of the Remuneration and Risk Committees	18,750
Miha Košak[4]	Independent Member of the Supervisory Council, Chairperson of the Risk Committee, Member of the Nomination Committee	16,936
Susan Gail Buyske	Independent member of the Supervisory Council, Chairperson of the Risk Committee, Member of the Audit Committee	74,855
Mindaugas Raila	Member of the Supervisory Council, Member of the Corporate Affairs Committee	59,395
Tomas Okmanas	Independent Member of the Supervisory Council, Member of the Remuneration Committee	66,976
Monika Nachyła[5]	Independent member of the Supervisory Council. Chairperson of the Audit Committee, Member of the Nomination Committee	40,083

[1]The Corporate Affairs Committee was established on 2024-01-01.
[2] Members of the Supervisory Council have been paid a fixed remuneration for their activities in accordance with the Remuneration Policy.
[3] Ramunė Zabulienė served in the Bank's Supervisory Council until 2024-03-28.
[4] Miha Košak served in the Bank's Supervisory Council until 2024-03-28.
[5] Monika Nachyła began serving in the Bank's Supervisory Council from 2024-06-26.

Below is the information on the changes in the remuneration of the members of the Bank's Supervisory Council for the period 2019-2024:

Full name	**Positions on the Bank's Supervisory Council and Committees**	**Changes in remuneration, %[1]**				
		In 2020 compared to 2019	In 2021 compared to 2020	In 2022 compared to 2021	In 2023 compared to 2022	In 2024 compared to 2023
Valdas Vitkauskas[2]	Independent Member of the Supervisory Council, Chairperson of the Supervisory Council, Chairperson of the Remuneration Committee Chairperson of the Nomination Committee, Member of Audit Committee, Member of Risk Committee	-	-	-	253%[3]	-5%
Gintaras Kateiva	Member of the Supervisory Council, Member of the Remuneration Committee	-3%	-7%	0%	0%	3%
Darius Šulnis	Member of the Supervisory Council, Member of the Nomination Committee Chairperson of the Corporate Affairs Committee	2%	1%	-5%	-7%	45%[4]
Ramunė Vilija Zabulienė[5]	Independent member of the Supervisory Council, Chairperson of the Audit Committee, Member of Audit Committee, Member of Risk Committee	4%	-4%	0%	0%	-76%[6]
Miha Košak	Independent Member of the Supervisory Council, Chairperson of the Risk Committee, Member of the Nomination Committee	14%	4%	0%	0%	-76%[7]
Susan Gail Buyske[8]	Independent member of the Supervisory Council, Chairperson of the Risk Committee, Member of the Audit Committee	-	87%	5%	7%	15%[9]
Mindaugas Raila[10]	Member of the Supervisory Council, Member of the Corporate Affairs Committee	-	-	-	-	24%[11]
Tomas Okmanas[12]	Independent Member of the Supervisory Council, Member of the Remuneration Committee	-	-	-	-	47%[13]
Monika Nachyła[14]	Independent member of the Supervisory Council. Chairperson of the Audit Committee, Member of the Nomination Committee	-	-	-	-	-

[1]Up until 2020-03-31, the Supervisory Council members were paid bonuses for their activities. From 2020-04-01, the fixed remuneration specified in the Remuneration Policy is paid. The changes in remuneration have been calculated by adding up the remuneration paid in the relevant year and comparing it with the corresponding previous year. The calculations use remuneration data without deducting taxes.
[2]Valdas Vitkauskas was elected as an independent member of the Bank's Supervisory Council in 2020, therefore remuneration changes for the period 2019-2022 are not provided. 3 Increase due to the remuneration paid to the Bank for the period from 2022-06-01 to 2022-12-31 for the full year 2023 and after becoming Chairperson of the Bank's Supervisory Council.
[4]In 2024, the increase in remuneration due to the payment of an annual increment on top of the remuneration after becoming a Chairperson of the Bank's Corporate Affairs Committee as of 2024-01-01.
[5]Ramunė Zabulienė served in the Bank's Supervisory Council until 2024-03-28. The calculations include additional remuneration paid for participation in committee meetings of AB Šiaulių bankas in the period 2019 – 2020 Q1. 6 Decrease due to the remuneration paid by the Bank for the year 2023 compared to the remuneration paid for the partial year 2024.
[7]Miha Košak served in the Bank's Supervisory Council until 2024-03-28. 7 Decrease due to the remuneration paid by the Bank for the year 2023 compared to the remuneration paid for the partial year 2024.
[8]Susan Gail Buyske was elected as an independent member of the Bank's Supervisory Council in 2020, therefore no changes in remuneration for 2020 are presented. 4 Increase in 2024 in remuneration due to the payment of an annual increment on top of the remuneration after becoming a Chairperson of the Bank's Risk Committee from 2024-03-29.
[10]Mindaugas Raila was elected as a member of the Bank's Supervisory Council in 2023, therefore remuneration changes for the period 2020-2023 are not provided. 11 In 2024, the increase in remuneration due to the payment of an annual increment on top of the remuneration after becoming a member of the Bank's Corporate Affairs Committee as of 2024-03-29.
[12]Tomas Okmanas was elected as an independent member of the Bank's Supervisory Council in 2023, therefore remuneration changes for the period 2020-2023 are not provided. 13 In 2024, the increase in remuneration due to the payment of an annual increment on top of the remuneration after becoming a member of the Bank's Remuneration Committee as of 2024-03-29.
[14]Monika Nachyła joined the Supervisory Council on 2024-06-26, therefore, no changes in remuneration for the period 2020-2024 are provided.

REMUNERATION OF MEMBERS OF THE MANAGEMENT BODY

All members of the Bank's Management Board are also Bank employees, holding either the position of the Chief Executive Officer or Deputy Chief Executive Officer and/or Heads of Divisions. As Bank employees, they are subject to the fixed and variable remuneration specified in the Bank's Remuneration Policy, is determined and appointed by the Supervisory Council of the Bank.

When allocating the annual variable remuneration to members of the Bank's Management Board, the Head of Administration, deputy Heads of Administration, and department heads – excluding those who also perform internal control functions such as Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) – the Group's performance results carry greater weight than divisional or individual performance results. When allocating the annual variable remuneration to the CRO and CCO, the Group's performance results carry less weight compared to divisional/individual performance results or the operating results of the Group company.

Information on the remuneration of the Bank‘s Management Board for the year 2024, excluding taxes:

Full name	Roles at the Bank	Fixed remuneration for 2024		Annual variable remuneration allocated in 2024 for 2023			Other variable remuneration paid in 2024	Deferred annual variable remuneration paid in 2024, granted in the form of options for activities in 2020 (equity-based)		Ratio of variable to fixed remuneration for the year 2023[3], %
		Fixed remuneration (excluding income in kind and additional benefits), EUR[1]	Income in kind and other additional benefits, EUR[2]	Total allocated variable remuneration, EUR	Portion paid in cash, EUR	Deferred portion in shares, allocation units	Paid in cash, EUR	Share value, EUR	Number of shares	
Vytautas Sinius	Chairperson of the Management Board and Chief Executive Officer	362,163	20,000	309,260	-	462,272	-	155,236	229,979	84%
Donatas Savickas	Deputy Chairperson of the Management Board, Deputy Chief Executive Officer – Head of Division	150,064	10,222	113,300	-	169,357	-	66,321	98,254	78%
Daiva Šorienė	Member of the Management Board, Deputy Chief Executive Officer – Head of Division	166,411	11,548	131,840	-	197,070	-	77,253	114,449	79%
Mindaugas Rudys	Member of the Management Board, Head of Division	159,914	11,944	121,540	-	181,674	-	66,321	98,254	76%
Algimantas Gaulia[4]	Member of the Management Board, Head of Division, CRO	172,940	10,694	89,700	-	134,081	-	-	-	62%
Agnė Duksienė[5]	Member of the Management Board, Head of Division, CCO	147,222	8,333	68,180	-	101,913	-	-	-	47%
Tomas Varenbergas[6]	Member of the Management Board, Head of Division	90,884	7,157	-	-	-	-			-
Laura Križinauskienė[7]	Member of the Management Board, Head of Division	84,175	14,251	-	-	-	-	-	-	-

[1]Fixed remuneration (excluding income in kind and additional benefits) is calculated including the base salary paid in 2024, leave pay, and sick leave payments.
[2]Income in kind and additional benefits include pension insurance, contributions to third-pillar pension funds, health insurance contributions, cash bonuses, death benefits, and other payments made under the Bank's internal regulations.
[3]Information on the ratio of fixed to variable remuneration is provided only for 2023, as the annual variable remuneration for 2024 activities has not yet been allocated.
[4]Algimantas Gaulia took up his duties as a member of the Bank‘s Management Board on 2021-07-30, therefore the deferred annual variable remuneration paid in 2024 for 2020 is not disclosed.
[5]Agnė Duksienė took up the duties as a member of the Bank‘s Management Board on 2023-05-08, therefore the deferred annual variable remuneration paid in 2024 for 2020 is not disclosed.
[6]Tomas Varenbergas took up the duties as Member of the Bank‘s Management Board on 2024-06-04, therefore, the annual variable remuneration awarded and the deferred annual variable remuneration paid in 2023 for the performance in 2020, and the ratio of variable to fixed remuneration is not provided.
[7]Laura Križinauskienė took up the duties as member of the Bank's Management Board on 2024-06-07, therefore, the annual variable remuneration awarded for 2023 performance and the deferred annual variable remuneration paid in 2024 for the performance in 2020, and the ratio of variable to fixed remuneration is not provided.

Information on the portion of the annual variable remuneration for members of the Bank‘s Management Board for 2023 and performance criteria:

Full name	Roles at the Bank	Weight of Group objectives, %	Weight of Management objectives, %	Weight of Department objectives, %	Limits of the variable remuneration portion based on achieved objective results	Overall achievement result of objectives (Group, Management, Department)
Vytautas Sinius	Chairperson of the Management Board and Chief Executive Officer	60%	40%	-	*51 – 125%*	93.7%
Donatas Savickas	Deputy Chairperson of the Management Board, Deputy Chief Executive Officer – Head of Division	50%	20%	30%	*51 – 125%*	91.7%
Daiva Šorienė	Member of the Management Board, Deputy Chief Executive Officer – Head of Division	50%	20%	30%	*51 – 125%*	89.1%
Mindaugas Rudys	Member of the Management Board, Head of Division	50%	20%	30%	*51 – 125%*	88.8%
Algimantas Gaulia	Member of the Management Board, Head of Division, CRO	30%	10%	60%	*51 – 125%*	88.2%
Agnė Duksienė	Member of the Management Board, Head of Division, CCO	30%	10%	60%	*51 – 125%*	104.5%
Tomas Varenbergas[1]	Member of the Management Board, Head of Division	-	-	-	-	-
Laura Križinauskienė[2]	Member of the Management Board, Head of Division	-	-	-	-	-

[1]Tomas Varenbergas began serving as a member of the Bank‘s Management Board on 2024-06-04, therefore, information on performance criteria for 2023 is not provided.
[2]Laura Križinauskienė began serving as a member of the Bank‘s Management Board on 2024-06-07, therefore, information on performance criteria for 2023 is not provided.

No remuneration was paid to the members of the Bank‘s Management Board by the Bank's Group companies for 2024.

Reclaims of variable remuneration for the year 2024 were not applicable to the Bank's Management Board members.

Below is information about the shares granted to the members of the Bank's Management Board in 2024, rights granted through stock option agreements, transaction prices, and dates:

Full name	Roles at the Bank	In 2024, shares were granted as an annual variable remuneration for 2020, unit[2]	Option transactions[1]			
			The deferred portion of the annual variable remuneration allocated in 2024 for 2023, granted in shares via options, units.[3]	First deferred 1/5th of the annual variable remuneration for 2022, granted in shares under options, approved in 2024, pcs. (option implementation date – 2028-04-07)	Second deferred 1/3rd of the annual variable remuneration for 2021, granted in shares under options, approved in 2024, pcs. (option implementation date – 2025-04-11)	Third deferred 1/3rd of the annual variable remuneration for 2020, granted in shares under options, approved in 2024, pcs. (option implementation date – 2024-04-12)
Vytautas Sinius	Chairperson of the Management Board and Chief Executive Officer	229,979	462,272	39,707	57,109	76,659
Donatas Savickas	Deputy Chairperson of the Management Board, Deputy Chief Executive Officer – Head of Division	98,254	169,357	17,094	24,399	32,752
Daiva Šorienė	Member of the Management Board, Deputy Chief Executive Officer – Head of Division	114,449	197,070	20,655	28,421	38,149
Mindaugas Rudys	Member of the Management Board, Head of Division	98,254	181,674	18,162	24,399	32,752
Algimantas Gaulia[4]	Member of the Management Board, Head of Division, CRO	-	134,081	15,543	18,712	-
Agnė Duksienė[5]	Member of the Management Board, Head of Division, CCO	-	101,913	-	-	-
Tomas Varenbergas[6]	Member of the Management Board, Head of Division	-	-	-	-	-
Laura Križinauskienė[7]	Member of the Management Board, Head of Division	-	-	-	-	-

[1]Date of grant and confirmation of the option rights 2024-04-05. Option transactions grant the right to receive, upon exercise of the option transaction, shares in the Bank for no consideration (with the recipient paying applicable taxes based on the share price on the date of exercise of the option), subject to taxation in accordance with the provisions of the law in force at the time of grant.
[2]Average share price – 0.6690 EUR (determination period from 2023-09-11 to 2024-03-08 (exclusive)).
[3]The payment of a portion of remuneration to members of the Bank's Management Board in Bank shares is deferred for a 5-year period from the date of allocation of the annual variable remuneration, with the assigned deferred portion being confirmed annually over five years, i.e., 1/5 of the allocated shares must be confirmed each year. 3/5 of the deferred portion is granted 3 years after the allocation of the annual variable remuneration, 1/5 of the deferred portion is granted 4 years after the allocation of the annual variable remuneration, and the remaining 1/5 of the deferred portion is granted 5 years after the allocation of the annual variable remuneration.
[4]Algimantas Gaulia began serving as a member of the Bank's Management Board on 2021-07-30, hence information is provided regarding the granted stock option rights for 2021 and subsequent years.
[5]Agnė Duksienė assumed the duties of a Board member on 2023-05-08, therefore, the information is provided regarding granted option rights to shares for 2023 and subsequent years.
[6]Tomas Varenbergas assumed the duties of a member of the Bank's Management Board on 2024-06-04, therefore, no information on share option rights granted is provided.
[7]Laura Križinauskienė assumed the duties of a member of the Bank's Management Board on 2024-06-07, therefore, no information on share option rights granted is provided.

No amendments were made to option agreements with the members of the Bank's Management Board.

Below is information about the remuneration changes for the Bank's Management Board members for the year 2024 in their roles for the period 2019-2023:

Full name	Roles at the Bank	Changes in remuneration, %[1]				
		In 2019 compared to 2018	In 2020 compared to 2019	In 2021 compared to 2020	In 2022 compared to 2021	In 2023 compared to 2022[7]
Vytautas Sinius	Chairperson of the Management Board and Chief Executive Officer	2.7%	-7.8%	2.9%	2.6%	16%
Donatas Savickas	Deputy Chairperson of the Management Board, Deputy Chief Executive Officer – Head of Division	4.4%	-6.7%	1.9%	9.6%	6%
Daiva Šorienė	Member of the Management Board, Deputy Chief Executive Officer – Head of Division	1.8%	-8.8%	3.0%	10.7%	7%
Mindaugas Rudys[2]	Member of the Management Board, Head of Division	-	-	5.6%	14.7%	6%
Algimantas Gaulia[3]	Member of the Management Board, Head of Division, CRO	-	-	-	22.7%	14%
Agnė Duksienė[4]	Member of the Management Board, Head of Division, CCO	-	-	-	-	-
Tomas Varenbergas[5]	Member of the Management Board, Head of Division	-	-	-	-	-
Laura Križinauskienė[6]	Member of the Management Board, Head of Division	-	-	-	-	-

[1]Remuneration changes calculated by summing the fixed remuneration (salary, vacation pay, disability benefits, in-kind benefits, additional perks) and variable remuneration (bonuses and annual variable remuneration in cash and shares assigned for specific years, excluding paid deferred portions of annual variable remuneration (in cash and shares) paid in respect of the preceding year) for the relevant year, and by comparing them with the corresponding prior year. The calculations use remuneration data without deducting taxes. For 2023, no change in remuneration is presented as the annual variable remuneration for 2023 performance has not yet been awarded.
[2]Mindaugas Rudys commenced the duties as a member of the Bank's Management Board on 2020-03-31, therefore, remuneration changes until 2020 are not disclosed.
[3]Algimantas Gaulia commenced the duties as a member of the Bank's Management Board on 2021-07-30, therefore, remuneration changes until 2021 are not disclosed.
[4]Agnė Duksienė commenced the duties as a member of the Bank's Management Board on 2023-05-08, therefore, remuneration changes until 2023 are not disclosed.
[5]Tomas Varenbergas commenced the duties as a member of the Bank's Management Board on 2024-06-04, therefore, remuneration changes are not disclosed.
[6]Laura Križinauskienė commenced the duties as a member of the Bank's Management Board on 2024-06-07, therefore, remuneration changes are not disclosed.
[7]Increases due to the fixed remuneration review implemented in 2023 for current roles within the Bank.

CHANGES IN THE BANK'S RESULTS AND AVERAGE REMUNERATION AMOUNT

Below is the information about the Bank's results and the average monthly remuneration of Bank employees who are not members of the Bank's management and supervisory bodies, for the period 2020-2024:

	Net profit, in thousands EUR	Average monthly remuneration, EUR (before taxes)
2024	78,787	3,248
2023	75,375	3,013
2022	67,449	2,642
2021	56,005	2,251
2020	43,095	2,080

SUSTAINABILITY INFORMATION FOR 2024

(Additional Information to the Consolidated Management Report for 2024)

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ŠIAULIŲ BANKAS AB GROUP SUSTAINABILITY INFORMATION 2024

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BACKGROUND INFORMATION

BASIS FOR DRAWING UP

BP-1

This sustainability information of Šiaulių Bankas AB Group is prepared on a consolidated basis together with the financial statements of the Bank and the Group (hereinafter referred to as the Financial Statements). The information is prepared in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The same reporting period is used as the Financial Statements to ensure consistency and comparability of data from 1 January 2024 to 31 December 2024. The scope of consolidation of the sustainability information is the same as that of the financial statements. The information covers all aspects of the Group's operations and the related value chain.

Šiaulių Bankas AB is hereinafter referred to as the Bank, and Šiaulių Bankas AB Group, comprising the Bank and its subsidiaries, is referred to as the Group.

Subsidiaries: SB Asset Management UAB, Life insurance company SB Draudimas UAB, SB Lizingas UAB, SB Turto Fondas UAB, SB Modernizavimo Fondas UAB, SB Modernizavimo Fondas 2 UAB.

Coverage of the value chain
The sustainability information section discloses information about the upstream and downstream parts of the Group's value chain.

The focus is on:
- Analysis of the impact of key suppliers and assessment of their sustainability.
- Analysis of the Group's financing portfolio, including assessment of sustainability risks and opportunities for the clients and projects financed.

These aspects ensure a comprehensive assessment of the environmental, social and governance (ESG) impacts of the Group.

Confidential information clauses
The Group does not exercise the option to withhold certain information regarding intellectual property, know-how or results of innovation as set out in paragraph 7.7 of ESRS 1. Full disclosure of sustainability actions and results is provided to ensure transparency and compliance with EU regulatory requirements.

Future operational developments and negotiating information
The Group also does not benefit from the exemption from disclosure of information on future business developments or ongoing negotiations as referred to in Articles 19a(3) and 29a(3) of Directive 2013/34/EC.

DISCLOSURE OF INFORMATION RELATING TO SPECIAL CIRCUMSTANCES

BP-2

Time horizons
The Group follows the definitions of short-term, medium-term and long-term periods set out in Section 6.4 of ESRS 1: the short-term horizon is less than 1 year, the medium-term horizon is between 1 and 5 years, and the long-term horizon is more than 5 years. These time horizons have been chosen to ensure clear and consistent compliance with the European regulatory requirements for sustainability reporting and are aligned with the periods set out in the Group's risk management strategy in the area of ESG risk management.

The impact of climate and environmental risks on standard financial and non-financial risks depends on the time period being assessed, and the Group has therefore used these time horizons for its analysis of the significance of climate and environmental risks and for the Double Materiality Assessment.

The 2024 update of the ESG strategy, which is an integral part of the Group's strategy, also took into account the results of the 2024 Double Materiality Assessment and the identified material topics. The results are expected to contribute to the formulation of new sustainability targets, which will be measured and monitored over these time horizons.

Value chain estimates
The majority of the Group's greenhouse gas (GHG) emissions come from financing activities. To this end, in early 2023, the Bank joined the Partnership for Carbon Accounting Financials (PCAF) initiative, which helps financial institutions to calculate and disclose GHG emissions from financing and investment activities (scope 3, category 15 of the Greenhouse Gas Protocol). The PCAF was chosen because it is a recognised and widely used methodology that is appropriate for the Bank's loan and securities portfolio data. In early 2025, Group companies (Life insurance company SB Draudimas UAB, SB Asset Management UAB) submitted an application to join this partnership.

In calculating GHG emissions from financing and investing activities, the Group uses:

- GHG emissions data provided by corporate clients or available in the public domain;
- publicly available GHG emissions data from issuers or data projected by third parties;
- emissions data provided by the manufacturers of the leased vehicles;
- financial and other client data (e.g., type of buildings financed, energy efficiency class, floor area, value) collected by the Group;
- emissions factors available in the PCAF database.

(All amounts are in thousands of euros unless otherwise stated)

The reliability of the data is assessed by the PCAF data quality score (1 being the highest, 5 being the lowest). In investment activities, not all issuers have access to information for the calculation of the Group's GHG emissions, and in financing activities, not all clients or transactions have access to information. Therefore, a volume indicator is provided to indicate what proportion of the asset value was based on available information. Details of the data used, and the quality scores, are provided in the statement under "GHG emissions from financing activities of the Bank" and "GHG emissions from investing activities of the Bank and Group companies".

Group's sustainability position

The Group complies with legal requirements, supervisory guidance (ECB, EBA, LBA) and best practice in the area of sustainability and expects this from its clients and partners. The disclosure of sustainability indicators aims to use data of the highest possible quality wherever possible. For example, to calculate as accurately as possible the volume of emissions to be financed, efforts are being made to collect as much data as possible directly from clients, through an improved ESG questionnaire for business clients, the promotion of a publicly available GHG emissions calculator, and the collection of additional information, such as the energy performance class of buildings. In addition, continuous efforts are being made to improve data collection and quality control processes and to strengthen cooperation with local and international initiatives.

As the Group's clients will be required to disclose sustainability information under the EU Corporate Sustainability Reporting Directive (CSRD), those not subject to the CSRD may also start to disclose sustainability information under the voluntary disclosure standards, which is likely to lead to more accurate data.

The quantitative indicators disclosed in the report have not been verified by an external institution that is not an assurance provider, unless otherwise stated for individual indicators.

Reporting of errors in previous reporting periods

Last year's Corporate Social Responsibility Report of Šiaulių Bankas incorrectly disclosed the date of joining the Science Based Target initiative (SBTi). The 2023 sustainability statement was dated at the end of 2023, but formal approval was received in January 2024.

Disclosures under other legislation

Disclosures made under other legislation or generally accepted sustainability reporting resolutions are not provided.

Incorporating information by reference

Disclosure	**ESRS reference**	**Page No.**
Members of the Management Board and the Supervisory Council of the Bank	ESRS 2.GOV-1_08 ESRS 2.GOV-1_09	141
Disclosure of revenue amount	ESRS 2.SBM-1_06	6
Disclosure of net revenue used to calculate GHG emission intensity	E1-6_33	6
Disclosure of actual number of employees	S1-6_17	145, 243

GOVERNANCE

The role of the administrative, management and supervisory bodies

GOV-1 (+G1.GOV-1), GOV-2

The **Management Board** is a collegiate management body of the Bank that ensures the proper conduct of the Bank's business. The members of the Management Board are elected, dismissed and supervised by the Supervisory Council of the Bank. The Management Board currently consists of eight (8) members (the Bank's Articles of Association provide for a 7-member Management Board). The term of office of the Management Board is four years. There is no limit to the number of terms of office. If individual members of the Management Board are elected, they are elected until the end of the term of office of the existing Management Board.

The **Supervisory Council** is the collegiate body supervising the Bank's activities. The members of the Supervisory Council are elected and dismissed by the General Meeting of Shareholders. The Supervisory Council is currently composed of seven (7) members, four (4) of whom are independent. The Supervisory Council is chaired by the Chairperson. The term of office of the Supervisory Council is four years. There is no limit to the number of terms of office. If individual members of the Supervisory Council are elected, they hold office until the end of the term of office of the current Supervisory Council.

Composition of the Management Board	
Number of members of the Management Board	8
Breakdown by gender (%)	38%

Composition of the Supervisory Council	
Number of members of the Supervisory Council	7
Average ratio of female to male members of the Supervisory Council (%) (calculated as average ratio of female to male members)	29%
Percentage of independent Supervisory Council members (%)	57%

Information as at 31 December 2024

Members of the Bank's Management Board and Supervisory Council are listed in the Annual Report (page 141).

Competences of the top management bodies of the Group and the Management Board in relation to sustainability

The knowledge and experience of the members of the Bank's Management Board and Supervisory Council are assessed on an individual and collective basis, taking into account the requirements of the legislation applicable to the Bank and the Bank's internal regulations. The assessment takes into account the educational background, further training, experience, specific knowledge and skills required.

The knowledge and experience of the members of the Bank's governing bodies are assessed on an individual and collective basis in the following areas:

- key areas of governance of the Bank,
- strategy and decision-making,
- legal and regulatory environment,
- the Bank's main areas of activity and the risks arising from them (including risk management, compliance and audit),
- relevant sectoral and/or financial areas of expertise, including financial and capital markets, solvency and models,
- environmental, social and governance risks and their drivers,
- financial accounting and reporting,
- information technology and information security (including ICT and security risk management),
- and other areas specified in the legal requirements applicable to the Bank.

The assessment of the collective suitability of the Bank's collegiate body includes an assessment of knowledge, skills and experience in the area of ESG, which are necessary to ensure the sound and effective management of the risks to which the Bank is, or may be, exposed. A sufficient collective understanding of ESG risks among the members of the Bank's Management Board is essential for effective risk management, and a sufficient understanding of ESG risks among the members of the Bank's Supervisory Council is essential for effective oversight.

Governing bodies are also held to the highest standards and requirements of business ethics – they are responsible for shaping business ethics in the organisation, which requires appropriate knowledge that is also assessed as part of individual and collective assessment. Both the members of the Management Boards within the Group and the Supervisory Council are subject to the requirements of the Code of Ethics, and the members of the Management Boards within the Group are also required to undergo mandatory training on the Code of Ethics once a year.

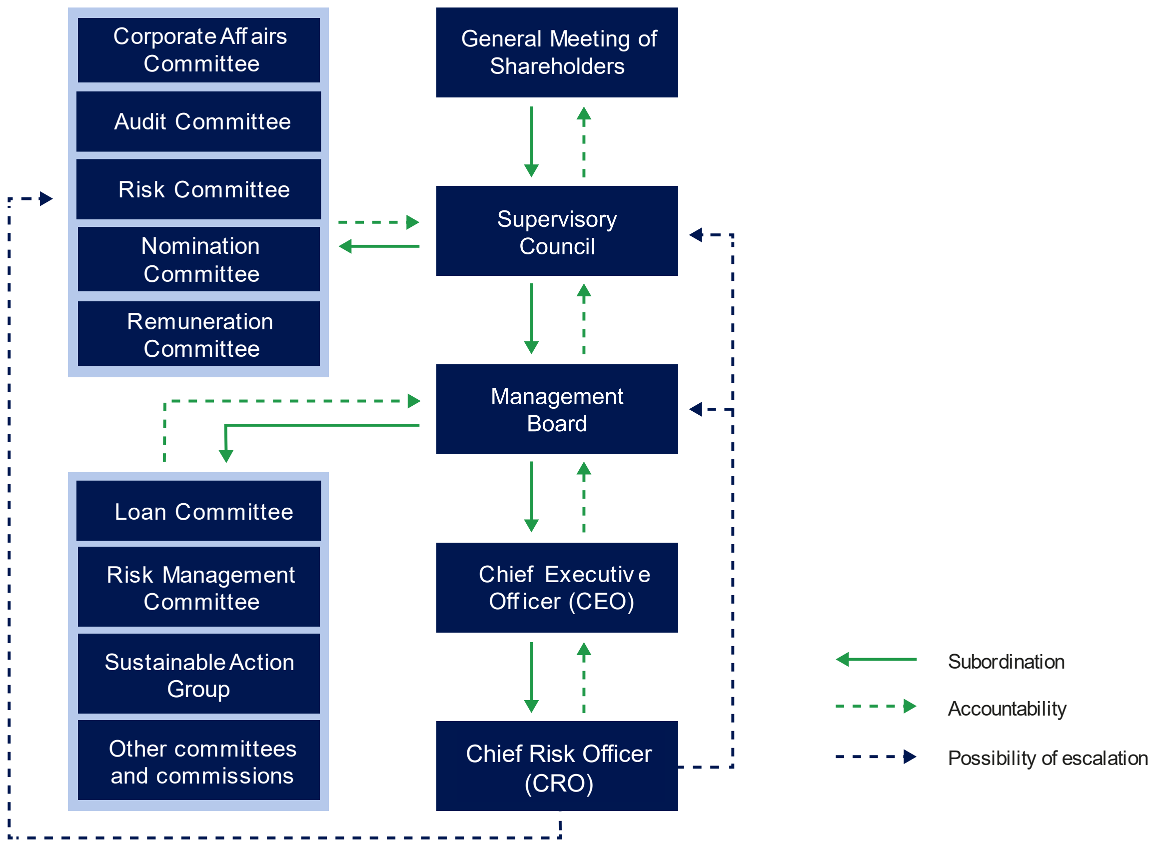
We aim to ensure that the Group's governing bodies and their members have access to a wide range of sources of expert knowledge so that they can continuously update and expand their knowledge in the field of sustainability. During the reporting period, members of the Bank's Management Board had meetings with the experts who carried out the Double Materiality Assessment and was briefed on the processes involved in the assessment and subsequently presented with the final results. As the main decision-making body on sustainability issues, the Management Board is provided with relevant information before any decisions are taken, to ensure that decisions are well founded and informed.

In 2024, a Risk and Compliance Culture Survey was also carried out for all Bank employees, which assessed 6 focus areas through surveys with the assistance of external consultants:

- Responsibility – taking risks, with clear consequences for violating values;
- Incentive – balance of rewards and incentives, bonus/malus principle;
- Leadership – leading by example, communicating the Bank's vision;
- Talent management – education, personal development;
- Communication – understanding risks, escalation principles, information flow through the organisation;
- Organisational governance – clarity of roles and responsibilities within the organisation.

The survey was carried out in three phases: a survey, interviews and group work. Top-level managers participated in interviews and group work. This survey helped to assess the risk and compliance culture of the Bank. Taking into account the results of the survey and the identified areas for improvement, a target state of risk culture will be defined and a detailed action plan will be drawn up to achieve this state. The planned actions include strengthening the competences of managers in relevant areas.

The Bank's ESG impact management structure



Bank's Supervisory Council:

- At the level of the Bank's Supervisory Council, the Chairperson of the Supervisory Council is responsible for the area of ESG;
- Approves the Group's strategy, including the ESG strategy, which is an integral part of the Group's strategy;
- Approves the Bank's Risk Management Strategy and Risk Appetite Statement (together with ESG key risk indicators).

Bank's Management Board:

- At the level of the Bank's Management Board, direct oversight of ESG risk management is the responsibility of a member of the Management Board, who is also the Bank's Chief Risk Officer (CRO) holding the position of the Head of the Bank's Risk Management Division, and who has the ability to raise issues directly with the Management Board, the Risk Committee, and the Supervisory Council as necessary.
- The Bank's Management Board approves the ESG risk impact assessment for the Bank's operations, as well as the Climate and environmental risk materiality assessment and the Business environment scan (**once a year**).
- The Bank's Management Board is the top-level governance body responsible for aligning and integrating the ESG strategy into the Group's strategy and submitting it to the Bank's Supervisory Council for approval, as well as for the **annual** review of the implementation of the ESG strategy and the formulation of the strategic objectives of ESG within the context of the Group's strategy.

Risk Committee:

- Oversees ESG risk management in the Bank (**quarterly**);
- Conducts periodic monitoring of ESG risk indicators and overall ESG risk management (**quarterly**).
- Considers, on a proposal from the Bank's Management Board, changes to the ESG key risk indicators approved by the Supervisory Council;
- Conducts a deep dive into detailed ESG analyses as required.

Audit Committee

- Oversees the process of ensuring the integrity of the Bank's and Group's annual reports, including sustainability information.

Nomination Committee

- Monitors and assesses whether the Bank's governing bodies and key function holders have the core competencies required, including ESG risk management competencies.

Risk Management Committee:

- The Chief Risk Officer (CRO) chairs the Bank's Risk Management Committee;
- Oversees ESG risk management in the Bank (**monthly**);
- Conducts periodic monitoring of ESG risk indicators and overall ESG risk management (**monthly**).

Sustainable Action Group:

- The Sustainable Action Group is chaired by the Sustainability Officer;
- The Sustainable Action Group is composed of a total of 13 members from 7 different divisions (Chief Risk Officer, Director of the Risk Department, Director of the Credit Risk Management and Control Department, Director of the Product Development Department, Director of the Compliance Department, Director of the Personnel Department, the Sustainability Officer and other managers and specialists participate in the activities);
- The Sustainable Action Group is an advisory body on ESG risks and on the development of the ESG strategy, and conducts **quarterly** oversight of the implementation of the ESG strategy.

Other structural units, committees and functions:

- Banking Product Committee – responsible for the development of banking products, including green products, as well as products focused on improving energy efficiency and promoting a sustainable business model, and ESG risks are among the risks assessed in product development.
- Loan Committee – decides whether to grant loans to clients. The ESG risk class is also taken into account when considering lending.
- Retail Banking and Corporate Banking Divisions – provide financing proposals to clients, also focused on improving energy efficiency and promoting a sustainable business model. Assesses the level of ESG risk of clients (first line of defence).
- Investment services – when investing, effort is made to avoid the negative impact of ESG risks on the price and liquidity of securities in the long term, and therefore compliance with the ESG criteria is assessed.
- Non-Financial Risks Department coordinates ESG risk management and control processes within the Group (second line of defence), prepares internal legal acts to manage the risk, and oversees their implementation.
- Compliance Department – performs an internal control function of the ESG risk management system for compliance with legal acts (the second line of defence), and also performs compliance inspections.
- Internal Audit – the third line of defence, carrying out independent ESG audits on a risk basis, assessing the effectiveness of the ESG risk management control framework, making recommendations to strengthen the effectiveness of the ESG risk management control framework, and monitoring the implementation of the recommendations. Provides materials to the Bank's Audit Committee on issues identified during audits, recommendations made and their implementation. Advises on ESG risk management issues as needed.

Part of the activities of the Group companies (Life insurance company SB Draudimas UAB, SB Asset Management UAB, SB Lizingas UAB) are integrated into the Bank's activities, therefore the above-mentioned Bank's committees and commissions deal with the ESG risk management issues of the subsidiaries. However, the subsidiaries have committees dedicated solely to their activities:

Investment Committee:

- In the context of the activities of Life insurance company SB Draudimas UAB, it takes investment decisions on the management of the assets in the Investment Baskets taking into account the results of the ESG analysis (**daily monitoring, ad-hoc decision-making**).
- In the context of the activities of SB Asset Management UAB, it takes investment decisions on the management of the assets in the Funds taking into account the results of the ESG analysis (**daily monitoring, ad-hoc decision-making**).

Risk Management Committee:

- In the context of the activities of Life insurance company SB Draudimas UAB, it manages and monitors risks (including ESG risk) **on a quarterly basis**.

The Bank also has a **Labour Council**, made up of 11 staff members elected by secret ballot and holding various positions in the Bank. The activities of the Council are governed by its rules of procedure. It actively cooperates with the Bank's Human Resources, Asset Management and Administration and other departments, providing proposals that, among other things, reflect the ESG topics of interest to employees, in order to find the best solutions for the well-being of employees. The Group companies Life insurance company SB Draudimas UAB and SB Asset Management UAB also have Labour Councils, which operate on a similar basis to the Labour Council of the Bank.

For more on the governing bodies and their composition, see page 141 of the Annual Report.

Overview of the management of sustainability issues during the reporting period

Group conducts an annual self-assessment. During this process, it analyses the types of risks that may arise from banking activities and have a significant impact on the Group. The main risks faced by the Group are:

- credit risk,
- market risk,
- liquidity risk,
- concentration risk,
- operational risk,
- ICT risk,
- model risk,
- compliance risk,
- ESG risk,
- banking book interest rate risk,
- insurance risk.

In 2024, the Group carried out a Double Materiality Assessment (DMA). It included an assessment of the risks and opportunities that could financially affect the Group's operations (financial materiality) and an assessment of the Group's positive and negative impacts on the environment or society (impact materiality). It is planned to review the results of the Double Materiality Assessment at least once a year, and in case of significant changes, the Double Materiality Assessment would be substantially updated. The Double Materiality Assessment is approved by the Bank's Management Board or other delegated management bodies.

In 2024, the Bank also significantly updated its Climate and environmental risk materiality assessment, the results of which were used in the Double Materiality Assessment (ESG risk assessment is described in more detail on page 207 of this section).

Risk management and internal controls over sustainability reporting

GOV-5

The Group's annual consolidated financial statements and the management report are reviewed by the Bank's Chief Executive Officer and approved by the Bank's Management Board.

The Group analyses, assesses, assumes and manages the risks or groups of risks it faces in its operations. The **Risk Management Strategy** approved by the Bank's Supervisory Council and the procedures for managing the different types of risks based on it help to ensure the integrity of the risk management process within the Group. The risk appetite framework aims to define the risks and their management principles in the Group's activities. As the various risks faced by the Group are interconnected, their management is centralised and the Bank has a Risk Management Committee for this purpose. One of the main objectives of the Bank's Risk Management Committee is to organise and coordinate the risk management system and oversee public disclosure of information related to ESG risk and its management. The Group reviews its risk management procedures and systems on a regular basis, at least once a year, taking into account market developments, new products and emerging best practices.

Oversight of ESG risk management, including oversight of public disclosure issues related to ESG risk and its management, is also carried out by the Risk Committee. Details of the functions of this Committee are disclosed on page 196.

Integration of sustainability-related performance in incentive schemes

GOV-3 (+ E1.GOV-3)

The Group's remuneration system is currently not directly linked to the achievement of sustainability objectives (including the reduction of greenhouse gas (GHG) emissions). However, ESG objectives can be measured in terms of the achievement of the overall objectives of the organisation or assigned to specific posts with direct responsibility for this area. Currently, performance measurement is not directly based on specific sustainability-related targets or their impact, nor are ESG performance indicators considered as benchmarks for performance measurement or integrated into remuneration policies. However, the Group regularly reviews its remuneration system and its publicly disclosed Remuneration Policy and would, therefore, consider future improvements to better integrate sustainability objectives into its incentive and remuneration framework.

Statement on due diligence

GOV-4

The Group does not currently have a comprehensive due diligence process in place – suppliers are subject to a supplier-specific due diligence process. Nevertheless, there are a number of different processes in place that take a number of steps relevant to this topic. Last year, the Group carried out a Double Materiality Assessment, which revealed significant impacts, risks and opportunities in the environmental, social and governance areas. In this assessment, stakeholders were involved, and their feedback was taken into account in the assessment of the topics relevant to Group. As part of future improvements to sustainability management processes, the possibility of extending the due diligence process is also being considered.

(All amounts are in thousands of euros unless otherwise stated)

KEY ELEMENTS OF DUE DILIGENCE	SECTIONS OF THE SUSTAINABILITY STATEMENT	PAGE No.
Integrating due diligence into governance, strategy and business model	ESRS 2.GOV-2, ESRS 2.GOV-3, ESRS 2.SBM-3	194, 197, 203
Involvement of affected stakeholders in all key stages of due diligence (stakeholder involvement in policy implementation – access to rights and mechanisms outlined in policies)	ESRS 2.GOV-2, ESRS 2.SBM-2, ESRS 2.IRO-1, ESRS 2.MDR-P (E1-2, S1-1, S1-2, S4-1, S4-2, G1-1, G1-2)	194, 201, 203, 209, 236, 244, 245, 252, 254, 256, 259
Identification and assessment of negative impacts	ESRS 2.IRO-1, ESRS 2.SBM-3	203, 209
Taking action to address negative impacts	ESRS 2.MDR-A (E1-3, S1-4, S4-4)	236, 244, 252
Monitoring and communicating the effectiveness of these efforts (indicators and targets)	ESRS 2.MDR-M, ESRS 2.MDR-T (E1-4, E1-5, E1-6, S1-5, S1-6, S1-7, S1-10, S1-13, S1-14, S1-16, S1-17, S4-5)	236, 238, 239, 243, 244, 245, 247, 249, 250, 252

Strategy, business model and value chain

SBM-1

The Bank's priority areas of activity are:
- Retail banking,
- Corporate banking,
- Investment services.

Important groups of services offered:
Šiaulių Bankas AB:
- Daily banking,
- Financing,
- Savings and investment products.

SB Lizingas UAB:

- Financing.

As part of its services, the Bank and SB Lizingas UAB also offers its clients a choice of green and energy efficiency products: green mortgage loans, leasing of electric and hybrid cars, and financing of projects that promote business sustainability, such as loans for the purchase and/or installation of solar and wind power plants.

SB Asset Management UAB:
- Pension and investment funds.

All second- and third-pillar pension funds managed by the management company integrate sustainability risk management into the investment process. These products invest in activities that promote environmental and/or social factors. Approaches to managing sustainability risks and integrating these risks into investment decisions include: ESG integration, engagement, negative screening (prohibited investments).

Life insurance company SB Draudimas UAB:
- Life insurance products.

For investment-linked life insurance clients, Life insurance company SB Draudimas UAB also offers the INVL Global Sustainable Equity investment basket, which seeks to invest the majority of assets in sustainable products.

For more detailed information on green products and products aimed at improving energy efficiency, see the *Environmental* section (page 236).

Disclosure of the value chain

Group's commitment to sustainability is integral to Group's overall strategy, business model and value chain. As part of the Double Materiality Assessment, we have carried out a detailed value chain identification and assessment and developed our own value chain map. It covers the Group's entire value chain, while resources and dependencies cover the value chain and key resources used for the Bank's direct activities (hereinafter, "own activities").

The Bank and other Group companies holds a central position in the financial services value chain. The Group acts as an intermediary between capital providers (e.g. shareholders and other banks) and end users – customers. The Bank depends on various suppliers and regulatory authorities, which shape its operating environment, technological capabilities and security assurance.

The upstream and downstream parts of the Group's value chain consists of:

- External suppliers (e.g., IT services),
- Systems and data maintenance providers (data protection),
- Office rental,
- ATM servicing,
- Security service providers (including cash transportation),
- Shareholder deposits,
- Services of other banks (e.g., correspondent banks),
- Supervisory authorities,
- Clients.

Upstream indicate the most important resources necessary for the successful development and use of our Group's operations and business model. The upstreams used are selected and used taking into account the business model, and different departments are responsible for their collection, use and preservation (e.g. HR, Supply Department, etc.).

The downstream indicate the Group's Products and Services (a detailed description of them is provided in the section "Strategy, Business Model and Value Chain", page 199. The specified value chain includes the Bank's direct activities (hereinafter referred to as its own activities).

Key upstream (resources):

- Human resources (own workforce)
- Natural/physical resources:
  - Water,
  - Land,
  - Energy (green energy for own operations),
  - Financial assets,
  - Rented premises,
- Cars purchased.
- Technological resources:
  - Internal IT solutions,
  - Databases.
- Data (and data protection).

Downstream:

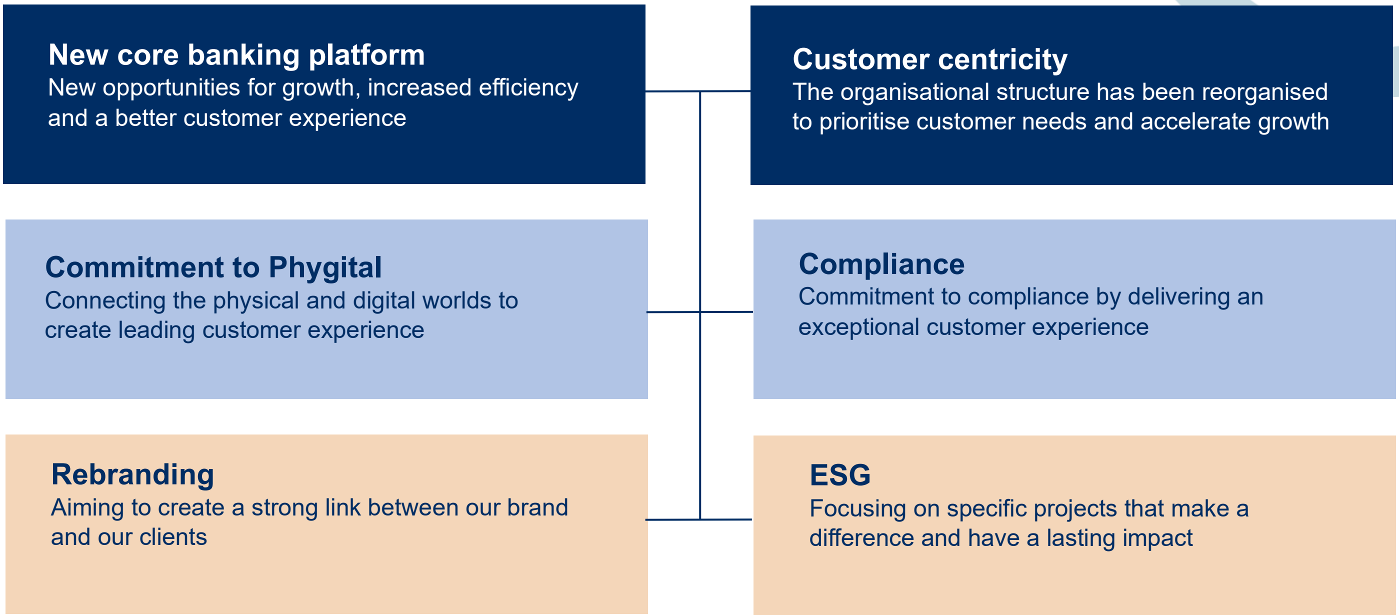
- Products and services

Disclosure of revenue amount

Details of the Group's income are disclosed in the financial disclosures section of this statement (page 6).

Strategic orientations

In 2024, the Group presented an updated strategy for 2024-2029, which sets the goal for the Bank **to become a leader in the Lithuanian banking sector by 2029**. The Bank aims to provide the best customer experience, to be the first choice in the minds of clients, to outperform the market growth rates in terms of number of clients and loan portfolio, and to generate high double-digit returns for investors.



The ESG strategy is an integral part of the Group's strategy and initiatives will continue to be implemented in relation to the key strategic directions in the area of ESG:

- **Environment:** Reducing environmental impact
- **Social:** Developing access to services and engaged employees
- **Governance:** Responsible operations, transparency and reliable services

Interests and views of stakeholders

SBM-2 (+S1.SBM-2, S4.SBM-2)

We continuously strive to integrate interests and views of stakeholders into our strategy and business model. This process is an essential part of Group's business, ensuring that Group's solutions meet the expectations and needs of all stakeholders.

During the development of the strategy, the Group analyses factors and trends in the external environment, involving a large part of the Bank's community. The impact and significance of the different trends are analysed from the point of view of the following four stakeholders:

- Clients,
- Employees,
- The public,
- Investors.

We regularly organise meetings, surveys and discussions with a wide range of stakeholder groups, including clients, employees, suppliers, investors and communities. We collect and analyse data on stakeholders' expectations and needs to better understand their priorities. The data and insights obtained are integrated into Group's strategic plans and business model. This includes setting strategic objectives that meet stakeholders' expectations and needs, improving business processes and ensuring responsible and transparent operations.

Stakeholder interests and opinions were also analysed in the Double Materiality Assessment. The interests, views and rights of employees along the value chain and of affected communities likely to be significantly impacted by the Group, including respect for their human rights, have also been taken into account in this process. However, the interests of clients and society/community were considered together. This approach has been chosen because of the broad nature of the Bank's and the Group's activities and the ongoing impact – it is assumed that the direct decisions of clients can affect society and vice versa (for example, through real estate investments, both direct clients and society at large are affected).

Stakeholder map (DMA flow chart)

STAKEHOLDERS ALONG THE VALUE CHAIN

STAKEHOLDERS

Own workforce	Investors (existing and potential shareholders)	Supervisory authorities (European Central Bank, Bank of Lithuania)	Clients	Partners	Media/public

Engaging with stakeholders

Stakeholder engagement is a key aspect of Group's business, which helps to ensure that Group's decisions and actions meet the expectations and needs of all stakeholders. By engaging with our stakeholders, we can better understand market trends and identify potential risks and opportunities. This promotes transparency and trust that are essential for long-term business success. In addition, active stakeholder engagement helps develop sustainable and responsible business solutions that contribute to social and economic well-being.

The Management Board and the Supervisory Council are kept informed of the results of the stakeholder engagement through the internal governance system. Information is provided through reports by committees (Risk Management Committee, Risk Committee) and by responsible staff with escalation rights.

In the table below, we disclose our key stakeholders and how we engage with them in our day-to-day activities. Stakeholder engagement was also ensured in the context of the Double Materiality Assessment. This step is described in the description of the DMA process in this statement (page 212).

Stakeholders	**How engagement is organised**	**Purpose of engagement (topic)**	**How stakeholder views are taken into account**
Own workforce	Annual performance review interview Bank's internal website (Intranet) Internal surveys Events for employees Opportunities to make and implement proposals Labour Council Possibility to notify the Compliance Officer	Ensuring adequate working conditions (adequate pay, work-life balance, health and safety). Equal opportunities, non-discrimination.	The insights/results from surveys and suggestions through various internal channels are used to make relevant decisions, such as the design of new training and engagement programmes.
Investors (existing and potential shareholders)	Presentation of performance results to investors Shareholder meetings Regular reports Website	Developing a sustainable and financially stable business.	Taken into account in the formulation of the Group's main strategic directions.
Supervisory authorities (European Central Bank, Bank of Lithuania, Single Resolution Board)	Regular reports Participation in meetings	Legal compliance and conformity.	The Group's main strategic directions are shaped by ensuring compliance with supervisory requirements and expectations and implementing recommendations.
Clients	Client service quality surveys Communication on social networks Website Events for clients	Access to quality information about services. Accessible services.	The relationship with clients to secure sustainable revenues from the services we provide to them is a key driver of the Group's business model. The results of customer service quality surveys have implications for actions to improve customer experience.
Partners	Regular reports Website	Up-to-date and transparent information on the Group's activities. Partners' impact and action on ESG topics.	The Group strives to meet its partners' expectations regarding ESG standards and expects the same from its partners.
The public	Public communication Website Events Meetings	Up-to-date and transparent information on the Group's activities. Information on the impact generated by the Group on ESG topics.	The Group strives to meet the public's expectations regarding ESG standards. Monitoring of public opinion and trends; results are used to inform relevant decisions.

MATERIALITY ASSESSMENT

SBM-3 (+ E1.SBM-3, S1.SBM-3, S4.SBM-3, IRO-1 (+E1.IRO-1, G1.IRO-1), IRO-2

Results of the Double Materiality Assessment

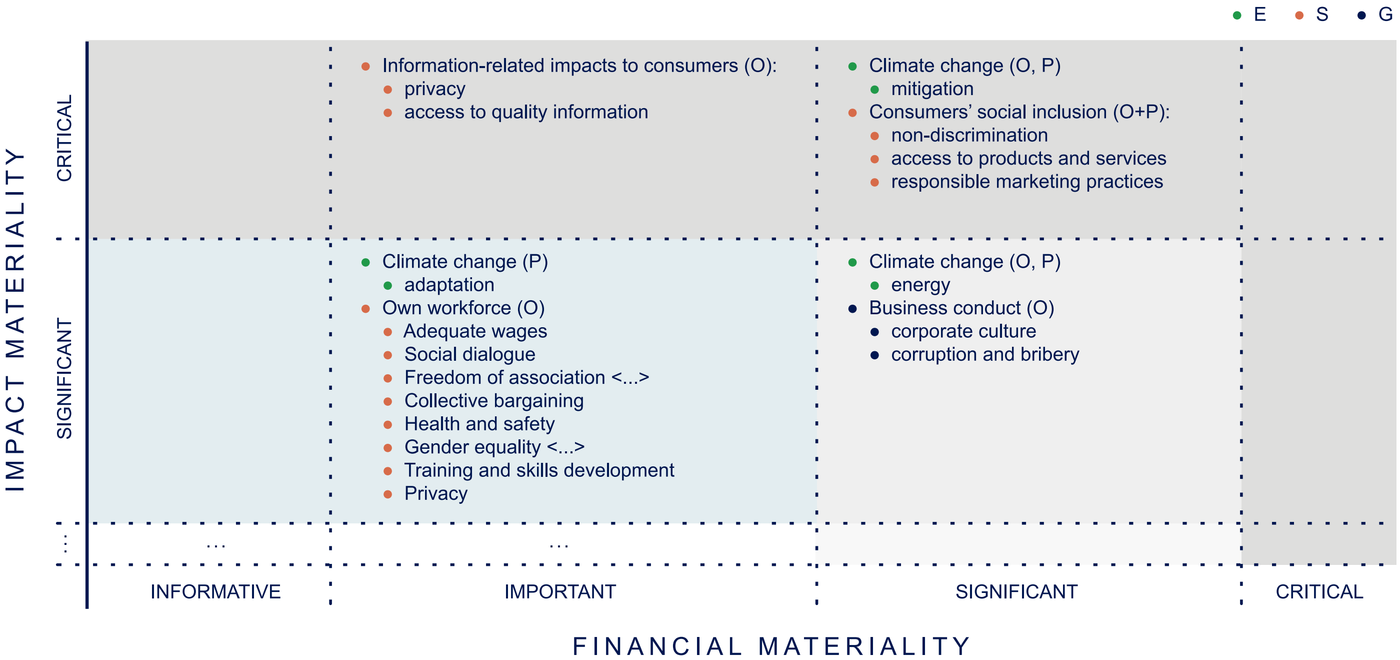
Following a comprehensive Double Materiality Assessment, the following key material topics (as well as sub-topics and sub-sub-topics) were identified:

- **ESRS E1: Climate change** (climate change mitigation (O+ P), adapting to climate change (P), energy (O+ P)).
- **ESRS S1: Own workforce** (working conditions (fair pay, social dialogue, freedom of association, collective bargaining, health and safety), equal treatment and equal opportunities for all (gender equality and equal pay for work of equal value, training and skills development), other work-related rights (privacy)). (O).
- **ESRS S4: Consumers and end-users** (information-related impacts on consumers and/or end-users (privacy, access to (quality) information) (O), social inclusion of consumers and/or end-users (non-discrimination, access to products and services, responsible marketing) (A+ P).
- **ESRS G1: Business ethics** (corporate culture, corruption and bribery) (A).

A – own activities covering the Group's activities
P – portfolio (includes both Bank (BP) and Group (GP) portfolios)
BP – the Bank's portfolio, comprising the loan and investment portfolios of Šiaulių Bankas AB
GP – the Group's portfolio comprising the investment and loan portfolios of the subsidiaries Life insurance company SB Draudimas UAB and SB Asset Management UAB and SB Lizingas UAB

The matrix shows the ranking of the material topics based on the results of the Double Materiality Assessment. Detailed descriptions of the results and the impacts, risks and opportunities identified are presented below.

Materiality Matrix



Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS	Topic	Assessment of impact materiality	Assessment of financial materiality	Impacts (I), risks (R) and opportunities (O)	Where do IROs occur?	Time horizon (short-, medium-, long-term)	Impact on business, value chain, strategy or decision-making	Action taken or planned
E1	Climate change (mitigation and energy)	Critical (climate change mitigation) Material (energy)	Material	I (OA): The negative impacts arise from greenhouse gas emissions, both from the Group's own activities and from the value chain. I (GP/BP): The most significant negative impacts relate to greenhouse gas emissions resulting from the Group's financing and investment services (GP). However, the most significant negative impact relates to the Bank's loan portfolio. R (BP): Regulatory requirements and policy mechanisms are expected to affect primarily sectors such as real estate, construction, manufacturing, transport, with transition risks having the greatest impact in the medium to long term. R (BP): SMEs dominating the portfolio of Šiaulių Bankas (BP) may face greater challenges in adapting to new requirements due to their limited resources and knowledge compared to the ability of larger corporations to adapt to change. As a result, the transformation of SMEs towards a more sustainable business model may be slower. R (GP): Managing sustainability and climate change risks is key to complying with legislation, representing the interests of clients and remaining competitive in the market. Existing and new legislation, such as the European Securities and Markets Authority's (ESMA) regulation on fund names, may require a swift change of strategy. Failure to take this into account risks a reclassification of the fund, which could lead to dissatisfaction among investors who chose these funds based on their original classification. Analysing and implementing these changes takes time and resources. R (GP): Issuers of securities need to take steps to manage climate change risks to attract finance and maintain security prices. Sectors such as energy face greater risks. If companies fail to meet these expectations, they may find it difficult to attract investment and their securities may lose value, which would in turn jeopardise the stability of the Group's portfolio. O (BP): Negative impacts from loans can be significantly reduced if mitigating measures, such as loans focused on energy efficiency improvements or other loans that promote business sustainability, are used. O (BP): By investing in companies and projects that focus on reducing environmental impacts and adopting sustainable practices (e.g., loans focused on energy efficiency improvements, green bonds, ESG-related funds), we can attract external capital, generate financial returns at a comparatively lower risk (in terms of ESG or climate change), maintain or increase our attractiveness to clients and investors, and make a positive contribution to tackling environmental issues.	Own activities, upstream in the value chain, Bank's portfolio	All time horizons	Loans: regulatory requirements and policy mechanisms will primarily affect sectors such as real estate, construction, manufacturing and transport, probably more in the medium to long term. All of this may have an impact on client insolvency – credit risk, as well as on the Bank's reputational risk and, consequently, on strategic risk (the Bank may receive negative credit risk ratings or even face lawsuits, which may require a review of its business model). Investment portfolio: if issuers fail to address climate change risks and manage climate-related risks inadequately or insufficiently, they could lose investments and the value of their securities, which puts portfolio stability at risk. These circumstances may affect the public's (including investors, clients) perception of companies (issuers).	By joining the SBTi, the Bank has committed itself to setting targets and measures to achieve climate neutrality by 2050. It is expected that targets and measures will be set by the end of 2025. Continuous improvement of the sustainability or ESG risk framework (including climate and environmental risks), as detailed in the *ESG risk management* section. Financing solutions offered by the Group companies, focused on improving energy efficiency and promoting a sustainable business model. Educating employees and clients on the importance of sustainability and climate and environmental risks to help them better prepare for and adapt to change.
	Climate change (adaptation)	Important	Important	I (BP): Part of the loan portfolio is related to negative impacts. While the overall impact is not significant, certain sectors can make a significant contribution. For example, the agricultural or construction sector can have negative impacts on soil and/or resources, such as water supplies and/or water quality, biodiversity, habitat loss, etc. I (GP): The investment products offered invest in a wide range of sectors, so that certain sectors (e.g., energy, real estate, transport) can have a significant impact on the value of investments. R (BP): Potential impacts include additional investment, increased costs or reduced income due to new regulatory requirements, losses and business disruption caused by extreme weather events, additional insurance costs or reduced property values in flood-prone areas. In addition, disruptions in customer supply chains can have a significant impact on sectors such as manufacturing and retail.	Bank's portfolio	All time horizons	In areas affected by flooding, property values can be significantly reduced. This can have a lasting impact on the Bank's financial position and credit risk. Adverse policy changes, such as stricter environmental requirements, can lead to additional investments or costs. This can increase overall operating costs and reduce profitability.	Continuous improvement of the sustainability or ESG risk framework (including climate and environmental risks), as detailed in the *ESG risk management* section. Diversifying investments to reduce the risks associated with specific sectors such as energy. This will help protect your portfolio against potential losses.
S1	Own workforce (working conditions: fair pay, and equal treatment and equal opportunitie s for all: gender equality and equal pay for work of equal value)	Material	Important	I (OA): Solid implementation of regulatory changes and monitoring measures have had a positive impact on reducing the pay gap and raising average wages relative to the market. Despite these efforts, current wage levels are below the market median. I (OA): The existing pay gap has a negative impact by creating wage disparities among workers. This can lead to feelings of unfairness, weakened motivation and possible dissatisfaction in the workforce. R (OA): Companies with high pay gaps can find it difficult to retain and attract top talent, as good performers can leave for higher pay. In addition, closing the pay gap can be costly and require significant financial and administrative resources.	Own activities	All time horizons	Impacts may include increased staff turnover, loss of competencies, unattractiveness of the Bank/Group as an employer, loss of talent, increased financial resources due to staff turnover or a reduction in the wage gap.	The following strategic initiative – Renewal of the Performance Evaluation and Remuneration Policy – is planned to address the risks identified, with projects and activities planned to implement the initiative: reviewing the performance evaluation process and introducing calibration of results; introducing a competency model; reviewing the remuneration system: reviewing and updating the systems in place for the management of the official remuneration and variable remuneration; analysis of the use of long-term financial instruments in

								the remuneration system, choice of instruments.
S1	Own workforce (working conditions: social dialogue, freedom of association, collective bargaining)	Material	Important	I (OA): The positive impact stems from the Group companies' commitment to active social dialogue and employee representation through the Staff Committee. This approach encourages open communication, effectively addresses employees' concerns and fosters a collaborative and inclusive working environment.	Own activities	All time horizons	Ignoring feedback from employees leads to employee dissatisfaction and reduced employee engagement.	We have active Labour Councils in all Group companies, with which we maintain regular dialogue.
S1	Own workforce (working conditions: health and safety)	Material	Important	I (OA): Negative impacts arising from potential physical and cyber attacks, blackmailing of bank employees can cause physical harm, psychological stress and create a hostile working environment for employees. R (OA): Inadequate working conditions can have an impact on human resources, making it difficult to retain and attract staff.	Own activities	All time horizons	The potential negative impact on workers' mental and physical health, compounded by heavy workloads that can reduce their efficiency, motivation or lead to higher staff turnover. Staff turnover can require financial and administrative resources and affect the quality of customer service.	Actions taken: Reviewing and updating instructions and procedures; Attention to the proper familiarisation of staff with internal documents; Focus on more efficient processes and prioritisation of tasks; Ensuring the provision of safe and ergonomic workstations; Organising health checks; Carrying out occupational risk assessments of workstations; Additional focus on civil protection; etc.
S1	Own workforce (equal treatment and equal opportunities for all: training and skills development)	Material	Important	I (OA): Solid training and development programmes for all staff have a positive impact, not only by developing and strengthening the skills relevant to their job functions, but also by fostering a culture of continuous improvement. R (OA): Potential risks – lack of competences without sufficient resources for training, which could affect other critical areas.	Own activities	All time horizons	Lack of skills development can lead to staff turnover, reduced motivation and failure to attract talent. At the same time, there is a growing need to improve the competences of managers and to increase the focus on leadership development.	The e-training platform is used to manage mandatory training for all Group employees and to organise training for certain groups more efficiently. Training performance is monitored. Knowledge checks are carried out and proper communication is ensured.
S1	Own workforce (other work-related rights: privacy)	Material	Important	I (OA): Potential negative impacts arise from possible breaches or unauthorised use of employee data.	Own activities	All time horizons	Financial impact (fines); reputational impact (warning, reprimand, instruction).	Mitigation measures are in place, mainly through implementation of the GDPR requirements. All employees receive training on the GDPR. Procedures are regularly reviewed and updated, while maintaining compliance with the law and other regulatory instruments. Informing staff about the Bank's processing of their personal data.
S4	Consumers and end-users (information-related impacts on consumers and/or end-uses (privacy, access to (quality) information)	Critical	Important	I (OA): The negative impact stems from the highly sensitive nature of financial information and the associated potential privacy breaches. The financial sector handles a huge amount of personal and financial data, making it a prime target for cyber-attacks and identity theft. I (OA): Positive impact is achieved through effective communication (providing accurate, non-excessive information in the right way and at the right time). R (OA): Both potential data breaches and privacy breaches carry significant risks, including fines and reputational damage. In addition, the elimination and mitigation of these breaches may disrupt the normal operations of the organisation and create additional costs.	Own activities	All time horizons	Financial impact (fines); reputational impact (warning, reprimand, instruction) or through the relationship with clients (the Bank incurs additional costs to compensate the client for losses incurred by the client).	The plan is to reach a Net Promoter Score (NPS) of 83% by 2025. Actions taken: GDPR requirements implemented. In 2024, implementation of the project "DORA Implementation". Related mandatory training for all staff introduced within the Group. Procedures are regularly reviewed and updated, while maintaining compliance with the law and other regulatory instruments.
S4	Consumers and end-users (social inclusion of consumers and/or end-users (non-discrimination, access to products and services, responsible marketing)	Critical	Material	I (OA): The positive impact is achieved through a variety of channels of communication with consumers, including an extensive network of physical banking outlets. Additional improvements are being introduced, aligned with the overall business strategy to become the best bank in the country by providing the best customer experience in terms of services and products. R/O (OA): Without maintaining a wide network of physical outlets, access to financial services would be restricted, resulting in a loss of income opportunities. In addition, competitors offering more inclusive products and services may attract these segregated segments and thus reduce the Bank's market share. R/O (BP): Risks arise from additional investment in SME education on ESG topics to make their businesses more resilient and protect their creditworthiness. This is particularly difficult given the limited resources and lack of	Own activities, Bank's portfolio	All time horizons	A network of physical outlets or a limited supply of digital services could have an impact on the business and the strategy regarding accessibility of services (a network of physical outlets is relevant for clients, a limited supply of digital services would limit the attraction of new segments).	In 2024, the customer experience of becoming a client of the Bank/Group through the digital channel was improved. We are continuously taking steps to increase our clients' knowledge on financial fraud and financial literacy. Following the acquisition of SB Asset Management UAB and the expansion of the Group's range of services, the focus is on quality and accessibility of services. Processes are in place to assess risks and ensure

				experience of the organisation compared to other players in the sector. Furthermore, SBTi objectives and reputation are closely linked to the sustainability of the portfolio, so the Bank's reputation is affected by the progress of its clients. However, educating clients and promoting sustainability can strengthen business relationships, provide financial opportunities and lead to stronger and more resilient business relationships.				compliance with legislation (non-discrimination, equal opportunities, responsible marketing).
G1	Business ethics (corporate culture, corruption and bribery)	Material	Material	I (OA): Potential negative impacts could arise from poor management practices leading to incidents of bribery, corruption – such a failure to meet ethical standards could seriously damage the Group companies' culture and reputation from the point of view of its clients, investors and the public. I (OA): Negative impacts arise from the potential for corruption, which remains significant even with comprehensive prevention and mitigation measures and continuous monitoring, as a corruption incident can undermine trust in the organisation, lead to legal consequences and reputational damage. R (OA): Risks arising from improper management practices (e.g., bribery, corruption, non-compliance with ethics and requirements) can lead to penalties for business partners such as suppliers, financial consequences (e.g., insolvency) and the Group's reputation. R (BP): Risks arising from inappropriate management practices (e.g., bribery, corruption, non-compliance with ethics and requirements) may lead to penalties for clients, adversely affect clients' credit risk (creditworthiness), affect the return on investment portfolios, and further damage the Bank's reputation.	Own activities, value chain, Bank's portfolio	All time horizons	Impact on the Group's reputation (due to inappropriate client activities), potential impact on client and investor choices, negative employer image. Financial impact, i.e., client links to incidents of bribery and corruption may have a negative impact on the client's creditworthiness, the client may be fined, which in turn may lead to a change in the Bank's cost of borrowing in the market.	Direction for 2025 – improving risk and compliance culture. A survey on areas of potential corruption is planned to be carried out as part of the compliance programme. In 2024, a Risk and Compliance Culture Survey was carried out to assess the current situation in the Bank and to develop an action plan to improve the risk and compliance culture. Periodic training on zero tolerance for corruption is provided.

Management of ESG risks (including climate and environmental risks)

<u>Key impacts, risks and opportunities</u>

The Group is continuously focusing on improving the ESG risk management framework. In 2024, the Group focused on the following areas:

- the Group's ESG risk management framework was improved through an update of the Bank's Climate and environmental risk materiality assessment, a comprehensive Business environment scan in relation to climate and environmental risks, an update of the Risk Appetite Statement and an update of the ESG Risk Indicator Framework.
- Double Materiality Assessment was carried out.
- the Group's consolidated GHG emissions were calculated, both from operational activities and for the loan and investment portfolios.
- the requirements of supervisory authorities and legislation were implemented.
- the Bank underwent internal ESG audit and ESG improvements were made based on the recommendations received.
- the development of the Transition Plan was started and will continue in 2025.

The ESG risk management system includes:

<table>
<tr><th>Components of the ESG risk management system:</th><th>Processes within the Bank:</th><th></th></tr>
<tr><td>Risk identification</td><td>Identification of ESG risks (Double Materiality Assessment);
Climate and environmental risk materiality assessment;
Business environment scan.</td><td rowspan="4">The Risk Management Strategy defines the Group's policy for identifying, assessing and managing risks.

The risk appetite statement defines the level of risk that the Group is willing to take in order to achieve its business objectives.</td></tr>
<tr><td>Risk assessment</td><td>Risk assessment process (Risk Map);
GHG emissions from financing and investment activities;
Stress testing and evaluation of results as part of the Internal Capital Adequacy Assessment Process (ICAAP);
Green asset indicator</td></tr>
<tr><td>Risk management</td><td>Managing ESG risk as a distinct type of risk;
Integrating ESG risk management into the management of other financial and non-financial risks.</td></tr>
<tr><td>Risk monitoring and reporting</td><td>Internal reporting (see page 195 of the statement for details on the functions of the governing bodies);
External reporting (public disclosure).</td></tr>
</table>

Identifying ESG risk

The Group understands ESG risk as the risk of any adverse financial impact on the Group arising from the existing or future impact of ESG factors on counterparties (clients, suppliers, etc.), on the Group's assets, or on the Group's activities. ESG risk includes:

- <u>Environmental risks</u>, consisting of climate and environmental risks (<u>other environmental risks</u>) related to biodiversity, pollution, waste and water management, land use, etc. Climate and environmental risks consist of two main factors:

<u>Physical risk</u> is the risk of any adverse financial impact on the Group arising from the current or future impact of changing climatic events on counterparties, on the Group's assets, or on the Group's activities.

<u>Transition risk</u> is the risk of any adverse financial impact on the Group arising from the current or future transition to a more environmentally sustainable economy (including adaptation to a lower carbon economy) affecting counterparties, the Group's assets, or the Group's activities.

- <u>Social risks</u> relate to the Group's employees, their health and well-being, differences in remuneration, impact on society, the quality of services, etc.
- <u>Governance risks</u> relate to the Group's risk management culture, regulatory compliance, legal risk, gender diversity, etc.

In 2024, the Bank continued to improve its ESG risk management framework by significantly updating its Climate and environmental risk materiality assessment, which has been linked to the Double Materiality Assessment, as well as by conducting a comprehensive Business environment scan, updating the Risk Appetite Statement accordingly, and reviewing and updating the ESG risk indicators. The climate and environmental risks and the assessment of their impacts are a regular process in the Bank, which is assessed at each review of the Group's strategy and Risk Management Framework. The Group's new strategy (2024-2029) identifies the strengthening of ESG standards as one of the key strategic directions.

The Group's risk appetite documents (see page 208 for more details on Risk Appetite) and the Risk Map identify ESG risk (together with climate and environmental risks) as a separate risk category, but their impact is assessed and managed through the standard risks – credit, market, liquidity, operational and reputational.

The ESG risk culture is an integral part of the Group's risk culture, and in the future the Group will continue to focus on the development of its ESG risk management framework, the implementation of new supervisory and legislative requirements.

ESG risk measurement, monitoring and management

Credit risk

Since 2006, the Bank's business lending has been guided by one of the best practices in the international financial sector – EBRD Environmental and Social Risk Management Manual. The identification, assessment and management of environmental and social risks are considered as part of credit risk. Based on this Manual, ECB documents, the Bank's internal documents and procedures, and complementary methodologies, environmental and social risk management is carried out in a few main phases:

- The Bank does not provide New Lending for Non-Financed Activities. Non-financed activities are determined in accordance with the EBRD Environmental and Social Risk Management Manual (*Corporate, SME and Micro Lending, Annex 1: Environmental and Social Exclusion List)* and other regulations governing particularly high ESG risks.
- The Bank identifies whether the project is likely to cause significant future adverse environmental and/or social impacts that cannot be readily identified or assessed at the time of examination. In such a case, an environmental and social impact assessment is carried out. The types of projects falling into this category are identified in accordance with this EBRD List: Corporate, SME and Micro Lending, Annex 2: Category A Projects.
- The Bank determines the client's ESG risk class based on an assessment of the client's economic activity (economic activity code) and the measures taken by the client to mitigate ESG risk by assessing the answers provided in the ESG questionnaire and the client's supporting documentation. The ESG questionnaire consists of qualitative and quantitative questions. The ESG questionnaire covers all three elements: environmental, social and governance risks.
- The Bank also collects GHG emissions data from its clients along with their annual financial statements.

Client ESG risk assessment is used in the credit risk assessment (rating) process for corporate clients and in the client risk monitoring process. This risk assessment influences clients' credit risk assessment and pricing. The social and business client management elements are integrated into the rating system of corporate clients.

Internal documents ensure adequate risk management and internal controls ensure the implementation of the principles.

Market risk

Market risk has been identified as insignificant in the Bank due to the narrow range of the Bank's investment products, but ESG risk assessment is included in the Bank's product management procedures. The Bank assesses ESG risk in the investment decision-making process – when the Bank invests in a portfolio held to generate cash flows, it assesses the compliance of corporate debt securities with ESG criteria. First, the compliance of debt securities with the ESG eligibility criteria is assessed (i.e., they must meet the definition of a green bond, a sustainable bond, or a similar condition). If this condition is not met, the issuer's own ESG rating is assessed.

SB Asset Management UAB, the company that was acquired at the end of 2023, also performs ESG risk assessment – each new or existing investment is assessed against the ASV eligibility criteria.

Operational and reputational risks

The ESG risk is included in operational and reputational risk management. The Operational Risk Event Logging System provides the possibility to classify operational and reputational risk events related to environmental (physical and transition risk factors), social and governance risk factors as ESG risk.

Operational risk events and reputational risk events related to ESG risk are included in the reporting to the Bank's relevant governing bodies. The Bank's Emergency Plan also identifies risk factors resulting from physical risk factors.

Liquidity risk

ESG risks are included in liquidity risk management to a limited extent due to the currently identified relatively low impact of ESG risk factors on the Bank's liquidity risk. The Bank periodically assesses the impact of ESG risk factors on the Bank's liquidity.

Stress testing

The Bank includes climate and environmental risk elements, i.e., exposures with a high/medium-high risk rating from the Climate and environmental risk materiality assessment, and the risk factors with the highest likelihood of occurrence and the highest potential impact, in the internal stress testing. The testing assesses the occurrence of climate risks under different scenarios, which are based on expert assumptions. The results of the stress tests are further used in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) to ensure future capital adequacy.

The Bank plans to further develop and refine the climate and environmental risk scenarios for the stress tests and to compile the data needed for the tests, taking into account the information that is continuously accumulated on the main climate change risk drivers and their impact on the Bank's exposure to climate change risk.

Risk appetite

The Group periodically updates its Risk Management Strategy and Risk Appetite documents. The Risk Appetite Statement includes the following ESG risk indicators and their limits: the share of non-financed sectors, the share of high ESG risk in the loan portfolio and the staff turnover. To improve the Group's ESG risk assessment, other ESG risk indicators (which were previously monitored) were reviewed in 2024 and limits were set for some of them, for example, the taxonomy-aligned mortgage loan volume indicator was started to be monitored, and limits were set for other indicators in the social and governance areas. Other indicators in the environmental area continue to be monitored, such as the amount of fuel used in the Bank's official vehicles, the amount of taxonomy-eligible assets, the fulfilment of commitments to external investors, and the Bank's securities exposures that meet the ESG eligibility criteria.

Changes to the key ESG risk indicators of the Bank are considered by the Risk Committee and approved by the Supervisory Council, on the recommendation of the Bank's Management Board. Periodic monitoring of ESG risk indicators and overall ESG risk management is carried out by the Risk Management Committee (reporting on a monthly basis) that reports periodically (quarterly) to the Risk Committee.

Opportunities

The Bank reports green asset ratios as provided for in Regulation (EU) 2020/852 of the European Parliament and of the Council (hereinafter, the "Taxonomy Regulation"), and any successor legislation thereto. Exposures to taxonomy-eligible economic activities are determined based on the Regulation, taking into account the Bank's products and information received from companies. The main performance indicator related to the taxonomy is the Green Asset Ratio (GAR), which measures the proportion of assets that meet the criteria of the taxonomy. Such assets are defined as assets that meet the criteria of the taxonomy, i.e., assets that contribute significantly to at least one of the six environmental objectives set out in the Taxonomy Regulation.

For the financial year 2024, the Bank provides information on the share of taxonomy-eligible and taxonomy-aligned assets in the Bank's total assets (see page 214). Taxonomy-aligned assets are taxonomy-eligible assets that are subject to the environmental objectives of the taxonomy and meet the criteria of the Taxonomy Regulation. These assets are assessed based on the taxonomy reports of the companies in the portfolio of loans and/or debt securities. The taxonomy reports disclosed by the Bank are based solely on information provided by the companies.

Description of the process to identify and assess material impacts, risks and opportunities

IRO-1 (+E1.IRO-1, G1.IRO-1)

The materiality assessment process followed the double materiality principle set out in the EU Corporate Sustainability Reporting Directive. The materiality assessment process was carried out by external experts with the participation of Šiaulių Bankas Group, based on the European Sustainability Reporting Standards (ESRS) and the EFRAG Materiality Assessment Implementation Guidance (version of May 2024).

The assessment covered impact materiality and financial materiality. In an impact assessment, a topic is considered to be material if it has significant actual or potential impact on people or the environment.

In a financial materiality assessment, a topic is considered material if it has or may have a financial impact on the company, i.e., it creates financial risks or opportunities.

In the financial sector, a large part of the sustainability impacts and risks and opportunities arise in the client segment or investment portfolio. The Double Materiality Assessment has therefore been divided into **two phases**:

1. **the assessment of the materiality of the upstream operations in the value chain and the materiality of the Šiaulių Bankas Group's direct activities**. The aim is to assess the impacts and risks arising from the direct activities of Šiaulių Bankas and its employees (**Phase 1**, also known as "DMA of the Bank's operations").
2. **The Bank's portfolio performance assessment**. The aim is to assess the impacts and risks arising from the activities in which Šiaulių Bankas Group invests (**Phase 2**, also known as "Portfolio DMA").

This method of identifying material topics is applied to financial institutions. The distinction between direct activities and the portfolio in the identification of topics is mandatory, as these two activities differ significantly in their impact and scope:

- **Šiaulių Bankas Group** is a national institution and operates in Lithuania. Its direct activities are divided into several areas, but all of them fall within the financial services area. This area involves specific impacts, risks and opportunities.
- Meanwhile, the **Bank's investments** cover a wide range of sectors with very different impacts and operational specificities. Although Šiaulių Bankas Group invests in Lithuanian companies, mainly in the small and medium-sized enterprises segment, the range of investments covers very different activities: real estate, manufacturing, transportation, agriculture. These activities have the potential to give rise to wide-ranging impacts, risks and opportunities.

Important. *The descriptions below indicate the differences in the process of double materiality assessment by indicating the phase (**1** – direct activities of Šiaulių Bankas Group or **2** – Portfolio activities). In the absence of such a reference, the process is similar for both stages of the assessment (e.g., stakeholder engagement and setting the materiality threshold).*

The Double Materiality Assessment was carried out in three steps:

1. **Understanding context and scope.** The scope of the assessment was defined and agreed taking into account the Group's core business, value chain partners and stakeholders.
   a. <u>Scope of the assessment:</u> developing value chain and stakeholder maps.
   b. <u>Time horizons applied.</u> As the Group's materiality assessment has to be carried out in the short, medium and long term, the following time horizons have been defined:
      i. Short-term: 1 year (reporting period)
      ii. Medium: 1-5 years
      iii. Long-term: more than 5 years.
   c. <u>In Stage 2 (Portfolio DMA)</u>, the following information was added to the value chain and stakeholder information:
      i. **Overview of securities and other financial instruments** held by the main **investment portfolios** of Šiaulių Bankas Group (Šiaulių Bankas AB, SB Asset Management and Life insurance company SB Draudimas). The focus was on the **types of such investments** (bonds, shares, etc.) and their **geographical location**.
      ii. **Product types and volumes** by client group. This breakdown is based on the United Nations Environment Programme Finance Initiative (**UNEP FI**) tool. The client groups assessed separately were **consumers** (natural persons) and **institutional clients** (private businesses), according to their sectoral distribution.

d. Identifying the value chain and stakeholders. Based on the identified value chain and stakeholders, data collection and the identification of a list of potentially material sustainability topics continued.

2. **Compiling a list of potentially material sustainability topics.** The purpose of this step was to pre-assess which of the sustainability topics listed in Annex A of ESRS 1 are not relevant to the Group and may not be included in the further assessment in step 3. Furthermore, topics that are potentially material from a financial perspective were also analysed at this stage.
   a. The pre-assessment in **Phase 1** (DMA of the Bank's operations) was carried out using an initial assessment template developed by external experts to determine whether a particular topic is likely to be material to the Bank. All of the Group's activities were assessed here, without distinguishing specific geographies or business relationships, but bearing in mind that most of the Group's operations are carried out in Lithuania.
   b. In **Phase 2** (Portfolio DMA), given that the Group's portfolios include companies from different sectors, all sustainability topics were retained as potentially material. In terms of industry-specific topics, the UNEP FI tool has a number of topics with specific impacts on the financial sector that were included in the Phase 2 (Portfolio DMA) assessment, but scored low and did not make it to the final list of material topics.
   c. **Value chain perspective.** The ESRS does not require detailed information on each actor in the value chain, but essential value chain information must be included. The assessment of material impacts, risks and opportunities (IROs) should focus on relationships that are likely to involve material IROs, e.g., relationships with:
      i. "hot spots" have been identified, i.e. activities or locations that may have the greatest actual and potential impacts, or
      ii. Relationships with actors whose products or services have a significant impact on the Group's business model have been identified.

3. **Materiality assessment.** This step sought to determine the impact and financial materiality of the potentially material topics selected in step 2 and to identify actual and potential sustainability impacts, risks and opportunities (IROs).

Impact materiality assessment.

The assessment of the impact materiality has been carried out taking into account the **severity** and **likelihood** of actual and potential impacts along the value chain.

- **Severity of impact.** The severity of impact was assessed based on three parameters:
  1. the scale, to determine how serious or beneficial a negative or positive impact on people or the environment is;
  2. the extent, to determine how widespread a positive or negative impact is;
  3. irreversibility, to determine whether and to what extent negative impacts can be remedied. In the case of positive impacts, reversibility is not addressed.
- **Likelihood.** The likelihood of occurrence of impacts has been assessed in the short, medium and long term (as described on page 209 of the statement). In the case of actual or potential human rights impacts, likelihood was not taken into account. In this case, materiality is determined by the severity of the impact.
- **Impact materiality categories.** Actual and potential impacts were divided into four categories based on the sum of the severity and likelihood scores:
  1. Informative
  2. Important
  3. Material
  4. Critical

Where there are multiple potential or actual impacts, the negative impact was prioritized, with a more conservative assessment being chosen if the magnitude or likelihood is not obvious.

Specifics of the impact materiality assessment in **Phase 2 (Portfolio DMA)**.

The impact materiality assessment in this phase was carried out according to the UNEP FI methodology. The UNEP FI platform is designed to calculate the portfolio impact of financial institutions. The tool combines individual portfolio data and international official sources measuring the impact of different sectors on 11 ESG topics (broken down into 22 sub-topics and additional sub-sub-topics), depending on geography, time horizon, scale of investment and other variables. The UNEP FI tool is used by banks and financial institutions worldwide. The methodology of the UNEP FI tool is described in more detail on the website and in the user guides for the tool.

The following modules of the UNEP FI tool were used in the analysis: Context Module, Consumer Banking/Identification Module and Institutional Banking/Identification Module.

The official UNEP FI-ESRS Conversion Tool and additional explanatory documents were used to link the results of the impact assessment to the ESRS topics and sub-topics. Some adjustments have been made to the UNEP FI methodology to take into account the specificities of the Group, such as the use of additional proxy indicators after the experts assessed that the indicators provided by the UNEP FI were not directly relevant for the assessment of certain ESRS topics/sub-topics; and indicators adapted to the geography of the Bank's investments, for example, data on the social topics have been updated with the latest national statistics.

Methods and sources for assessing the materiality of impacts: Environmental impacts
Methods applied:

- **Portfolio impact and geographic context:** The Group's environmental impact was mainly portfolio-related, so due consideration was given to the portfolio and the composition of the Group's client base. In addition, the geographical location of the Group's operations has been taken into account and location-specific data have been updated based on the latest available information.

- **Impact in own operations:** In the Group's own operations, the environmental impact was mainly related to the use of resources or services required to operate (e.g., energy consumption, water, use of office space). The assessment therefore focused on impacts related to the use of Group resources.
- **Weighted method:** The severity parameters were assessed taking into account the size of the Group's loan portfolio in different sectors and the environmental impact related to that sector. This was done with a view to limiting the potential environmental impact from a small part of the loan portfolio.
- **Probability:** In assessing the probability in own operations, the Group's own policies and impact management measures on environmental issues were taken into account. If no policies or measures are in place, the probability has not been assessed (the impact is considered real). For Phase 2 (Portfolio DMA), the probability was considered as a current state, as no projected changes in the composition of the portfolio were taken into account.

Sources used: The severity and likelihood parameters were estimated based on a range of information and sources, including:

- Šiaulių Bankas Group's sustainability statements, ESG strategy and existing policies (focus on: Šiaulių Bankas' Climate and environmental risk materiality assessment and Business environment scan; policies of Life insurance company SB Draudimas UAB and SB Asset Management UAB for responsible investment and integration of sustainability risks).
- Annual reports and topics relevant to suppliers, where applicable.
- Disclosures from Lithuanian utility companies and other service providers (e.g., energy, water).
- Environmental impact studies and reviews by financial institutions and international organisations.
- Official sources used by the UNEP FI tool.

Methods and sources for assessing the materiality of impacts: Social impacts

Methods applied:

- **Conservative approach:** Due to the Group's close relationship with consumers and the public, the severity parameters were assessed using a conservative approach, i.e., taking into account potential non-compliance or the greatest potential impact. If certain sub-sub-topics could involve both negative and positive impacts (e.g., working time/work-life balance), depending on the sub-group of the stakeholder, only negative impacts were assessed. For Stage 2 (Portfolio DMA), both positive and negative impacts were assessed in parallel and the higher of the two was chosen as the final impact materiality score.
- **Hotspot in the impact area:** The pre-assessment in Phase 1 (DMA of the Bank's operations) identified the area of high impact for a specific sub-topic with scores being based on the potential impacts associated with the area of high impact.
- **Likelihood of value chain impacts:** The assessment of the likelihood of potential impacts took into account the company's policies and mitigation measures in place to reduce the impact on workers along the value chain. For Phase 2 (Portfolio DMA), the probability was considered as a current state, as no projected changes in the composition of the portfolio were taken into account. In addition, for the purposes of assessing the portfolio impact on workers, all workers are considered to be value chain workers and own workforce was not assessed.

Sources used: the severity and likelihood parameters for **Phase 1 (DMA of the Bank's operations)** were estimated based on a range of information and sources, including:

- Šiaulių Bankas Group's sustainability statements, ESG strategy and existing policies (taking into account the ESG Risk Assessment Procedure for Clients, Šiaulių Bankas AB internal procedure Limits on Investments in Securities Portfolio, policies of Life insurance company SB Draudimas UAB and SB Asset Management UAB for responsible investment and integration of sustainability risks).
- Annual reports and topics relevant to suppliers, where applicable.
- Industry rankings and materiality maps (e.g., SASB, MSCI).
- Studies and reviews by international organisations on the social and human rights impacts of the financial industry.
- Disclosures from industry stakeholders on social and human rights impacts, including:
  - Standards specific to the financial sector relating to employee welfare, stress levels and working conditions.
  - Legal requirements on privacy and cybersecurity for financial institutions.
  - Responsible marketing requirements for financial institutions.
- Official sources used by the UNEP FI tool.

In addition to the sources mentioned above, the experts used the following sources for the analysis in **Phase 2 (Portfolio DMA)**:

- Information on the Group's credit risks by client group and, in the case of legal entities, by sector;
- Information on the Group's investment portfolios, including the types of financial instruments and the geographical location of investments.

Methods and sources for assessing the materiality of impacts: Impacts on governance

Methods applied:

- **Sector-specific high-impact areas.** The Group's business and governance model is heavily dependent on its internal management structure; as well as on financial regulation at both local and European level. Therefore, the governance model and the control system (e.g., Group management system, relations with subsidiaries, sectoral policies, etc.) were assessed.
- **National laws and business environment.** Although the Group's operations and loan portfolio are primarily domestic, the Group is subject to extensive international legal regulation. Supervisory authorities, in particular the European Central Bank, which is the supervisory authority of Šiaulių Bankas, have ambitious expectations for ESG.

- **Group's commitments.** The Group's current status has been assessed based on the policies presented, national commitments and publicly available information on the future plans of the European Central Bank and the European Banking Authority.

Sources used: the likelihood parameters were estimated based on a range of information and sources, including:
- Šiaulių Bankas Group's sustainability statements and ESG strategy.
- Existing policies (including Remuneration Policy, Diversity Policy, Policy on the Prevention of Corruption and Unacceptable Conduct, Corporate Governance Policy, Code of Ethics), processes and management structure, including the Articles of Association of Šiaulių Bankas Group, the Privacy Policy of Šiaulių Bankas Group companies in Lithuania, the ESG Risk Assessment Procedure for Clients, etc.
- Particular attention was paid to the processes and the organisational model of the subsidiaries, taking into account the major organisational changes after the merger of Šiaulių Bankas AB and Invalda INVL in 2023.
- In addition, the assessment is based on previous and current stakeholder engagement and questionnaires.

Financial impact materiality assessment.

The assessment of financial materiality has been carried out taking into account the magnitude of financial impacts and the likelihood of risks and opportunities for direct activities and the value chain in the short, medium and long term. Qualitative assessment thresholds were applied, assigning appropriate numerical values to them, but not related to financial or other quantitative thresholds.

Sustainability-related risks and opportunities were assessed from two perspectives:

- Risks or opportunities for business relationships and
- Risks or opportunities for resources.

The assessment of financial materiality also took into account Šiaulių Bankas' existing Climate and environmental risk materiality assessment and Business environment scan.

Categories of financial materiality

The following categories of financial materiality have been identified:
- No risks/opportunities,
- Informative,
- Material,
- Important,
- Critical.

The following data were used to assess financial materiality:
- Typical sectoral risk information according to SASB:
  - The analysis in **Phase 1 (DMA of the Bank's operations)** used SASB information on key ESG risk areas for the commercial banking, consumer finance, asset management and custody and insurance sectors. Where the topics were related to portfolio activities, the relevant information was also used in the scope of the financial materiality assessment in **Phase 2 (Portfolio DMA)**.
- The **Phase 2 (Portfolio DMA)** analysis took into account SASB information on key ESG risk areas for the Group's loan portfolio.
- Typical sectoral dependencies on ecosystem services according to ENCORE (*Exploring Natural Capital Opportunities, Risks and Exposure*).
- Information on financially material topics among others in the financial industry.

In addition to sector-specific information, the assessment of financial materiality also took into account entity-specific information:
- the results of the impact materiality assessment.
- the results of existing risk assessments, in particular Šiaulių Bankas' Climate and environmental risk materiality assessment and Business environment scan.
- views of internal and external stakeholders.

Stakeholder engagement
The ESRS identifies two types of stakeholders that are relevant for the Double Materiality Assessment: affected stakeholders and users of sustainability statements. Some stakeholders may belong to hypothetical groups.

A stakeholder engagement plan has been developed:
1. Following the pre-assessment step, stakeholder engagement is planned with a view to obtaining missing information on the impact of the Group and its value chain or the risks/opportunities relevant to it;
2. Following the impact materiality assessment, stakeholder engagement is planned with a view to confirming or refuting the hypotheses.

Stakeholder perspectives were collected in two ways:
1. **Analysis of documentation and available sources** – this step involved analysing documents that indicate actions and commitments for specific stakeholders, e.g., sustainability statements, supplier policies, survey results. This method was

chosen to understand their views and expectations at Group level or in cases where individual responses were not available or relevant.

2. **Direct engagement** – this step involved direct interviews and focus groups with stakeholder groups. This method was chosen when there was a need for a more detailed opinion and when there was insufficient good quality publicly available data. This method of engagement also provides a broader view than questionnaires.

Different stakeholder engagement methods were used depending on:

- whether the relationship with the stakeholder is associated with a high impact area or a major dependency. This has been assessed in the pre-assessment and the main assessment.
- the quality of information on the views of the stakeholder group.

The following stakeholders (and their method of engagement) were included in the Double Materiality Assessment:

- investors (interviews and analysis),
- regulators (analysis),
- employees and their representatives (interviews and analysis),
- business partners (analysis),
- clients (retail and corporate) (interviews),
- nature (analysis),
- media (analysis).

Identification of material topics

The following ranges were agreed for the identification of material topics:

- If an impact or financial assessment identifies a topic as falling within the critical range, it is considered to be material to the Group.
- Include other topics that are recognised as relevant to the Group's business strategy.

ENVIRONMENTAL INFORMATION

DISCLOSURE OF INFORMATION UNDER ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION)

Definitions

Green Asset Ratio (GAR) – The proportion of assets used to finance or invested in taxonomy-aligned economic activities relative to the total GAR assets.

Taxonomy-eligible economic activity – Economic activity described in the delegated acts adopted under the EU Taxonomy Regulation, regardless of whether the economic activity meets any or all of the technical screening criteria set out in those delegated acts.

Taxonomy-aligned enabling activity – Economic activity that directly enables other activities to make a substantial contribution to one or more environmental objectives. An economic activity is considered to make a substantial contribution to one or more environmental objectives when it directly enables other activities to make a substantial contribution to one or more environmental objectives, provided that such economic activity: a) does not lead to the lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets; and b) has a substantial positive environmental impact based on lifecycle considerations.

Companies subject to the Non-Financial Reporting Directive (NFRD) – The Non-Financial Reporting Directive (2014/95/EU) requires large public-interest entities with more than 500 employees (listed companies, banks, and insurance companies) to disclose certain non-financial information.

Turnover – Key performance indicators (KPIs) for taxonomy-relevant activities based on turnover. Turnover includes revenue recognized under International Accounting Standard (IAS) 1.

Capital Expenditures (CapEx) – Key performance indicators (KPIs) for taxonomy-relevant activities based on capital expenditures. Capital expenditures cover costs accounted for under: property, plant, and equipment (IAS 16), intangible assets (IAS 38), investment property (IAS 40), agriculture (IAS 41), and leases (IFRS 16).

Data Scope, Availability, and Quality

Bank's Green Assets mainly consist of household loans used to finance real estate with energy efficiency class. In order to assess whether these loans are aligned with Taxonomy criteria, information is collected from the Bank's clients and third parties (State Enterprise Centre of Registers). By financing green and other similar projects (projects that are oriented to energy efficiency) the Bank is aiming to increase the supply of financial services that promote sustainability.

Another portion of the Bank's Green Assets consisted of Own Portfolio investments in corporate debt securities (both held-to-maturity and available-for-sale). For the collection of Taxonomy KPIs on debt securities issuers, we relied on publicly available non-financial reports of the issuers and from third-party databases.

Although the Bank does not include the Trading Book portfolio among additional Taxonomy KPI disclosures due to compliance with Article 94(1) of Regulation (EU) No 575/2013 (CRR), a comprehensive review of the portfolio composition was conducted internally. It was determined that the companies in which the Bank invested are not subject to Non-Investment Activities Disclosure (NIAD) and do not disclose Taxonomy KPIs.

The Taxonomy disclosures of the Bank's subsidiaries, UAB “SB Asset Management” and Life Insurance UAB “SB Draudimas,” are presented in Annexes 3 and 4 of this report. In assessing the Taxonomy KPI indicators of all investment issuers, data was collected from publicly available non-financial reports of the issuers and from third-party databases. For investments in collective investment undertakings, the look-through method was applied when calculating Taxonomy disclosures.

(All amounts are in thousands of euros unless otherwise stated)

0. Summary of KPIs

		Total environmentally sustainable assets (Revenue based)	KPI (****)	KPI (*****)	% coverage (over total assets) (***)	% of assets excluded from the numerator of the GAR (article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (article 7(1) and section 1.1.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	56.69	1.58%	1.53%	76.06%	41.3%	23.9%

		Total environmentally sustainable assets (Revenue based)	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	14.86	7.02%	7.02%	0.31%	41.3%	23.9%
	Trading book (*)	-	-	-			
	Financial guarantees	-	-	-			
	Assets under management	94.93	7.08%	11.87%			
	Fees and commissions income (**)	-	-	-			

(*) For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.
(**) Fees and commissions income from services other than lending and AuM. Institutions shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.
(***) % of assets covered by the KPI over banks' total assets.
(****) Based on the Turnover KPI of the counterparty.
(*****) Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.
Note 1: Across the reporting templates: cells shaded in black should not be reported.
Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs' inclusion in these KPI will only apply subject to a positive result of an impact assessment.

(All amounts are in thousands of euros unless otherwise stated)

1. Assets for the calculation of GAR. Turnover based

2024-12-31

Milion EUR	Total gross carrying amount	Climate Change Mitigation (CCM) Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Climate Change Adaptation (CCA) Of which towards taxonomy relevant sectors (Taxonomy-eligible)					TOTAL (CCM + CCA) Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)			
				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	**1639.44**	**908.00**	**53.21**				**6.60**	**3.48**				**914.59**	**56.69**			
Financial corporations	**174.01**	**1.03**	**0.22**				**0.92**	**0.11**				**1.95**	**0.33**			
Credit institutions	8.98															
Loans and advances	4.46															
Debt securities, including UoP	2.43															
Equity instruments	2.09															
Other financial corporations	165.03	1.03	0.22				0.92	0.11				1.95	0.33			
of which investment firms	165.03															
Loans and advances	152.71															
Debt securities, including UoP	11.88	1.03	0.22				0.92	0.11				1.95	0.33			
Equity instruments	0.44															
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations	**13.67**	**7.29**	**3.37**				**5.67**	**3.37**				**12.96**	**6.74**			
NFCs subject to NFRD disclosure obligations	13.67	7.29	3.37				5.67	3.37				12.96	6.74			
Loans and advances																
Debt securities, including UoP	13.32	7.29	3.37				5.67	3.37				12.96	6.74			
Equity instruments	0.35															
Households	**1413.79**	**899.68**	**49.62**									**899.68**	**49.62**			
of which loans collateralised by residential immovable property	886.38	886.38	49.62									886.38	49.62			
of which building renovation loans	81.09	10.31										10.31				
of which motor vehicle loans	45.10	2.99										2.99				
Local governments financing	**37.97**															
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing	37.97															
Other assets excluded from the numerator for GAR calculation (covered in the denominator)	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65
Non-financial corporations	**1842.75**															
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	**1837.47**															
Loans and advances	1826.43															
of which loans collateralised by residential immovable property	239.08															
of which building renovation loans	125.69															
Debt securities	11.04															
Equity instruments																
Non-EU country counterparties not subject to NFRD disclosure obligations	**5.28**															
Loans and advances	0.50															
Debt securities	4.78															
Equity instruments																
Derivatives																
On demand interbank loans																
Cash and cash-related assets																
Other assets (e.g. Goodwill, commodities etc.)	109.90															
Total GAR assets	**3592.09**	**908.00**	**53.21**				**6.60**	**3.48**				**914.59**	**56.69**			
Other assets not covered for GAR calculation	**1130.47**															
Sovereigns	723.68															
Central banks exposure	387.68															
Trading book	19.11															
Total assets	**4722.56**	**908.00**	**53.21**				**6.60**	**3.48**				**914.59**	**56.69**			
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																
Financial guarantees	50.75															
Assets under management	1,313.82	91.94	91.94				3.00	3.00				94.93	94.93			
of which debt securities	177.18	5.30	5.30				0.00	0.00				5.30	5.30			
of which equity instruments	1,136.64	86.64	86.64				2.99	2.99				89.64	89.64			

(All amounts are in thousands of euros unless otherwise stated)

1. Assets for the calculation of GAR. Turnover based *(continue)*

		2023-12-31														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
Million EUR	Total gross carrying amount		Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)			
				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	**1506.34**	**756.84**	**37.59**					**1.31**				**756.84**	**38.90**			
Financial corporations	**151.30**															
Credit institutions	10.42															
Loans and advances	6.13															
Debt securities, including UoP	2.27															
Equity instruments	2.02															
Other financial corporations	140.88															
of which investment firms	140.88															
Loans and advances	109.04															
Debt securities, including UoP	31.38															
Equity instruments	0.46															
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations	**50.49**		**4.29**					**1.31**					**5.60**			
NFCs subject to NFRD disclosure obligations								1.31					5.60			
Loans and advances																
Debt securities, including UoP								1.31					5.60			
Equity instruments																
Households	**1240.40**	**756.84**	**33.30**									**756.84**	**33.30**			
of which loans collateralised by residential immovable property	757.52	754.33	33.30									754.33	33.30			
of which building renovation loans	88.21	0.89										0.89				
of which motor vehicle loans	36.46	1.62										1.62				
Local governments financing	**64.15**															
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing	64.15															
Other assets excluded from the numerator for GAR calculation (covered in the denominator)	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**
Non-financial corporations																
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																
Loans and advances																
of which loans collateralised by residential immovable property																
of which building renovation loans																
Debt securities																
Equity instruments																
Non-EU country counterparties not subject to NFRD disclosure obligations																
Loans and advances																
Debt securities																
Equity instruments																
Derivatives																
On demand interbank loans																
Cash and cash-related assets																
Other assets (e.g. Goodwill, commodities etc.)																
Total GAR assets	**3155.78**	**756.84**	**37.59**					1.31				756.84	38.90			
Other assets not covered for GAR calculation																
Sovereigns																
Central banks exposure																
Trading book																
Total assets	**3155.78**	**756.84**	**37.59**					**1.31**				**756.84**	**38.90**			
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																
Financial guarantees	21.26															
Assets under management																
of which debt securities																
of which equity instruments																

(All amounts are in thousands of euros unless otherwise stated)

1. Assets for the calculation of GAR. CapEx based

2024-12-31

Million EUR	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)			
				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	**1639.44**	**901.40**	**49.72**				**9.83**	**5.18**				**911.23**	**54.90**			
Financial corporations	**174.01**	**0.10**	**0.10**				**1.18**	**0.51**				**1.28**	**0.61**			
Credit institutions	8.98															
Loans and advances	4.46															
Debt securities, including UoP	2.43															
Equity instruments	2.09															
Other financial corporations	165.03	0.10	0.10				1.18	0.51				1.28	0.61			
of which investment firms	165.03															
Loans and advances	152.71															
Debt securities, including UoP	11.88	0.10	0.10				1.18	0.51				1.28	0.61			
Equity instruments	0.44															
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations	**13.67**	**1.62**					**8.65**	**4.67**				**10.27**	**4.67**			
NFCs subject to NFRD disclosure obligations	13.67	1.62					8.65	4.67				10.27	4.67			
Loans and advances																
Debt securities, including UoP	13.32	1.62					8.65	4.67				10.27	4.67			
Equity instruments	0.35															
Households	**1413.79**	**899.68**	**49.62**									**899.68**	**49.62**			
of which loans collateralised by residential immovable property	886.38	886.38	49.62									886.38	49.62			
of which building renovation loans	81.09	10.31										10.31				
of which motor vehicle loans	45.1	2.99										2.99				
Local governments financing	37.97															
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing	37.97															
Other assets excluded from the numerator for GAR calculation (covered in the denominator)	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65	1952.65
Non-financial corporations	1842.75															
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	1837.47															
Loans and advances	1826.43															
of which loans collateralised by residential immovable property	239.08															
of which building renovation loans	125.69															
Debt securities	11.04															
Equity instruments																
Non-EU country counterparties not subject to NFRD disclosure obligations	5.28															
Loans and advances	0.5															
Debt securities	4.78															
Equity instruments																
Derivatives																
On demand interbank loans																
Cash and cash-related assets																
Other assets (e.g. Goodwill, commodities etc.)	109.9															
Total GAR assets	**3592.09**	**901.40**	**49.72**				**9.83**	**5.18**				**911.23**	**54.90**			
Other assets not covered for GAR calculation	1130.47															
Sovereigns	723.68															
Central banks exposure	387.68															
Trading book	19.11															
Total assets	**4722.56**	**901.40**	**49.72**				**9.83**	**5.18**				**911.23**	**54.90**			
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																
Financial guarantees	50.75															
Assets under management	1313.82	150.73	150.73				8.38	8.38				159.11	159.11			
of which debt securities	177.18	14.03	14.03				0.03	0.03				14.06	14.06			
of which equity instruments	1136.64	136.70	136.70				8.35	8.35				145.05	145.05			

(All amounts are in thousands of euros unless otherwise stated)

1. Assets for the calculation of GAR. CapEx based *(continue)*

2023-12-31

Million EUR	Total gross carrying amount	Climate Change Mitigation (CCM) Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Climate Change Adaptation (CCA) Of which towards taxonomy relevant sectors (Taxonomy-eligible)					TOTAL (CCM + CCA) Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)			
				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	**1506.34**	**756.84**	**19.77**					**2.54**				**756.84**	**22.31**			
Financial corporations	**151.30**															
Credit institutions	10.42															
Loans and advances	6.13															
Debt securities, including UoP	2.27															
Equity instruments	2.02															
Other financial corporations	140.88															
of which investment firms	140.88															
Loans and advances	109.04															
Debt securities, including UoP	31.38															
Equity instruments	0.46															
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations	**50.49**		**10.03**					**2.54**					**12.57**			
NFCs subject to NFRD disclosure obligations	50.49		1.28					2.54					12.57			
Loans and advances																
Debt securities, including UoP	50.21		1.28					2.54					12.57			
Equity instruments	0.28															
Households	**1240.40**	**756.84**	**9.74**									**756.84**	**9.74**			
of which loans collateralised by residential immovable property	757.52	754.33	9.74									754.33	9.74			
of which building renovation loans	88.21	0.89										0.89				
of which motor vehicle loans	36.46	1.62										1.62				
Local governments financing	**64.15**															
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing	64.15															
Other assets excluded from the numerator for GAR calculation (covered in the denominator)	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**	**1649.44**
Non-financial corporations																
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																
Loans and advances																
of which loans collateralised by residential immovable property																
of which building renovation loans																
Debt securities																
Equity instruments																
Non-EU country counterparties not subject to NFRD disclosure obligations																
Loans and advances																
Debt securities																
Equity instruments																
Derivatives																
On demand interbank loans																
Cash and cash-related assets																
Other assets (e.g. Goodwill, commodities etc.)																
Total GAR assets	**1506.34**	**756.84**	**19.77**					**2.54**				**756.84**	**22.31**			
Other assets not covered for GAR calculation																
Sovereigns																
Central banks exposure																
Trading book																
Total assets	**1506.34**	**756.84**	**19.77**					**2.54**				**756.84**	**22.31**			
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																
Financial guarantees	21.26															
Assets under management																
of which debt securities																
of which equity instruments																

(All amounts are in thousands of euros unless otherwise stated)

2. GAR sector information. Turnover based

2024-12-31

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)
35.00 - Electricity, gas, steam and air conditioning supply	9.39	1.41			9.39	1.41			9.39	2.81		
16.00 - Manufacture of wood and of products of wood and cork, except furniture	2.01	0.32			2.01	0.32			2.01	0.64		
30.00 - Manufacture of other transport equipment	4.05	0.02			4.05	0.02			4.05	0.04		
70.22 - Business and other management consultancy activities	2.03	1.62			2.03	1.62			2.03	3.24		

2023-12-31

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)
19.20 - Manufacture of refined petroleum products	3.00	0.01			3.00	0.00			3.00	0.01		
23.11 - Manufacture of flat glass	2.01	0.34			2.01	0.34			2.01	0.68		
29.10 - Manufacture of motor vehicles	13.07	0.46			13.07	0.00			13.07	0.46		
32.50 - Manufacture of medical and dental instruments and supplies	1.01	0.00			1.01	0.00			1.01	0.00		
35.11 - Production of electricity	9.76	2.12			9.76	0.80			9.76	2.92		
35.22 - Distribution of gaseous fuels through mains	3.58	1.17			3.58	0.00			3.58	1.17		
61.10 - Wired telecommunications activities	5.26	0.01			5.26	0.00			5.26	0.01		
61.20 - Wireless telecommunications activities	8.08	0.19			8.08	0.17			8.08	0.36		

(All amounts are in thousands of euros unless otherwise stated)

2. GAR sector information. CapEx based

2024-12-31

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)
35.00 - Electricity, gas, steam and air conditioning supply	9.39				9.39	2.39			9.39	2.39		
16.00 - Manufacture of wood and of products of wood and cork, except furniture	2.01				2.01	0.42			2.01	0.42		
30.00 - Manufacture of other transport equipment	4.05				4.05	0.22			4.05	0.22		
70.22 - Business and other management consultancy activities	2.03				2.03	1.64			2.03	1.64		

2023-12-31

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)	Mln. EUR	Of which environmentally sustainable (CCM)
19.20 - Manufacture of refined petroleum products	3.00	0.63			3.00	0.00			3.00	0.63		
23.11 - Manufacture of flat glass	2.01	0.71			2.01	0.71			2.01	1.42		
29.10 - Manufacture of motor vehicles	13.07	1.50			13.07	0.00			13.07	1.50		
32.50 - Manufacture of medical and dental instruments and supplies	1.01	0.21			1.01	0.00			1.01	0.21		
35.11 - Production of electricity	9.76	4.44			9.76	1.76			9.76	6.20		
35.22 - Distribution of gaseous fuels through mains	3.58	2.46			3.58	0.04			3.58	2.50		
61.10 - Wired telecommunications activities	8.08	0.09			8.08	0.03			8.08	0.12		
61.20 - Wireless telecommunications activities	0.00	0.00			0.00	0.00			0.00	0.00		

(All amounts are in thousands of euros unless otherwise stated)

3. GAR KPI stock. Turnover based

2024-12-31

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	25.28%	1.48%				0.18%	0.10%				25.46%	1.58%				34.72%
Financial corporations	0.03%	0.01%				0.03%	0.00%				0.05%	0.01%				3.68%
Credit institutions																0.19%
Loans and advances																0.09%
Debt securities, including UoP																0.05%
Equity instruments																0.04%
Other financial corporations	0.03%	0.01%				0.03%	0.00%				0.05%	0.01%				3.49%
of which investment firms																3.49%
Loans and advances																3.23%
Debt securities, including UoP	0.03%	0.01%				0.03%	0.00%				0.05%	0.01%				0.25%
Equity instruments																0.01%
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations	0.20%	0.09%				0.16%	0.09%				0.36%	0.19%				0.29%
NFCs subject to NFRD disclosure obligations	0.20%	0.09%				0.16%	0.09%				0.36%	0.19%				0.29%
Loans and advances																
Debt securities, including UoP	0.20%	0.09%				0.16%	0.09%				0.36%	0.19%				0.28%
Equity instruments																0.01%
Households	25.05%	1.38%									25.05%	1.38%				29.94%
of which loans collateralised by residential immovable property	24.68%	1.38%									24.68%	1.38%				18.77%
of which building renovation loans	0.29%										0.29%					1.72%
of which motor vehicle loans	0.08%										0.08%					0.95%
Local governments financing																0.80%
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing																0.80%
Total GAR assets	**25.28%**	**1.48%**				**0.18%**	**0.10%**				**25.46%**	**1.58%**				**76.06%**

(All amounts are in thousands of euros unless otherwise stated)

3. GAR KPI stock. Turnover based *(continue)*

2023-12-31

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	23.98%	1.19%					0.04%				23.98%	1.23%				47.73%
Financial corporations																4.79%
Credit institutions																0.33%
Loans and advances																0.19%
Debt securities, including UoP																0.07%
Equity instruments																0.06%
Other financial corporations																4.46%
of which investment firms																4.46%
Loans and advances																3.46%
Debt securities, including UoP																0.99%
Equity instruments																0.01%
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations		0.14%					0.04%					0.18%				1.60%
NFCs subject to NFRD disclosure obligations							0.04%					0.18%				
Loans and advances																
Debt securities, including UoP							0.04%					0.18%				
Equity instruments																
Households	23.98%	1.06%									23.98%	1.06%				39.31%
of which loans collateralised by residential immovable property	23.90%	1.06%									23.90%	1.06%				24.0%
of which building renovation loans	0.03%										0.03%					2.80%
of which motor vehicle loans	0.05%										0.05%					1.16%
Local governments financing																2.03%
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing																2.03%
Total GAR assets	**23.98%**	**1.19%**					**0.04%**				**23.98%**	**1.23%**				**100.00%**

(All amounts are in thousands of euros unless otherwise stated)

3. GAR KPI stock. CapEx based

2024-12-31

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	25.09%	1.38%				0.27%	0.14%				25.37%	1.53%				34.72%
Financial corporations	0.00%	0.00%				0.03%	0.01%				0.04%	0.02%				3.68%
Credit institutions																0.19%
Loans and advances																0.09%
Debt securities, including UoP																0.05%
Equity instruments																0.04%
Other financial corporations	0.00%	0.00%				0.03%	0.01%				0.04%	0.02%				3.49%
of which investment firms																3.49%
Loans and advances																3.23%
Debt securities, including UoP	0.00%	0.00%				0.03%	0.01%				0.04%	0.02%				0.25%
Equity instruments																0.01%
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations	0.05%					0.24%	0.13%				0.29%	0.13%				0.29%
NFCs subject to NFRD disclosure obligations	0.05%					0.24%	0.13%				0.29%	0.13%				0.29%
Loans and advances																
Debt securities, including UoP	0.05%					0.24%	0.13%				0.29%	0.13%				0.28%
Equity instruments																0.01%
Households	25.05%	1.38%									25.05%	1.38%				29.94%
of which loans collateralised by residential immovable property	24.68%	1.38%									24.68%	1.38%				18.77%
of which building renovation loans	0.29%										0.29%					1.72%
of which motor vehicle loans	0.08%										0.08%					0.95%
Local governments financing																0.80%
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing																0.80%
Total GAR assets	**25.09%**	**1.38%**				**0.27%**	**0.14%**				**25.37%**	**1.53%**				**76.06%**

(All amounts are in thousands of euros unless otherwise stated)

3. GAR KPI stock. CapEx based *(continue)*

2023-12-31

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	50.24%	1.31%					0.17%				50.24%	1.48%				100.00%
Financial corporations																10.04%
Credit institutions																0.69%
Loans and advances																0.41%
Debt securities, including UoP																0.15%
Equity instruments																0.13%
Other financial corporations																9.35%
of which investment firms																9.35%
Loans and advances																7.24%
Debt securities, including UoP																2.08%
Equity instruments																0.03%
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations		0.67%					0.17%					0.83%				3.35%
NFCs subject to NFRD disclosure obligations		0.08%					0.17%					0.83%				3.35%
Loans and advances																
Debt securities, including UoP		0.08%					0.17%					0.83%				3.33%
Equity instruments																0.02%
Households	50.24%	0.65%									50.24%	0.65%				82.35%
of which loans collateralised by residential immovable property	50.08%	0.65%									50.08%	0.65%				50.29%
of which building renovation loans	0.06%										0.06%					5.86%
of which motor vehicle loans	0.11%										0.11%					2.42%
Local governments financing																4.26%
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing																4.26%
Total GAR assets	**50.24%**	**1.31%**					**0.17%**				**50.24%**	**1.48%**				**100.00%**

(All amounts are in thousands of euros unless otherwise stated)

4. GAR KPI flow. Turnover based

2024-12-31

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	100.0%	7.0%									100.0%	7.0%				5.9%
Financial corporations																
Credit institutions																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Other financial corporations																
of which investment firms																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations																
NFCs subject to NFRD disclosure obligations																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Households	100.0%	7.0%									100.0%	7.0%				5.9%
of which loans collateralised by residential immovable property	98.8%	7.0%									98.8%	7.0%				5.8%
of which building renovation loans	0.5%										0.5%					0.0%
of which motor vehicle loans	0.7%										0.7%					0.0%
Local governments financing																
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing																
Total GAR assets	**100.0%**	**7.0%**									**100.0%**	**7.0%**				**5.9%**

(All amounts are in thousands of euros unless otherwise stated)

4. GAR KPI flow. CapEx based

2024-12-31

% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling	
GAR - Covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	100.0%	7.0%									100.0%	7.0%				5.9%
Financial corporations																
Credit institutions																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Other financial corporations																
of which investment firms																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which management companies																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
of which insurance undertakings																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Non-financial corporations																
NFCs subject to NFRD disclosure obligations																
Loans and advances																
Debt securities, including UoP																
Equity instruments																
Households	100.0%	7.0%									100.0%	7.0%				5.9%
of which loans collateralised by residential immovable property	98.8%	7.0%									98.8%	7.0%				5.8%
of which building renovation loans	0.5%										0.5%					0.0%
of which motor vehicle loans	0.7%										0.7%					0.0%
Local governments financing																
Collateral obtained by taking possession: residential and commercial immovable properties																
Other local government financing																
Total GAR assets	**100.0%**	**7.0%**									**100.0%**	**7.0%**				**5.9%**

(All amounts are in thousands of euros unless otherwise stated)

5. KPI off-balance sheet exposures. Turnover based

2024-12-31

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which specialized lending	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which specialized lending	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which specialized lending	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)															
Assets under management (AuM KPI)	6.9%	6.9%				0.2%	0.2%				7.1%	7.1%			

5. KPI off-balance sheet exposures. CapEx based

2024-12-31

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which specialized lending	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which specialized lending	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)*	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which specialized lending	Of which transitional	Of which enabling
Financial guarantees (FinGuar KPI)															
Assets under management (AuM KPI)	11.2%	11.2%				0.6%	0.6%				11.9%	11.9%			

**For Assets under management the look-through method was applied to our investments in investment funds. However, due to data limitations, it was not possible to assess what part of Taxonomy Eligible assets were related to climate change mitigation or adaptation. For the case of Taxonomy Aligned if was possible to assess. In the reporting we chose to disclose the conservative amount of Taxonomy Eligible assets related to climate change mitigation and adaptation.*

(All amounts are in thousands of euros unless otherwise stated)

1. Nuclear energy related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

2. Taxonomy-aligned economic activities (denominator)

2024-12-31

Row	Economic activities	Turnover						Capex					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2.81	5%	1.41	2%	1.41	40%	2.39	4%	0.00	0%	2.39	46%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	53.87	95%	51.80	97%	2.08	60%	52.51	96%	49.72	100%	2.79	54%
8	**Total applicable KPI**	**56.69**	**100%**	**53.21**	**100%**	**3.48**	**100%**	**54.90**	**100%**	**49.72**	**100%**	**5.18**	**100%**

(All amounts are in thousands of euros unless otherwise stated)

3. Taxonomy-aligned economic activities (numerator)

2024-12-31

Row	Economic activities	Turnover						Capex					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2.81	5%	1.41	2%	1.41	40%	2.39	4%	0.00	0%	2.39	46%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	53.87	95%	51.80	97%	2.08	60%	52.51	96%	49.72	100%	2.79	54%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**56.69**	**100%**	**53.21**	**100%**	**3.48**	**100%**	**54.90**	**100%**	**49.72**	**100%**	**5.18**	**100%**

(All amounts are in thousands of euros unless otherwise stated)

4. Taxonomy-eligible but not taxonomy-aligned economic activities

2024-12-31

Row	Economic activities	Turnover						Capex					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3.17	0%	1.58	0%	1.58	19%	2.85	0%	0.00	0%	2.85	29%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	911.43	100%	906.41	100%	6.60	81%	908.38	100%	901.40	100%	6.98	71%
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**914.59**	**100%**	**908.00**	**100%**	**8.18**	**100%**	**911.23**	**100%**	**901.40**	**100%**	**9.83**	**100%**

5. Taxonomy non-eligible economic activities

2024-12-31

Row	Economic activities	Turnover		Capex	
		Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	2 677.50	100%	2 680.86	100%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**2 677.50**	**100%**	**2 680.86**	**100%**

CLIMATE CHANGE

E1-1 (+ S1.SBM-3)

This part of the statement provides detailed information on the impact of Šiaulių Bankas AB Group on climate change and its efforts to contribute to climate change mitigation and adaptation. As one of the main players in the financial sector in Lithuania, we understand the importance of our responsibility to contribute to addressing the environmental and climate change challenges. We aim to reduce the environmental impact of our own and our partners' direct activities and to promote positive change with our clients and sustainable organisations. We do this by taking a range of actions to prevent, mitigate or remedy the negative impacts of climate change, and to manage the risks and opportunities associated with climate change.

To this end, in January 2024, we became signatories to the Science Based Targets Initiative (SBTi). Joining SBTi has been approved by the Management Board of the Bank. In 2025, we are committed to setting near-term targets and measures to reduce greenhouse gas emissions, aligned with the target achievement trajectory set for 2050, and submitting them for alignment with the SBTi standard. By joining this initiative, we are also committing to achieving the Net Zero target by 2050.

The Science Based Targets Initiative provides businesses and financial institutions with clear guidance on how to reduce greenhouse gas (GHG) emissions, helping them to avoid the most damaging impacts of climate change and ensure future business growth opportunities. Targets are considered science-based if they are in line with what the latest climate science deems necessary to achieve the Paris Agreement's objectives of limiting global warming to 1.5°C compared to pre-industrial levels.

Transition plan

The Group committed to tackling climate change and is determined to align its business strategy and operations with the transition to a sustainable economy. Although we do not currently have an official transition plan, as mentioned earlier, the Bank has joined the Science Based Targets initiative and will set near-term targets this year, which will be approved by the SBTi. The preparation of the transition plan is included in the Group's list of strategic initiatives for 2025.

The Bank's ability to successfully implement its transition plan in the future will depend not only on the Bank's own actions, but also on the impact of external factors, particularly in the medium to long term. For example, important external factors include:

- Implementation of the European Green Deal
- The successful implementation of the European Sustainable Growth Strategy and the related regulatory changes in our economy would have a direct impact on the Bank's plans.
- Transformation of sectors
- The successful transformation of different business sectors to more sustainable business models will determine the Bank's ability to deliver on its future plans.
- Green finance
- Another important factor in achieving the transition objectives and actions will be the Bank's ability to raise additional capital and access affordable finance.

With all these components in mind, we will strive to align Group's strategy and business model to meet the Paris Agreement targets to limit global warming to 1.5°C and the European climate legislation (Regulation (EU) 2021/1119) and to achieve climate neutrality by 2050. Recognising the importance of a comprehensive transition plan, we are determined to develop and implement a plan that meets Group's sustainability objectives and regulatory requirements. We plan to make all sustainability-related targets (including the transition plan) publicly available in the Bank's/Group's Sustainability Statement for 2025.

The Group does not currently have a specific transition plan, so there is no direct impact on its own workforce in terms of transition or job losses resulting from the implementation of such a plan.

CLIMATE RISK AND RESILIENCE ANALYSIS

E1.SBM-3

Resilience analysis

Although we have carried out a detailed analysis of the physical and transitional risks associated with climate change, as well as a stress test incorporating climate and environmental risk factors and assessing the impact of these risks in the context of internal capital adequacy, a comprehensive resilience analysis is not yet complete. This analysis, which will assess the ability to adapt the Group's strategy and business model to climate change in the short, medium and long term, will be conducted in the future.

Climate and environmental impact assessment

The Climate and environmental risk materiality assessment looks at the impact of physical and transition risks on the Bank's activities, in terms of both financial and non-financial risks. The Climate and environmental risk materiality assessment and the Business environment scan are carried out at least once a year and approved by the Management Board of the Bank.

Use of Climate and environmental risk materiality assessment and the Business environment scan from a climate and environmental risk assessment perspective:

- part of the Group's Self-Assessment (risk assessment) process (once a year);
- the results and findings of the Climate and environmental risk materiality assessment and the Business environment scan feed into the review of the Bank's strategy (which also integrates ESG topics);

- they can also be used in the review of the Group's Risk Management Strategy and Risk Appetite Statement;
- in other internal processes, such as determining the level of client ESG risk, stress testing, determining ESG risk indicators, etc.

the Climate and environmental risk materiality assessment carried out in the reporting year included a detailed assessment of the impact of physical and transition risks on the following risks: **credit, market, liquidity, operational and reputational, compliance and strategic (business model)** risks, as well as the main sectors and portfolios financed by the Bank. The assessment identified the main risk drivers, risk transmission channels, assessed the impact of risks over different time horizons (short-, medium and long-term), and determined the final level of risk after assessing the Bank's risk management measures to mitigate these risks.

The Climate and environmental risk materiality assessment allows the Bank to get a holistic view and to direct its risk management strategy accordingly.

The impact of climate and environmental risks on the Bank's standard financial and non-financial risks may vary from period to period. The Bank assesses the significance of climate and environmental risks by focusing on the following time periods:

Period	YEARS
Short-term	<1
Medium	1-5
Long-term	5-30

Climate and environmental risk drivers and potential impacts are assessed through the following perspectives (risk drivers):
- Climate change policy and regulatory change. Carbon taxation and the ability of companies to adapt to a changing business environment can have an impact on highly polluting sectors.
- Technological changes that help to reduce carbon emissions can replace existing technologies that eventually become uncompetitive and obsolete (stranded assets) and could affect the price of the products produced.
- Market developments. Changing investor and customer expectations towards more sustainable business solutions can create reputational risks for companies that delay action to change their business model and reduce their attractiveness to investors and customers.

The Bank's materiality assessment looks at the impact of climate and environmental risk drivers on standard financial and non-financial risks:
- Credit risk. There may be financial impacts on the Bank's clients (e.g., increased operating costs, reduced profitability, reduced turnover, stranded assets, etc.) that may affect the client's solvency or the value of collateral. In the event of a physical risk, there is also a potential financial impact on the Bank's clients due to the impact of physical events on the client's assets, disruption of operations, which may affect the client's solvency or the value of the collateral.
- Market risk. It may manifest itself through interest rate risk and issuer credit risk, which would have an impact on the Bank itself and its performance. Whereas in the case of physical risk, the impact depends on the potential exposure to physical risk in the country of the issuer, but given the relatively limited securities exposure, the impact on the Bank of both physical risk and transition risk is considered to be relatively limited.
- Liquidity risk. May affect the Bank's liquidity buffer (assets) and the Bank's financial results, for example, regulatory changes related to GHGs may impact cash flows and the use of the liquidity buffer due to the revaluation of assets. In the case of physical risk, the impact on the Bank may occur through the Bank's clients (for example, physical damage to a client's real estate may result in disruption to the client's business and/or cause solvency problems).
- Operational and reputational risks. Changes in client and investor preferences, inappropriate Bank services/products, cooperation with suppliers with high switching risk – manifested mainly through reputational risk. Meanwhile, physical risks may manifest themselves through physical damage to the Bank's immovable property, to the Bank's employees, disruption of the Bank's services, and physical damage to third parties providing critical outsourcing services to the Bank, as a result of extreme weather events. Disruption of the Bank's services to its clients may result in reputational risk.
- Compliance risk is mainly related to physical events and their consequences, which can disrupt the Bank's operations and ability to meet its obligations in a timely manner (e.g., delays in reporting to the Bank's supervisors).
- Strategic (business model) risk. Implementation of the Bank's ESG (including climate and environmental) standards to maintain its attractiveness to investors. In terms of both transition and physical risks, the main impact on strategic (business model) risk relates to the Bank's clients – the occurrence of risk drivers may have an impact on client insolvency (credit risk), as well as on the Bank's reputational risk and, consequently, on strategic risk (the Bank may receive negative credit risk ratings or even face lawsuits, which may require a review of its business model).

Following the identification of potential transition and physical risk drivers, their transmission channels, and the assessment of the measures taken by the Bank to mitigate these risks, the impact and materiality of these risks in the context of the Bank's operations are further assessed. Although climate and environmental risks and their impact were assessed in the context of the Bank's various financial and non-financial risks, material impacts were observed for the following risk categories: credit risk, reputational risk and strategic (business model) risk:

Climate and environmental risk category	Risk category	Impact	Time horizon	Material risks
Transition risks	Credit risk	The impact is considered to be negligible in this period due to the short time horizon and the likelihood of the risk drivers occurring. In addition, the Bank has	Short-term	No

		various risk management tools in place which are deemed sufficient to manage the risks arising in the short term.		
		The main impact in the medium and long term comes from the potential impact of transition risk on the Bank's clients, which arises from changing investor and client preferences, as well as from the changing regulatory environment, which creates the need to transform the business model for the Bank's clients. Impacts on the activities of the Bank's clients may affect their credit risk and the Bank's financial performance.	Medium Long-term	Yes Yes
	Reputational risk	The impact is considered to be negligible in this period due to the short time horizon and the likelihood of the risk drivers occurring, and the Bank has limited investments to highly polluting sectors.	Short-term	No
		The impact of transition risk on the Bank's reputational risk has a tendency to increase in the medium to long term, depending on the measures taken by the Bank's clients to manage this risk, their ability to adapt to changes and the Bank's own ability to adequately manage the climate and environmental risks.	Medium Long-term	Yes Yes
	Strategic (business model) risk	The impact is considered to be negligible in this period due to the short time horizon and the likelihood of the risk drivers occurring, and the Bank's actions (strategic direction) are in line with current investor expectations.	Short-term	No
		The impact is significant in the medium to long term due to the increasing focus on climate and environmental risk, both from the Bank's supervisors and due to the needs of investors and the Bank's clients.	Medium Long-term	Yes Yes
	Credit risk	The impact is considered to be negligible in this period due to relatively short time horizon and the likelihood of the risk drivers occurring. In addition, the Bank has various risk management tools in place, which are currently considered sufficient to manage the risks in the short term.	Short-term	No
		The impact of physical risks on the Bank's clients tends to be more pronounced in the longer term.	Medium Long-term	Yes Yes
Physical risks	Reputational risk	The impact is considered to be negligible in this period due to the short time horizon and the likelihood of the risk drivers occurring. In addition, the Bank has various risk management tools in place, which are currently considered sufficient to manage the risks in the short term.	Short-term	No
		In the medium to long term, the impact of physical risk on the Bank's reputational risk has a tendency to increase due to the degree of uncertainty and potential impact of physical events on the Bank's clients and on the Bank's own ability to adequately manage the climate and environmental risks.	Medium Long-term	Yes Yes
	Strategic (business model) risk	The impact is considered to be negligible in this period due to the short time horizon and the likelihood of the risk drivers occurring. In addition, the Bank has various risk management tools in place, which are currently considered sufficient to manage the risks in the short term.	Short-term	No
		The impact is significant in the medium to long term due to the increasing focus on climate and environmental risk, both from the Bank's supervisors and due to the needs of investors. Also due to the degree of uncertainty and potential impact of physical events on the Bank's clients and on the Bank's own ability to adequately manage the climate and environmental risks.	Medium Long-term	Yes Yes
Overall assessment		The impact in the short term is considered to be insignificant due to the relatively short time horizon, the likelihood of occurrence of the risk drivers and the measures taken by the Bank to manage these risks. In the medium to long term, the level of risk tends to increase mainly due to increasing regulatory requirements for both the Bank and its clients and the additional need for resources to meet new requirements, as well as the changing expectations and priorities of investors and clients focused on more sustainable solutions. The impacts on strategic and business risks in the longer term reflects the need to focus on climate and environmental risk management and the continuous improvement of the risk management framework.	Short-term Medium Long-term	No Yes Yes

The process, responsibilities and frequency of assessing the materiality of climate and environmental risks are described in the Bank's internal procedures: Environmental, Social and Governance (ESG) Risk Management Procedure.

Transition risks

The materiality of transition risk drivers to credit risk is assessed both qualitatively by analysing the legal environment, best practices and international methodologies applied in the financial sector (e.g., the recommendations of the Task Force on Climate-Related Financial Disclosures, the reports of the European Banking Authority, the Fit for 55 toolkit and information on the related legislation). The materiality assessment also uses internal information, such as GHG emissions from financing activities, and takes into account the Bank's existing methodology (e.g., sectors with high ESG risk) and the Bank's climate and environmental risk management measures. The impacts of transition risks are assessed for the largest sectors (real estate, construction, manufacturing, trade and transport, agriculture) and segments (retail clients and corporate clients) financed by the Bank over different time horizons: short-term (<1 year), medium (1-5 years) and long-term (5-30 years).

(All amounts are in thousands of euros unless otherwise stated)

Following the update of the Climate and environmental risk materiality assessment in 2024 and taking into account the potential impacts of transition risks on individual sectors, the Bank has also updated the ESG Risk Assessment for Corporate Clients (methodology and process). The share of the Bank's corporate loan portfolio in sectors with high ESG risk (with a focus on transition risk) is relatively low (page 235). According to the methodology currently used, the Bank has identified the following sectors of economic activity where corporate clients may have the highest transition risk: agriculture, forestry and fishing, mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply, sewage treatment, waste management and remediation; and construction, transport and real estate affairs. The Bank operates in Lithuania and therefore the exposures presented in the table are limited to loans to business clients with operations in Lithuania.

Sector	High ESG-risk bank loans to corporate clients, EUR million*	Portfolio share of high ESG-risk loans, % (of total high ESG-risk loans to corporate clients)	Portfolio share of high ESG-risk loans, % (of total sector loans to corporate clients)
Agriculture, forestry and fishing	34.57	1.9%	33.9%
Mining and quarrying	9.03	0.5%	96.7%
Manufacturing	111.46	6.1%	42.1%
Electricity, gas, steam and air conditioning supply	89.96	4.9%	100.0%
Water supply, sewerage, waste management and remediation activities	6.82	0.4%	41.2%
Construction	87.53	4.8%	52.8%
Transportation and storage	47.82	2.6%	47.1%
Real estate activities	366.42	20.0%	77.9%
Other sectors	1,075.61	58.8%	0.00%
Total:	**1,829.21**	**100.00%**	**-**

** Net book value of the transaction as at 31/12/2024*

<u>Physical risks</u>

In 2024, the Bank supplemented its earlier materiality assessment of physical risks with a more detailed and comprehensive materiality assessment of physical risks. The following physical risk categories and their impact on credit risk were assessed:

- Extreme weather events;
- Chronic weather events;
- Environmental physical risks – water scarcity, loss of biodiversity, impacts on soils (including soil degradation and erosion), destruction of habitats, dwindling resources, pollution.

Methodology
The Bank uses a variety of publicly available studies, tools and sources to assess the impact of physical risks. For example, the Study on Climate Change Risks by the Middle of the 21st Century (by the Hydrometeorological Service) and the Study of Soil Degradation and Erosion, Coastal Erosion and Solifluction in Lithuania (by Assoc. Prof. Dr. Jonas Volungevičius, Prof. Dr. Darijus Veteikis and Dr. Laurynas Jukna), ThinkHazard!, Aqueduct tools. The analysis of environmental physical risks is based on policies and strategic plans of the European Union and Lithuania, as well as legislation and other sources. However, due to the lack of tools and sources, the analysis of environmental physical risks is of a more qualitative nature. Climate risk analysis (extreme and chronic weather events), on the other hand, is based on qualitative and quantitative approaches.

Scope of the assessment
The materiality assessment uses the Bank's internal information, such as information on collateral (pledged real estate – registered address of the property, value of collateral). This internal information is then combined with physical risk maps (e.g., a flood map) to determine the proportion of the Bank's collateral that is exposed to future flood risk. The Bank's climate and environmental risk management measures (e.g., monitoring of insurance conditions) are also taken into account when determining the final (residual) risk level. **Flood risk is the most relevant physical climate risk identified.** It affects a wide range of sectors in which real estate is used as collateral.

Climate risk impacts are assessed for the largest sectors (real estate affairs, manufacturing and trade), segments (retail clients and corporate clients) and products (mortgage loans, consumer loans, other loans) financed by the Bank.

The impacts of individual environmental risks are also assessed for other sectors financed by the Bank. Other environmental risks assessed include water scarcity, land use change, resource scarcity, biodiversity loss, destruction of habitats and pollution risks due to their environmental impacts in sectors such as agriculture, energy, manufacturing and construction. Land use change risks are relevant to the agriculture and construction sectors because of their potential impact on land and its characteristics. The water supply and waste recycling sectors, as well as the mining and quarrying sector, are exposed to resource scarcity and pollution risks. The impact assessment is carried out over different time horizons: short-term (<1 year), medium (1-5 years) and long-term (5-30 years).

Where possible, the Bank uses climate projections (Representative Concentration Pathways, or RCPs; Shared Socioeconomic Pathways, or SSPs) to better assess the impacts of climate change in the long term, or other available scenarios based on the source of information (e.g., realistic, optimistic and pessimistic scenarios). In other cases, qualitative expert judgement is used to determine how physical risk events may affect individual sectors or segments financed by the Bank, based on the sources mentioned above.

POLICIES

E1-2

The Bank/Group does not currently have a specific policy in place to manage the material impacts, risks and opportunities associated with climate change mitigation and adaptation. The plan is to develop such a policy in the future once climate targets have been set.

However, there is an internal **Environmental, Social and Governance (ESG) Risk Management Procedure** that provides an effective framework for the management of these risks and contributes to the development of an ESG risk culture within the Bank. This procedure helps to achieve the objectives set out in the Group's and the ESG strategy.

The Bank's Supervisory Council oversees the design, development and implementation of ESG risk culture, and the Bank's Management Board approves internal documents related to ESG strategy and risk management. The Non-Financial Risk Department (NFRD) is responsible for the design and effective functioning of the ESG risk management framework at Group level.

Information on the management of ESG risks in the Group is provided to the Bank's governing bodies – the Management Board, the Risk Management Committee and the Risk Committee – in accordance with the reporting frequency set out for such information in the Register of Information Provided to the Governing Bodies.

This procedure is mandatory to all employees of the Group. It is available in the Group's internal information systems. Regular mandatory training sessions (once a year) are organised to familiarise all Group employees with the topic of ESG and the importance of ESG risk management in the context of other financial and non-financial risk management.

The investment products of SB Asset Management UAB and Life insurance company SB Draudimas UAB follow the Responsible Investment and Sustainability Risk Integration Policy, which includes the impact of climate change in the investment process.

ACTIONS AND OBJECTIVES

E1-3, E1-4

There are currently no specific objectives for climate change mitigation and adaptation. However, in the future, the adoption of near-term targets under the Science Based Targets Initiative (SBTi) will lead to clearly defined objectives. This will allow us to better manage climate-related impacts, risks and opportunities, and ensure that our activities are in line with sustainability objectives and regulatory requirements. The Bank plans to set targets and measures to reduce greenhouse gas emissions and align them with the SBTi initiative standard by the end of 2025 and share the information in next year's statement.

- Nevertheless, the Bank takes various actions that contribute to reducing GHG emissions and help maintain its attractiveness to investors. For example, information is collected on the GHG emissions of the companies (clients) and the **efforts of companies (clients) to reduce GHG emissions** and adapt to new expectations are monitored. For this purpose, tools such as the ESG questionnaire for clients and financials statement detailing forms, which also collect information on the GHG emissions of clients, are used. This helps to manage climate change risks and potentially avoid or reduce the negative impacts of the Bank's portfolio. **New regulatory requirements** are also continuously monitored and prepared for. ESG risk management and climate and environmental impact assessment are disclosed in detail on page 207.

The investment products of Life insurance company SB Draudimas UAB and SB Asset Management UAB, for which information is disclosed in accordance with Articles 8 and 9 of the SFDR, have quantitative indicators, such as the portfolio's weighted GHG emissions intensity and the share of investments in investee companies involved in violations of the UN Global Compact principles or the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNEs), which help assess how environmental and social factors are implemented in the investment process.

Green products and products focused on improving energy efficiency

Green products and products focused on improving energy efficiency aim to increase the supply of financial services that promote sustainability. The green product categories are: green mortgage loans, special terms for leasing electric and hybrid vehicles, and projects to improve business sustainability.

In 2024, the Bank granted green mortgage loans worth EUR 14.7 million.

Šiaulių Bankas AB contributes to the development of renewable energy projects in the country – in 2024, it financed the acquisition and installation of solar and wind power plants for almost EUR 55 million. The largest wind power projects financed by the Bank are in the Akmenė FEZ and Jurbarkas district.

Loans on more favourable terms are available for electric and hybrid vehicles, which contribute to a more sustainable environment. The purpose of financing such cars is to make more environmentally friendly vehicles more affordable and to encourage buyers to seriously consider purchasing them. The main advantage offered to clients is more attractive interest rates.

We are the main financing partner for multi-apartment building modernisation projects in the country. Over the period 2011-2023, the Bank has financed multi-apartment building renovation projects worth EUR 1 billion.

In 2025, the Bank will continue to focus on financing other projects that improve business sustainability, such as:

- Renewable energy,
- Energy efficiency improvement projects,

- Waste management projects,
- Emission reduction projects,
- Sustainable forestry projects,
- Water and wastewater management projects.

Climate change adaptation is a significant topic in the Bank's portfolio, and we are taking the following related actions:

- **periodic assessment of the impact of climate and environmental risks** on the sectors and portfolios financed by the Bank (Climate and environmental risk materiality assessment).
- **improvements to the credit risk management**. The credit decision-making system ensures that clients with higher ESG risk are properly rated and that the approved financing structure allows for a reduction in the level of ESG risk.
- The collateral valuation process includes climate and environmental risk factors such as the **energy performance of the property and physical risk assessment**. Assessing these factors allows for improved credit risk management and contributes to promoting a societal shift towards more sustainable financial decisions.

Energy consumption in own activities
In its operations, the Group aims to reduce fuel consumption and atmospheric pollution, with the following ongoing initiatives:

- Using an electronic car booking system. This allows planning business trips in groups and travelling in as few cars as possible.
- 16% of the fleet is made up of plug-in vehicles (13% in 2023) and 9% of electric vehicles (7.5% in 2023).
- The Bank's employees are encouraged to use public transport (e.g., train, bus) for business trips within Lithuania.

New projects implemented in the Group:

- The procedure for purchasing mobile phones has been updated to include refurbished phones. New phones are bought and returned to the same suppliers, who refurbish and prepare them for future use.
- In 2024, the Sign on Tab pilot project was launched to replace a physical signature on a paper document with a digital signature on a tablet. Signed documents are sent to the client's personal e-mail address. This saves the environment by reducing the amount of paper printed during client consultations.
- Digital health records. Moving paper health records to electronic format eliminates the need for a paper booklet.
- Access pilot project. Bank branches are accessed using a telephone, so we no longer rely on plastic access cards.

(All amounts are in thousands of euros unless otherwise stated)

ENERGY CONSUMPTION AND ENERGY MIX

E1-5

	Group		Bank	
Energy consumption and its energy mix	**2023**	**2024**	**2023**	**2024**
Total fossil energy consumption (MWh)	1,117.56	1,173.44	1,045.52	1,078.90
Share of fossil sources in total energy consumption (%)	42.56	39.48	40.94	37.49
Consumption from nuclear sources (MWh)	0	0	0	0
Share of consumption from nuclear sources in total energy consumption (%)	0	0	0	0
(A) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0	0	0
(B) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	1,508.48	1,799.06	1,508.48	1,799.06
(C) The consumption of self-generated non-fuel renewable energy (MWh)	0	0	0	0
Total renewable energy consumption (MWh) (calculated as the sum of lines A to C)	1,508.48	1,799.06	1,508.48	1,799.06
Share of renewable sources in total energy consumption (%)	57.44	60.52	59.06	62.51
Total energy consumption (MWh)	**2,626.03**	**2,972.51**	**2,554.00**	**2,877.96**

Methodology and additional information:

- Energy consumption is disclosed at Group level.
- Gas demand in 2024 increased due to slightly colder winter weather than in 2023.
- Conventional energy consumption was lower in 2023, as a higher proportion of landlords who rent out their premises started to buy green electricity in 2024. Conventional energy consumption by the Bank and the Group companies was 185.44094 MWh in 2023 and 190.91505 MWh in 2024. Green electricity (market-based) consumption was 1,508.481 MWh in 2023 and 1,799.062 MWh in 2024.

(All amounts are in thousands of euros unless otherwise stated)

EMISSIONS

E1-6

Bank and Portfolio clients' emissions are measured from 2023. The GHG emission quantities and measurement methodology are presented below.

Emissions from direct activities

	Group			Bank		
	2023	**2024**	**Change (%)**	**2023**	**2024**	**Change (%)**
						Scope 1 GHG emissions
Total Scope 1 GHG emissions (tCO2eq)	405.31	311.69	-23.10%	332.35	255.40	-23.15%
Percentage of Scope 1 GHG emissions regulated under the ETS (%)						
						Scope 2 GHG emissions
Gross location-based Scope 2 GHG emissions (tCO2eq)	714.26	817.78	+14.49	695.01	795.83	+14.51
Gross market-based Scope 2 GHG emissions (tCO2eq)	272.56	294.00	+7.86	243.02	264.17	+8,70
						Significant scope 3 GHG emissions
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	446,411.75	579,140.00	+29.73	428,035.51	433,919.00	+1.37
1 Purchased goods and services	17.45	12.70	-27.23%	17.07	12.50	-26.77%
[Optional sub-category: Cloud computing and data centre services]						
2 Capital goods						Not estimated
3 Fuel and energy-related (not included in Scope1 or Scope 2)						Not estimated
4 Upstream transportation and distribution						Not estimated
5 Waste generated in operations	1.54	1.68	+9.38%	1.44	1.55	+6.86%
6 Business travelling	70.07	109.06	+55.64%	66.00	104.07	+57.69%
7 Employee commuting	-	361.17	-	-	343.48	-
8 Upstream leased assets						Not estimated
9 Downstream transportation						Not estimated
10 Processing of sold products						Not estimated
11 Use of sold products						Not estimated
12 End-of-life treatment of sold products						Not estimated
13 Downstream leased assets	0	0	0%	0	0	0%
14 Franchises						Not estimated
15 Investments (the Bank, Life insurance company SB Draudimas, SB Asset Management)	446,325.40	578,652.20	+29.65	427,951.00	433,455.50	+1.28
						Total GHG emissions
Total GHG emissions (location-based) (tCO2eq)	447,531.00	580,269.00	+29.66	429,062.87	434,970.00	+1.38
Total GHG emissions (market-based) (tCO2eq)	447,089.63	579,745.00	+29.67	428,610.88	434,439.00	+1.36

Methodology and additional information:

- Scope 1 covers: gas (own premises) (conversion factor – MWh), data gathered from external company's Ignitis UAB self-service website (for the Bank). Fuel burned by the Group companies' own vehicles (petrol and diesel) (conversion factor – l, data gathered from external companies' FLEET UNION UAB (for Šiaulių bankas AB) and Circle K Lietuva UAB (for Šiaulių bankas AB, SB lizingas UAB, SB Asset Management UAB and Life insurance company SB Draudimas UAB) self-service websites and accounts (for SB Asset Management UAB)), diesel refuelling in generators (conversion factor – l, data gathered from external company's Fima UAB (for Šiaulių bankas AB)), replenishing refrigerants (conversion factor – t, data gathered from external companies' Inservis UAB ir SOL Baltics OU Lietuvos filialas (for Šiaulių bankas AB)).
- Scope 2 covers: gas (rented premises) (conversion factor – MWh, data gathered from accounts (Šiaulių bankas AB)), conventional and green energy consumption (conversion factor – kWh, data gathered from accounts (Šiaulių bankas AB, SB lizingas UAB, SB Asset Management UAB and Life insurance company SB Draudimas UAB)), thermal energy consumption (conversion factor – MWh, data gathered from accounts (Šiaulių bankas AB, SB lizingas UAB, SB Asset Management UAB and Life insurance company SB Draudimas UAB).
- Scope 3 covers:

(All amounts are in thousands of euros unless otherwise stated)

- Category 1: paper products for operations (conversion factor – t, data gathered from external companies' Sanitex UAB (Šiaulių bankas AB, Life insurance company SB Draudimas UAB) and Charlot UAB (for SB lizingas UAB)), cash collection services (conversion factor – from km to l), distance traveled gathered from external company Brink's Lithuania UAB (for Šiaulių bankas AB), water use and preparation (conversion factor – kWh/m3, data gathered from bills to Šiaulių bankas AB, SB lizingas UAB, SB Asset Management UAB and Life insurance company SB Draudimas UAB).
- Category 5: waste water (conversion factor – kWh/m3, data gathered from bills to Šiaulių bankas AB, SB lizingas UAB, SB Asset Management UAB and Life insurance company SB Draudimas UAB);
- Category 6: taxi services (conversion factor – from km to l, distance traveled gathered from external companies' Bolt Operations OÜ and Prime leasing UAB self-service websites (for Šiaulių bankas AB), bills (SB Asset Management UAB) and foreign receipts (Life insurance company SB Draudimas UAB)), flights (flight application: Carbon Footprint Calculator), data about flight routes gathered from bills (Šiaulių bankas AB, SB Asset Management UAB and Life insurance company SB Draudimas UAB)), fuel (petrol and diesel) used in rental/lease cars (conversion factor – l, data gathered from accounting (Šiaulių bankas AB, Life insurance company SB Draudimas UAB);
- Category 7: employee commuting (conversion factor – km, data that were extrapolated for all employees, gathered using survey (Šiaulių bankas AB, SB lizingas UAB, SB Asset Management UAB and Life insurance company SB Draudimas UAB));
- Category 13: electricity (premises rented to third parties) (conversion factor – kWh, gathered from the bills (for Šiaulių bankas AB));
- Category 15: investments (detailed information – GHG emissions from financing and investment activities page 240).

- Certain categories in Scope 3 have not been assessed because they were not considered or were considered but a decision was taken not to calculate emissions due to:
- the lack of accurate data;
  - the unreliability of the data;
  - the insignificance of the amounts obtained.
- GHG emissions (t CO_2) are calculated by multiplying the energy consumption by the emission factor, per type of fuel/energy/activity, as appropriate:

Emissions Energy type = **Energy consumption** x **Emission factor** For the energy type

- The above formula is used to calculate a large part of the CO_2 emissions in terms of units of measurement. A different way of calculating CO_2 emissions was used for flights (Scope 3, category 6): using a flight application (Carbon Footprint Calculator) publicly available online.
- For the calculations, market-based and location-based (this method was used for electricity only) methods were chosen for the whole Group.
- The emission factors (GHG emission factors) used are derived from several sources and are chosen to be relevant to the area under consideration.

GHG intensity per net revenue

	Group			Bank		
GHG intensity per net revenue	**2023**	**2024**	**Change (%)**	**2023**	**2024**	**Change (%)**
Total GHG emissions (location-based) per net revenue (tCO2eq/mEUR)	1,700.28	1,698.34	-0.11%	1,811.78	1,490.62	-17.73%
Total GHG emissions (market-based) per net revenue (tCO2eq/mEUR)	1,698.60	1,696.80	-0.11%	1,809.87	1,488.81	-17.74%

Consistency of the net revenue used to calculate the GHG intensity with the Financial statement: page 6.

GHG emissions from financing and investment activities

	2023***					2024				
	Assets, mEUR	**GHG (Scopes 1 and 2), tonnes per year***	**GHG intensity (t CO2 / mEUR assets)****	**Coverage**	**Data quality score**	**Assets, mEUR**	**GHG (Scopes 1 and 2), tonnes per year***	**GHG intensity (t CO2 / mEUR assets)****	**Coverage**	**Data quality score**
						Bank, GHG emissions from financing activities				
Business loans	916.3	211,363	239.6	96.3%	4.0	1,151.3	207,705	180.4	100%	4.0
Loans for the purchase of commercial real estate	422.0	19,882	50.9	92.5%	3.3	458.0	24,582	55.9	96.0%	3,9
Renovation of buildings	261.6	1,749	14.9	44.9%	4.4	286.5	1,999	39.7	17.6%	4,0
Leasing	286.5	74,652	260.6	100%	4.0	316.9	75,841	239.3	100%	4.2
Mortgage loans	779.5	17,199	22.5	97.9%	3.2	915.8	18,556	21.7	93.3%	3.5
						Bank, GHG emissions from investment activities				
Government securities	714.0	88,543	124.5	99.6%	1.0	714.4	100,574	140.8	100%	1.0
Securities of private companies	117.8	14,460	144.3	85.1%	2.7	57.0	4,051	91.2	77.9%	2.2
Equity securities	2.8	103	36.8	100%	3.4	95.5	147	1.8	85.1%	2.1

(All amounts are in thousands of euros unless otherwise stated)

Bank, total:	**3,500.5**	**427,951**	**131.5**	**93.0%**	**3.0**	**3,995.4**	**433,456**	**118.7**	**91.4%**	**3.2**
Life insurance company SB Draudimas UAB, GHG emissions from investment activities										
Government securities	27.5	2,185	79.5	100%	1.0	28.0	4,772	170.3	100%	1.0
Securities of private companies	28.5	1,160	42.4	95.8%	3.0	20.2	3,970	196.1	100%	2.2
Equity securities	0.6	11	17.6	100%	2.7	0.7	143	213.4	100%	2,0
Collective investment undertakings	127.1	4,728	37.7	98.6%	1.6	166.3	21,715	136.3	95.8%	2.0
Life insurance company SB Draudimas UAB, total:	**183.7**	**8,083**	**44.7**	**98.4%**	**1.8**	**215.3**	**30,599**	**147.0**	**96.7%**	**1.9**
SB Asset Management UAB, GHG emissions from investment activities										
Government securities	97.9	1,464	15.0	99.8%	1.0	120.7	21,621	179.2	100%	1.0
Securities of private companies	130.6	2,152	17.9	92.2%	2.9	176.3	32,511	210.2	87.7%	2.4
Equity securities	45.3	1,970	43.5	100%	2.5	52.4	25,511	487.0	100.0%	2.5
Collective investment undertakings	868.2	4,704	6.5	83.2%	1.4	1,084.5	41,256	45.6	83.4%	1.9
SB Asset Management UAB, total:	**1,142.0**	**10,289**	**10.4**	**86.3%**	**1.6**	**1,433.9**	**120,899**	**98.2**	**85.9%**	**1.9**
Group, total:	**4,826.3**	**446,235**	**101.0**	**91.6%**	**2.7**	**5,565.9**	**578,652**	**115.2**	**90.2%**	**2.9**

**When consolidating Group's GHG emissions, an adjustment was made in order to avoid double counting because Life insurance company SB draudimas UAB invests in investment funds managed by SB Asset Management UAB; also, in 2024, the Bank had investments in subsidiaries - Life Insurance SB Draudimas UAB and SB Asset Management UAB.*

***For GHG intensity applied part of the assets for which it was possible to calculate the financed emissions.*

****The financed emissions of Life Insurance Life insurance company SB draudimas UAB (acquired part of INVL Life UAB assets) and SB Asset Management UAB financed emissions are calculated only from 1 December 2023 (1 month), taking into account merge of the business.*

Methodology and additional information:

GHG calculations from the Group's financing and investment activities are made in accordance with the PCAF standard for individual asset classes and subject to the availability of data to the Group.

The Group, when calculating GHG emissions from financing and investment activities, currently considers only clients' Scope 1 and Scope 2 GHG emissions, while Scope 3 GHG emissions are not assessed due to potential inaccuracies at this level (for example, when a client does not account for all relevant Scope 3 categories). In the future, as the Group enhances its disclosures, it plans to assess the possibility of disclosing GHG emissions from financing and investment activities, including clients' Scope 3 GHG emissions.

Financing activities

Business loans. This category includes loans to corporate clients without a specific lending purpose or other loans that do not fall under any other PCAF category. GHG emissions from business loans were calculated for all sectors using GHG emissions data provided by the Bank's business clients, in the absence of direct data – GHG emissions were calculated using the clients' most recent financial data (sales revenue, equity, liabilities) and the PCAF emission factors updated in 2023 that didn't change in 2024. The GHG emissions data provided directly by clients represent a small part of the total portfolio of business loans for which emissions were calculated, and the remainder was therefore calculated based on the emission factors proposed by PCAF.
Although the volume of business loans portfolio has increased, GHG emissions for this category has decreased due to the dynamics in the portfolio – the portfolio grew in relatively less polluting sectors, and decreased in less polluting sectors, as well as due to more accurate data provided by clients compared to what was provided to the Bank and used for calculations for 2023. These reasons caused that the total GHG emissions of this portfolio has decreased.

Loans for the purchase of commercial real estate and mortgage loans. GHG emission calculations for loans for the purchase of commercial real estate and mortgage loans were carried out using the emission factors provided by PCAF and taking into account the type of buildings financed and mortgaged, the energy performance class, the gross floor area and the value of the property - this information is periodically received from the State Enterprise Centre of Registers. Actual data on the energy consumption of buildings were not available to the Bank.

Motor vehicle leasing. GHG emissions from leasing/hire purchase transactions have been calculated using the GHG emissions data provided by the leased car manufacturers or, in their absence, using publicly available GHG emission factors (provided by the UK Department for Environment, Food and Rural Affairs (Defra)) by car and fuel type. The estimated distances travelled by cars per year were also used, taking into account the type of car and the statistics on average distances travelled. GHG emissions were extrapolated for some of the leased assets where suitable data could not be found. It should be noted that the assumptions used in the GHG emissions calculations will be subject to future adjustments by the Bank.

Renovation/modernisation of buildings. As a financing partner, the Bank participates in a state programme to modernise multi-apartment and municipal buildings to improve their energy efficiency and reduce energy consumption. The GHG emission calculations for these loans were carried out using information on the value of the renovation projects, the emission factors provided by PCAF for the construction sector, and assumptions on the duration of works.

GHG emissions recalculation for 2023. It is noted that the Bank's loan to the subsidiary SB lizingas UAB, whose main activity is providing consumer loans to individuals, was assessed as a business loan in the last year's Šiaulių bankas Social responsibility report and GHG emissions were calculated based on the financial data of this subsidiary and the relevant PCAF emission factors for the sector. The PCAF methodology currently does not provide an opportunity to assess such loans (consumer loans) provided by SB lizingas UAB to individuals, therefore, GHG emissions should not be calculated when consolidating data at the Group level. If the opportunity arises to assess this portfolio (loans provided by SB lizingas UAB) according to PCAF, GHG emissions from this portfolio could be assessed in the future.

Investment activities

Government debt securities. In line with the PCAF methodology, the Group's calculations used country GHG emissions data from the European Commission's EDGAR database. The EDGAR database was chosen because it offers up-to-date data, whereas in previous years the Bank's GHG emissions were based on emissions reported by countries under the United Nations Climate Change Convention (UNFCCC). Publicly available GDP values (adjusted for purchasing power parity) were also used for the calculations.

Debt securities and equity securities of private companies. The GHG emissions calculations for these portfolios were based on actual GHG data provided by clients (issuers), assessing their disclosures in published reports, as well as on third-party data on client-generated GHG emissions (Bloomberg, CDP). In the absence of direct data, the GHG emissions of clients were calculated based on financial data (sales revenues) and PCAF emission factors for the sector from which GHG emissions can be estimated. Financial data of clients (*Enterprise Value Including Cash - EVIC*, equity, liabilities) were also used to calculate the share of GHG emissions financed by the Bank.

Collective investment undertakings. GHG emissions are calculated using the look-through method for collective investment undertakings, such as mutual funds, exchange-traded funds, private equity funds and others. When using the look-through method for investment undertakings, GHG emissions are calculated using the same methodology for government, corporate debt and equity securities, as outlined in the previous paragraphs. Due to fragmented and limited data, GHG emissions were not estimated for investments in private equity funds.

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

E1-9

In accordance with Appendix C of ESRS 1 (List of phased-in disclosure requirements), the Bank exercises the option to omit the information required by this disclosure requirement in the first year of preparation of its sustainability statement.

(All amounts are in thousands of euros unless otherwise stated)

SOCIAL INFORMATION

OWN WORKFORCE

Employees are undoubtedly the cornerstone of the Group's success. Their input and active participation are crucial in shaping the overall culture and environment within the Group. The Group has set ourselves the ambitious goal of becoming one of the TOP 3 employers in the financial sector. In the long term, for us, this means being the best place for professional development in the financial sector and creating a strong organisational culture based on mature leadership and values. Therefore, the aim is to create a supportive and inclusive environment that promotes the well-being of all employees.

This section discloses information about the Group's policies relating to own workforce, training and skills development, remuneration, health and safety and other relevant topics. Here, we also provide data on training programmes, staff development, remuneration structure and health and safety measures taken to ensure the well-being and safety of workers at work.

OUR EMPLOYEES

S1-6, S1-7

Types of employees and non-employee workers classified as own workforce:

1. employees on fixed-term and open-ended employment contracts (the employment contract is between the company (employer) and the employee).
2. non-employee workers – The Group employs 8 persons who may be classified as non-employees, i.e. persons who have concluded contracts with the company for the provision of labour ("self-employed persons"), or persons provided by companies primarily engaged in employment activities (NACE code N78). 8 persons (2 women and 6 men) have service contracts with the relevant companies of the Group for which they provide services: 1 person from Life insurance company SB Draudimas UAB and SB Asset Management UAB, 7 persons from Šiaulių bankas AB.

Total number of employees and breakdown by gender

Gender	Number of employees
Male	271
Female	968
Total	**1,239**

Data are presented at Group level. The number of employees is consistent with the financial statements (page 144).

The number of employees includes all employees of the Group. The total number includes active employees and those who are absent from the activities of the Group's companies (employees on maternity/paternity leave).

The Group fosters long-term working relationships with its employees. As at 31 December 2024, 25.7% of Šiaulių Bankas employees had been employed for 10 years or more.

Number of employees by gender and type of contract	Male	Female
Number of permanent employees	246	904
Number of temporary employees	4	17
Number of full-time employees	245	907
Number of part-time employees	5	14

Number of employees who left the undertaking during the reporting period: **154**

Rate of employee turnover in the reporting period: **14.37 per cent**

The data presented by gender and turnover include the following Group companies: Šiaulių Bankas AB, Life insurance company SB Draudimas UAB, SB Asset Management UAB. Currently, data from other Group companies is not centrally managed and therefore is not provided.

There are 8 persons in the Group who could be classified as non-employee workers, i.e., persons contracted by the undertaking to provide labour ("self-employed people") or people provided by undertakings primarily engaged in "employment activities" (NACE Code N78). 8 persons have service contracts with the respective Group companies for which they perform services: 1 person with Life insurance company SB Draudimas UAB and SB Asset Management UAB, 7 persons with Šiaulių Bankas AB.

A description of the methodologies and assumptions used to compile the data:

- The information is based on the calculation formulae and methodologies specified in the ESRS.
- Figures are based on number of employees.

- All numerical information is provided for the end of the year, i.e., based on the information at 31 December 2024.
- The rate of employee turnover is calculated according to the following formula: (number of redundancies / average number of employees) x 100%.
- In some EU Member States, individuals can legally register as being of a third, often neutral, gender, but this is not legally established in the Republic of Lithuania, so the “other” category as set out in the ESRS is not applicable.
- The data were collected from the human resources data management system tool used by the Personnel Department’s administration team.
- “Number of part-time employees” refers to employees whose employment contract provides for less than 40 hours during the entire working week.

POLICIES, ACTIONS AND TARGETS

S1-1, S1-4, S1-5

The Bank Group has adopted internal documents to manage material impacts on its workforce, as well as the associated risks and opportunities, by ensuring an inclusive, respectful and productive working environment.

The main documents are the **Diversity Policy** approved by the Bank’s Supervisory Council, the **Code of Ethics** approved by the Bank’s Management Board, the **Rules for the Implementation of the Equal Opportunities Policy** approved by the Bank’s Chief Executive Officer, as well as other internal procedures of the Bank (e.g., the Remuneration Policy and the Rules for Determining the Official Remuneration, as described in the *Remuneration* section). They are based on and reflect the fundamental principles and requirements set out in international instruments such as the UN Declaration of Human Rights, as well as the relevant legislation of the European Union and the Republic of Lithuania. Although there is no separate document dedicated to human rights, the core principles are embedded in the above-mentioned documents. The Diversity Policy was developed to address the Human Rights aspect of diversity and inclusion in order to further address the importance of the topics for employees and society. Other Human Rights principles, such as the Business Responsibility to Respect Human Rights, Non-Discrimination or Freedom of Association, are addressed in general employment law, which also applies to Group companies.

The Group’s operations do not identify risks related to forced labour, compulsory labour or child labour, and as such, there are no provisions in the substantive documents to address these topics. In its activities, the Group is guided by the principles of the Global Compact and the laws of the Republic of Lithuania, which prohibit child or forced labour.

The Group has targets related to its own workforce, but it is plans to review them in 2025 and provide related information in the upcoming report. The specific actions are listed under the individual sub-topics below.

DIVERSITY POLICY

The purpose of the Policy. The Policy aims to foster a Group culture where gender equality and diversity are intrinsic parts of the organisation and where differences are harnessed actively to deliver business benefits. The Policy is taken into account in the assessment of the management – in the selection and recruitment of members of the governing bodies and in succession planning.

Main content of the Policy. The Policy lists key principles: fostering a culture of diversity, increasing the diversity of members of the governing bodies, achieving equality, gender balance, increasing the proportion of under-represented gender in the governing bodies and zero tolerance of discrimination.

Scope of the Policy. The Policy applies to all employees and members of the governing bodies of the Bank and Group companies.

Responsibility for implementing the Policy. The Bank’s progress in the area of diversity and compliance with this document is the responsibility of the Bank’s Management Board, except for the meeting of the criterion of under-represented gender in the Bank’s governing bodies set out in this Policy, which is the responsibility of the Supervisory Council. The Bank’s Internal Audit Division regularly reviews the implementation of the Policy within the scope of the diversity of the Bank’s governing bodies, within the timeframes set out in its action plans.

References to third-party standards. The following standards have been used in the development of this document: resolutions of the Board of the Bank of Lithuania, European Banking Authority (EBA) and European Securities and Markets Authority (ESMA) guidelines, the Code of Corporate Governance for NASDAQ Vilnius listed companies.

Assessing stakeholder interests. This Policy ensures that the interests of all stakeholders are taken into account in the pursuit of gender equality and diversity.

Accessibility of the Policy. The Policy is a publicly available document accessible to employees and stakeholders on the Bank’s website.

Reports of misconduct and breaches of the law. All employees and members of governing bodies have the right to file an anonymous report with their company’s Compliance Officer or the Chairperson of the Bank’s Nomination Committee requesting an investigation of violations that relate to the application and implementation of this Policy. To comply with the Law on the Protection of Whistleblowers of the Republic of Lithuania, the Group has a channel on the Bank’s external website, sb.lt, where both employees and external parties can contact the Bank to report irregularities. Any form of persecution, harassment or hostile behaviour against a person who has reported any non-compliance with the Policy is prohibited and not tolerated.

The Policy sets a target of 25% as the minimum criterion for under- represented gender on the Bank's Supervisory Council and Management Board, which will have to be at least 30% from 2028, the start of the new term of the Bank's Supervisory Council and Management Board. The Personnel Department is responsible for achieving this target.

The overall diversity targets set out in the Policy are being met and diversity balance is being achieved through strengthened human resource management across the Group:

- during the selection and recruitment process,
- during the performance review,
- in establishing a succession pool for managers and key function holders and candidates for membership of the governing body.

Additional actions taken by the Group and its individual companies to manage negative impacts or risks that are covered under the individual own workforce sub-topics, for example, updates to the Performance Review and Remuneration Policy that will address equal pay risk management are covered in the remuneration sub-topic.

The Bank, in accordance with the Code of Ethics and the Rules for the Implementation and Supervision of Equal Opportunities (Non-Discrimination) Policy, the Labour Code of the Republic of Lithuania, the Law on Equal Opportunities of the Republic of Lithuania, the Law on Equal Opportunities for Women and Men of the Republic of Lithuania, as well as other normative legal acts establishing equality of persons and the prohibition of restricting the rights of human beings on the basis of discriminatory grounds, does not tolerate inequalities, manifestations of violence, psychological or similar pressures, or any form of discrimination at work.

Reports of misconduct and breaches of the law. The Code of Ethics and the Prevention of Corruption and Unacceptable Conduct Policy regulate what acts may be considered as unacceptable cases of corruption. All new employees of the Group are made aware of these documents. These documents apply to and must be complied with not only by employees of the Bank but also by employees of Group companies.

The Group has no specific policy commitments in relation to the people from particularly vulnerable groups classified as own workforce, as the Group has not identified vulnerable groups in its workforce.

The Bank has internal **Rules for the Implementation of the Equal Opportunities Policy** based on the Labour Code of the Republic of Lithuania, the Law on Equal Opportunities of the Republic of Lithuania, the Law on Equal Opportunities for Women and Men of the Republic of Lithuania, as well as other normative legal acts establishing equality of persons and the prohibition of restricting the rights of human beings on discriminatory grounds. They provide that the Bank respects the principle of equal opportunities and the prohibition to restrict the rights of employees or to grant them privileges on various discriminatory grounds, both in the recruitment process and during the duration and termination of the employment relationship. This document provides for the following discriminatory grounds: gender, race, nationality, citizenship, language, origin, social status, religion, beliefs or opinions, age, sexual orientation, disability, ethnic origin, medical condition, intent to have a child(ren), adoptive child(ren), foster child(ren), or ward(s), marital and family status, membership of political parties, trade unions and associations, circumstances unrelated to the worker's professional qualities, freedom of association, freedom of collective bargaining and the right to take collective action, or any other grounds. The Bank's Personnel Department is responsible for monitoring compliance with this Policy. The Bank also has a channel for notifications and a timeframe and process for dealing with them. The Policy also provides for the right of employees to apply to the Office of the Equal Opportunities Ombudsperson in accordance with the procedure set out in the Law on Equal Opportunities of the Republic of Lithuania.

The **Rules of Procedure** are an internal document drawn up in accordance with the Labour Code of the Republic of Lithuania and related legislation. These Rules define the general working procedures and principles of conduct of the employees of these Group companies - Šiaulių Bankas AB, SB Asset Management UAB, Life insurance company SB Draudimas UAB - in order to improve the working environment, the organisational culture within the Group and the quality of the services provided by the Group. Key topics covered in the document:

- Ethics and equal opportunities requirements,
- Security requirements and data protection,
- Working time and rest periods,
- Remuneration arrangements and incentives,
- Violation of work duties,
- Compensation for damages,
- Terms of employment contract, etc.

The supervision and control of the document is carried out by the Personnel Department. Employees are made aware of the rules through internal channels, and new employees are made aware of the rules before they start their job functions.

SB Lizingas UAB has its own Rules of Procedure, an updated version of which has been drafted taking into account the provisions of the Bank Group's Rules of Procedure and entered into force on 1 January 2024.

It is important for the Group to engage with employees and their representatives on a wide range of significant issues, especially on topics that already affect them or may affect them. Therefore the aim is to ensure that employees have the opportunity to actively participate and express their views when designing our employee engagement process. It also takes into account the views of employees in our decision-making processes to ensure that their voices are heard and valued.

One of the ways of engagement is the Group-wide (except for SB Lizingas UAB) **Pulse Surveys**, an instant feedback measurement tool that allows assessing employees' job satisfaction and their well-being within the team on a regular (monthly) basis. This tool helps to monitor whether employees are getting enough communication from both the organisation and the manager, how employees feel and to take prompt action on the results.

These surveys allow employees to provide direct feedback and the organisation to respond more quickly without having to wait for the results of the annual survey. Each survey has one fixed and consistent question, with changes in responses monitored on a monthly basis. 1-2 questions are variable, depending on the topical issues at the time. Employees can also make comments and observations on each question.

The Annual Employee Engagement Survey is also an essential tool for improving organisational performance. It aims to identify employee sentiment and organisational strengths, as well as areas for improvement in order to create a more efficient and friendly working environment.

This survey is carried out annually (the fifth survey was carried out in 2024). It consists of two parts:

- Organisational perspective: four key elements are assessed – culture of engagement, strategic coherence, motivation and relationships, and implementation of changes.
- Employee perspective: the level of engagement is analysed: engaged, moderately engaged and disengaged employees.

90% of employees took part in the survey in 2024. The survey showed that employees value meaningful work, variety of responsibilities and attention to customers. Leaders trust their teams, encourage autonomy and creativity. A flexible working environment is a strength of the organisation. Areas for improvement: clearer objectives and priorities, workload balance, greater focus on employee well-being, cooperation and more coherent career management processes.

Action plans:

- **Clear objectives:** Ensure clear responsibilities and quarterly review of objectives. The assignment of strategic objectives through the heads of divisions will ensure clear communication throughout the organisation. For the planning of the annual work volumes, training with external partners will be carried out to set long-term objectives and indicators.
- **Strengthening cooperation between teams:** Regular semi-annual meetings between divisions and departments across the organisation will allow for the alignment of key performance indicators (KPIs) and projects across departments. Quarterly discussions involving all employees to discuss the priorities and objectives of the divisions concerned. A shadowing programme will also be implemented to strengthen awareness of the Bank's functions.
- **Career management at the organisation level:**
    - A 360-degree feedback system will be in place by the first quarter of 2025 and individual and team-based curricula will be developed during the rest of 2025.
- The "Followers" programme will be launched by the second quarter of 2025 to identify talent and create action plans for them.
    - The standards of conduct based on the new values of the Bank will be integrated into the performance review from the first quarter of 2025.
    - Internal career guidelines, principles and processes will be presented by the end of the first quarter of 2025.

The Head of Personnel Department is the top manager in the organisation responsible for ensuring that managers have the right information and that tools are in place to keep employees engaged. He is also responsible for the engagement survey process, evaluation and implementation of the engagement plan. The direct functions of conducting the engagement survey are delegated to the relevant units of the Personnel Department.

The results of the engagement survey are compiled in a centralised system and analysed at the level of the organisation, departments and teams. The information gathered helps to identify strengths and areas for improvement, as well as to develop action plans to strengthen engagement. The information from the engagement survey is used for decision-making in a number of ways: managers receive structured analysis with recommendations to support data-driven decision-making, the results of the survey are integrated into the organisation's strategic plans and performance improvement initiatives, and there are regular meetings with heads of departments to ensure that feedback is properly integrated into operational decisions.

After the survey, immediate supervisors organise a debriefing with their teams to present key insights and discuss possible actions to improve the situation. Open communication is also encouraged, allowing employees to understand how their views influence organisational decisions, and managers are encouraged to provide feedback and involve employees in decision-making.

The engagement and effectiveness of own workforce are measured through an annual employee engagement survey based on its results. Effectiveness is measured in terms of employee feedback, positive or negative, on relevant engagement factors.

Collective bargaining coverage and social dialogue

The Group does not have collective agreements, but it has an active Labour Councils in all Group companies, with which dialogue is maintained as necessary on relevant issues and/or changes concerning employees. Labour Councils hold meetings once a month. The Group does not have agreements with its employees regarding their representation on the European Works Council, the European Company (SE) Works Council or the European cooperative society (SCE) Works Council.

Processes to remediate negative impacts and channels for own workers to raise concerns

The Group has processes in place to remedy or cooperate in remedying negative impacts on individuals in its own workforce to which it is exposed. There are also channels that own workforce can use to raise concerns and have them addressed. Employees can report suspected or actual breaches by submitting anonymous reports on the internal website. Reports are received by the Chief Compliance Officer and the Director of the Compliance Department. For a description of the process of analysing reports, see the section on Governance (page 258). Employees can report violations of anti-violence and anti-harassment regulations to the Personnel Department via an internal e-mail. Upon receipt of the report, the responsible person in the Personnel Department registers it in a non-public register and informs the Compliance Department. Within 2 business days, the Personnel Department informs the employee of the receipt of the report and initiates an internal investigation to gather all possible information on the reported violation. An investigation team is set up to assess the possible violation and all the information gathered, and to decide what further action needs to be taken to address the violation. Some of these channels and mechanisms are described in detail in the individual policies – information is provided in both this *Social information* section and the *Governance* section (page 258).

The Bank also has **Rules for the Prevention of Violence and Harassment**, which set out the procedures for reporting and handling reports of violence and harassment. In accordance with these rules, all employees who observe or experience violence or harassment at work have the right and are encouraged to report it to the Personnel Department by e-mail.

All persons working for the Group or otherwise involved in the Group who become aware of various breaches of law, including discrimination, violence and harassment, are encouraged to report them to the Bank's Compliance Officer and/or the Director of the Bank's Compliance Department using an independent reporting channel. Upon starting work at the Bank, employees are introduced to internal legal acts, which contain information on when and where to contact for violations. All reports are carefully examined and investigated (see page 258 (the *Governance* section) for more information on reporting channels).

The remediation of negative impacts on the own workforce is assessed in the annual employee engagement survey based on its results. The assessment includes survey questions that describe the measures to remedy the negative impacts and the results of these questions that allow an assessment of how workers perceive the measures to remedy the negative impacts on the own workforce.

Incidents, complaints and severe human rights impacts

Incidents, complaints and severe human rights impacts	Number of reports (during the reporting period)
Reports of incidents of discrimination, including harassment	0
Reports made through the Bank's internal and external notification channels	0
Reports filed to the National Contact Points for OECD Multinational Enterprises	0

No fines or penalties have been received or compensation paid in respect of the incidents and complaints disclosed above.

There were also no major human rights incidents involving the company's workforce during the reporting period.

TRAINING AND SKILLS DEVELOPMENT

S1-13

To become the best place for professional growth, the Group pays particular attention to training and skills development for its employees. Significant attention and resources are devoted to the development and implementation of a long-term staff development framework. This not only strengthens employees' competences but also increases their job satisfaction and loyalty to the organisation, helping to ensure that they are well equipped to meet the challenges they face and contribute to the success of the organisation.

All employees are required to attend training at some point in their career. This training may be general, covering ethics and anti-corruption topics, or specialised, tailored to the employee's role and function. This ensures that every employee acquires the necessary knowledge and skills for their professional activity.

For example, there is a strong focus on training for all employees on the General Data Protection Regulation (GDPR). The "Data Quality and Governance" training introduces employees to the importance of data quality, the requirements for data quality, the risks arising from data quality gaps, and the steps to be taken when data errors are identified. Employees are also informed about the Bank's processing of their personal data (a separate information document); the document is sent to the employee upon commencement of his/her employment. All procedures relating to employees' personal data are regularly reviewed and updated to maintain compliance with the laws and other regulations.

<u>During the reporting period, the following actions were taken to improve the staff development process:</u>

- An e-training platform was introduced. It allows for efficient management of the training that is compulsory for all Group employees and for more effective organisation of the training for certain groups.
- Knowledge tests are carried out, and a course is considered to have been passed when at least 80% of answers to knowledge test questions are correct.
- Adequate communication about mandatory training is ensured. All employees receive automatic reminders from the e-training system about the training they need to complete and when it is due. Managers are provided with information on the completion of mandatory training for that unit at periodic meetings and/or by e-mail. Notifications of training-related news are made available in the AIS to all employees.
- Training performance is monitored. The training courses listed are delivered to employees through an internal training platform; the information on training performance indicators is provided as at 31 December 2024.

(All amounts are in thousands of euros unless otherwise stated)

Training course	Frequency	Group companies covered by the training	Employees who have received training (%)
Data quality and governance | ŠB	Once a year	SB, SBD, SBAM	95%
Inside information	Once a year	SB, SBD, SBAM, SBL	95%
ESG training	Once a year	SB, SBD, SBAM, SBL	92%
Conflicts of interest	Once a year	SB, SBD, SBAM, SBL	96%
Customer service standard: the road to success	Non-recurring	SB	95%
On ethics, gifts and the Bank Group's approach to corruption	Once a year	Group-wide	97%
Training on personal data protection. Module 1	Once a year	SB, SBD, SBAM, SBL	94%
Training on personal data protection. Module 2	Once a year	SB, SBD, SBAM, SBL	94%
Fire safety	Once a year	Group-wide	96%
Training: How to evacuate safely in an emergency?	Once a year	SB, SBD	94%
Training in operational risk management	Once a year	SB, SBD, SBAM, SBL	94%
Implementation of sanctions	Once a year	SB, SBD, SBAM, SBL	87%
Digital security	Once a year	SB, SBD, SBAM, SBL	92%
Data quality and governance | SBAM and SBD	Once a year	SBAM and SBD	94%
Communication with clients on AML/CTF	Non-recurring	SB	98%
Mobbing at work: how to spot it?	Non-recurring	SB, SBD, SBAM	98%
Processes and operational efficiency	Non-recurring	SB, SBL	97%
Training on anti-money laundering and counter-terrorist financing	Once a year	SB, SBD, SBAM, SBL	95%
Know Your Client and identification	Semi-annually	For employees who work with clients	85%

Strengthening leadership of managers is achieved through systematic long-term programmes, an executive club, and external training or conferences.

To develop the competences of growing team, projects have been planned for 2025-2026:

- introducing the successor programme,
- implementing the talent programme,
- developing an annual training plan,
- ensuring a mentoring programme,
- introducing the career map,
- ensuring a diversity of training resources.

The performance reviews take place from the end of February until mid-March, so there is no possibility to provide information for 2024. The plan is to disclose in next year's statement the percentage of employees who participated in regular performance and career development reviews.

Key decisions on training and skills development are taken by the Head of Personnel (strategic and special decisions are taken jointly with the CEO), and actions on the topic are implemented by the Organisational Development Team.

Training and competency development is the responsibility of the Personnel Department, directly under the responsibility of the Head of Personnel, who assigns specific tasks to the Organisational Development Team.

Average number of training hours per employee: **23 academic hours/employee**.

This indicator was not tracked by gender; in the future, consideration will be given to the technical and legal possibilities of collecting this information.

A description of the methodologies and assumptions used to compile the data:

- The LMS365 (ZENSAI) training management system is used to calculate the "% of employees who have received training", which allows monitoring employee participation and training progress. The system provides accurate data on the number of individuals assigned to training, completion rates and test results.
- An employee is considered to have completed the training if the LMS365 (ZENSAI) system records a completion status ("Completed"), which is determined according to the requirements of the training programme. If an employee starts training but does not complete it, he/she is not included in the number of participants because he/she did not actually follow the training to completion.
- The indicator "% of employees who have received training" is calculated according to the following formula: Employees who have received training (%) = Number of employees who have completed the training / Number of all employees to whom the training has been assigned x 100.

- The owner of the training, i.e., the owner of the area, decides which employees of the Group companies are to receive the training, based on the material produced and the applicable national laws and regulations.

REMUNERATION

S1-10, S1-16

Ensuring that employees are paid a fair wage is a key issue across the Group, as it directly contributes to low employee turnover and high job satisfaction. A fair wage not only helps retain existing employees but also attracts new talent who value fair and competitive pay. In addition, by ensuring a fair wage, the Group strengthens its reputation and contributes to its strategic goal of becoming one of the best employers in the market.

Remuneration for employees of Group companies is determined based on the principles of external competitiveness and internal equity, the remuneration range set for the level of the position, the employee's professional experience, abilities, specific knowledge, skills and competences, and the availability of the remuneration budget.

Group companies have updated their remuneration policies (publicly available) to reflect and manage pay-related risks. Remuneration policies of Šiaulių Bankas AB, Life insurance company SB Draudimas UAB, SB Asset Management UAB were updated in 2024.

The Group also has a performance review process, organised according to internal rules and an internal performance review process. Performance reviews cover all employees of the Group companies, in accordance with the principles of performance review described in the internal regulations. The result of the performance review may have an impact on the variable remuneration and the annual remuneration review process.

The **Remuneration Policy** sets out the requirements for Group companies to comply with in determining and paying remuneration, premiums, bonuses and other payments awarded to employees for their performance, and other benefits, thereby ensuring that payroll costs are managed effectively and creating incentives for employees to contribute to the responsible implementation of the mission, vision, values, long-term objectives and strategy of the Group. The Remuneration Policy is reviewed at least once a year.

The Policy is gender-neutral, i.e., it is based on the principal of equal pay for equal work or work of equal value for workers of either gender. The Remuneration Policy also declares that employees shall be subject to a uniform remuneration system, without discrimination on the grounds of gender, age, nationality, race, social status, religion, etc. Remuneration is established with due regard to the knowledge, experience, qualifications, responsibilities, performance and quality of work, job position of the employee, the remuneration range applicable to the job position level, etc. The Policy has been prepared in accordance with the Law on Companies of the Republic of Lithuania, Resolution of the Board of the Bank of Lithuania On the Approval of the Description of the Minimum Requirements for Remuneration Policy drawn up in accordance with Guidelines on Sound Remuneration Policies of 2 July 2021 (EBA/GL/2021/04) and other laws setting out the requirements for the Remuneration Policy of the Bank as a financial institution and a public limited liability company whose shares are admitted to trading on a regulated market.

The following actions are planned to implement the update of the Performance Review and Remuneration Policy:
- reviewing the performance review process and introducing calibration of results;
- introducing a competency model;
- reviewing the remuneration system: reviewing and updating the systems in place for the management of the official remuneration and variable remuneration;
- analysis of the use of long-term financial instruments in the remuneration system, choice of instruments.

The change and impact generated by these actions will be disclosed in next year's statement, as they will only be launched this year.

The gender pay gap is another important topic as it reflects inequalities in the labour market. The Group aims to ensure fair and equal pay for all employees, regardless of their gender, thus contributing to a fairer and more equal working environment.

The **Rules for Determining the Official Remuneration** govern the principles for setting/reviewing the official remuneration of the Bank's employees, the classification of job positions into grades, and the setting of minimum and maximum ranges of remuneration. The purpose of these Rules is to achieve internal fairness of remuneration for the staff at the same grade and to manage payroll costs efficiently, to provide motivating and equitable remuneration that encourages employees to participate in the achievement of the Bank's objectives and to ensure that the remuneration is competitive in relation to the national labour market.

These Rules set out measures to ensure fair and non-discriminatory remuneration:
- the average gender pay gap is analysed and assessed;
- we analyse which gender is dominant at a given job level in terms of the higher remuneration received;
- when significant differences emerge and there are no objective reasons to justify them, action is taken to reduce the gap.

The pay of female employees in managerial positions is 34% lower than that of male employees in managerial positions. Other male employees are paid 21% more than other female employees. The data were taken from the table below.

(All amounts are in thousands of euros unless otherwise stated)

Group

Managerial employees						Other employees					
Average number of employees			Average monthly salary, EUR			Average number of employees			Average monthly salary, EUR		
Total	*Women*	*Men*	**Total**	*Women*	*Men*	**Total**	*Women*	*Men*	**Total**	*Women*	*Men*
114	57	57	9063	7760	10366	1009	814	195	2562	2463	2969

The data were taken from the calculation of the average monthly salary of employees over a 12-month period. Figures are presented for the Group.

The ratio between the total annual remuneration of the highest paid individual and the median total annual remuneration of all employees (excluding the highest paid individual) is 16.5. This ratio is calculated by taking the average annual remuneration of the highest paid employee and dividing it by the median annual remuneration of all other employees.

Description of the methodologies and assumptions used in collecting data:

• The average number of employees is calculated using the chronological average formula (this requires 13 (thirteen) months of data);

• The average number of employees does not include employees on maternity leave or parental leave (maternity/paternity leave) and employees working in Latvia and Estonia.

• Data is provided for Šiaulių bankas AB, Life insurance company SB Draudimas UAB, SB Asset Management UAB. Information of the other Group companies is not provided, except for SB lizingas, because these companies are not centralized personnel management and accounting functions.

HEALTH AND SAFETY

S1-14

The **Procedure for Internal Control of Occupational Safety and Health Compliance**, which applies to the Group as a whole, governs the procedure for internal control of occupational safety and health. The purpose of the Procedure is to ensure preventive measures aimed at preserving workers' performance, health and life at work, which are applied or planned at all stages of the Group company's activities, in order to protect workers from occupational risks or to reduce them as far as possible.

The Bank has an Occupational Safety and Health Commission which regularly proposes and initiates initiatives related to occupational safety and health. In 2025, a new commission will be elected, which will operate in the following Group companies Šiaulių bankas AB, Life insurance company SB Draudimas UAB, SB Asset Management UAB and SB lizingas UAB.

The following actions are taken to create a safe working environment:

- **review and update instructions and procedures** (Procedure for Internal Control of Occupational Safety and Health Compliance, Rules on Medical Checks for Employees).
- **take care to ensure that employees are properly familiarised with internal documents** (occupational safety reminders: what to do in the heat, what to do in slippery conditions, the importance of staying hydrated. Lectures are also organised on topics such as exercise in the workplace, ergonomic workstations, etc. All this information is made available through the internal administrative information system and/or internal communication channels).
- ensure the provision of **safe and ergonomic workstations**.
- **organise health checks** for all employees, usually every 2 years, but if the medical practitioner specifies a different interval (e.g., after one year), the frequency specified by the medical practitioner will be followed).
- **carry out occupational risk assessments of workstations** (assessments are carried out annually, at different sites – depending on which units have been upgraded, which units/facilities are being added).
- **pay extra attention to civil protection** (employees are made aware of the Emergency Plan and what to do in such a situation. Responsible staff have been trained to ensure a smooth evacuation during an emergency).
- **maintain a regular dialogue with our employees** (the Good Afternoon, Teammates programmes, which focus on health promotion, current affairs, maintaining the psychological resilience of employees, etc.).
- **provide physical protection measures** (all customer service units and centres are equipped with panic buttons that trigger the arrival of a security team).

The Group focuses on more efficient processes and task prioritisation in order to reduce the stress experienced by employees at work, contribute to their health and safety and create a better working environment. Although the number of employees has steadily increased in recent years, workload remains a major issue, especially in functions where processes are not streamlined or automated. The available tools do not match the needs, which means that efficiency and productivity are not ensured. The functions performed therefore require manual labour and additional resources to keep the Group running.

Metrics

- Group employees covered by compulsory health insurance (%) – **100 per cent**
- Number of fatalities as a result of work-related injuries and work-related ill health – **0**
- Number of recordable work-related accidents – **0**

- Percentage of recordable work-related accidents – **0 per cent**
- Number of cases of recordable work-related ill health (subject to legal restrictions on the collection of data) – **0**
- Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health – **0 working days**

Description of the methodologies and assumptions used in collecting data:

- All employees of the Group who have a valid employment contract automatically receive mandatory health insurance, the obligation is in accordance with the national labor law of the Republic of Lithuania.
- Mandatorily insured employees are disclosed by assessing the number of employees (headcount).
- Accidents at work, Accidents on the way to/from work in the Group are investigated in accordance with the procedure established by the "Regulations on the Investigation and Accounting of Accidents at Work" approved by the Government of the Republic of Lithuania.
- Accident at work - an event at work, including a traffic accident, while performing work functions or being at the workplace, due to which an employee suffers damage to health and loses his/her ability to work for at least one day or due to which an employee dies, investigated in accordance with the established procedure and recognized as an accident at work.
- Occupational disease – an acute or chronic health disorder of an employee caused by one or more harmful and (or) dangerous factors of the working environment, recognized as an occupational disease in accordance with the established procedure.
- Data of the following Group companies are provided: Šiaulių bankas AB, Life insurance company SB Draudimas UAB, SB Asset Management UAB, SB Lizingas UAB, SB Turto Fondas UAB.

CONSUMERS AND END-USERS

In this section, we outline the Group's commitments and actions related to sustainability principles that have material impacts on our consumers and end-users. We strive to ensure that our operations and value chain are transparent and accountable, taking into account the impact we have through our services and business relationships. Our aim is to manage the risks and opportunities associated with our activities in order to avoid, mitigate or remedy adverse impacts on consumers and end-users. We therefore constantly monitor and assess our actions to ensure the highest responsibility standards.

We aim to provide convenient, affordable and accessible services on a national scale, regardless of where our clients live or their digital skills. Access to services is one of the key principles of banking service delivery and development, which ensures the achievement of poverty reduction and economic wealth creation. Accessibility means that a wide range of the country's population and businesses have access to services and products in a way that is available to them – by visiting a physical bank branch and/or by choosing to receive services through digital means.

We are committed to providing top-quality services to both retail and corporate clients. We strive to be a Bank that not only meets but exceeds its clients' expectations by providing personalised and integrated financial services. Our goal is to ensure that every client, regardless of their financial situation or the size of their business, receives personalised attention and solutions tailored to their specific needs.

In line with these objectives, we have renewed the **Group's strategic direction, focusing on clients**:

- we have introduced customer-centric processes;
- a new digitalisation and technology platform that will help ensure compliance with existing standards and enable future services to evolve faster and adapt to changing market needs.

Types of consumers and end-users

When we define consumers and end-users, we refer to our clients who benefit directly from our Group's products and services. Clients have direct contact with our Group, and carry out various transactions such as opening accounts, taking out loans, using investment products or other services of the Group. Our clients are personal account holders, companies with corporate accounts, or individuals with personal loans or investment products. Accurate and accessible information on products or services is essential for these clients.

Our main objective is to ensure that our direct beneficiaries receive top-quality services, so we strive to create exceptional value and meet their diverse needs by providing accurate and accessible information relating to products or services. We are consistently improving our communication channels and the way we present information.

No specific client groups are identified as being more vulnerable to particular risks or impacts. However, the Bank assesses its clients based on different risk groups (for Money Laundering and Terrorist Financing (ML/TF) and Sanctions) from low to very high. The client risk assessment consists of client risk, geographic risk or product risk attributes, which decide which client risk group a consumer belongs to, in accordance with the **Know-Your-Client and Appropriateness Assessment Procedure** and the Annexes to the Procedure. Fraud risk groups are not differentiated, and assessment is carried out for all consumer groups in the same way, in accordance with the **Fraud Prevention and Investigation Procedure** and the Annexes to the Procedure.

Essentially the same assessments are carried out by Life insurance company SB Draudimas UAB and SB Asset Management UAB but separate Know-Your-Client and appropriateness assessment procedures, approved at company level, are followed.

POLICIES, ACTIONS AND TARGETS

S4-1, S4-4, S4-5

The company does not currently have a single policy that identifies, assesses, manages and/or remedies its significant impacts on consumers and/or end-users and addresses all material risks or opportunities related to them. However, there are certain internal documents that cover specific topics relating to clients, their relationships and their rights and obligations.

For example, the principles set out in the **Code of Ethics**, which is described in detail in the *Governance* section (page 256), also apply to our clients. It incorporates fundamental human rights standards that oblige equal treatment of all, including clients, regardless of their nationality, race, social status, religion, age or other discriminatory grounds. We are committed to fostering relationships with our clients based on mutual respect and tolerance.

The **Privacy Policy** is also relevant, as it sets out all the rights of data subjects under the GDPR.

One of the main indicators that is monitored is the **NPS – the Net Promoter Score**. It comes from the **Customer Experience Surveys** (see the next section on this topic, i.e., *Engagement*). This indicator shows the satisfaction and loyalty of retail and corporate clients, i.e., the extent to which clients would be willing to recommend the services or products offered by the Group. The target for the NPS is among the Bank Group's main objectives, i.e., **to reach 83% by 2025**. In 2024, the Bank Group's overall NPS was 81%. The Group has not set any other objectives at this time. To measure the Bank Group's objective, the NPS is derived from a one-off telephone survey of retail and corporate (if any) clients of the following companies: Šiaulių Bankas AB, Life insurance company SB Draudimas UAB, SB Asset Management UAB and SB Lizingas UAB.

Privacy Policy

The purpose of the Policy. The Policy contains all information related to the processing of personal data, the purpose and legal basis for the Group's processing of clients' personal data, information retention periods, data security, the rights of the individual with regard to the processing of his/her personal data and other information.

Content of the Policy. This document lists the categories of personal data processed and the list of external data. The Policy also sets out the rights of the person whose data are processed in accordance with this document, such as the right to access the data being processed, request the rectification of data or restrict the processing of data, withdraw the consent to the processing of data, e.g., for direct marketing.

Scope of the Policy. The Policy applies to all current, prospective and/or former clients of the Group or persons related to them.

Responsibility for implementing the Policy. The Bank's Management Board is the highest level in the company responsible for implementing the Policy.

References to third-party standards. GDPR and other data protection legislation.

Assessing stakeholder interests. This Policy has been developed taking into account the interests of stakeholders. Each time documents are revised the aim is to ensure that the Policy meets the expectations and requirements of all stakeholders.

Accessibility of the Policy. The Policy is publicly available to all stakeholders on the Bank's website.

Reports of misconduct and breaches of the law. Data subjects can exercise their rights, such as the right to access the data being processed, rectify inaccurate or incomplete personal data, delete personal data that are excessive or unlawfully processed (right to be forgotten), object to the processing of personal data concerning the data subjects by the companies where the processing is carried out on the basis of legitimate interest, file a complaint with the State Data Protection Inspectorate, as set out in the Policy, by visiting the nearest customer service unit, by sending a request by registered mail to the address of the registered office, by e-mail (contact details are indicated in the document) or by sending a request through the Internet Bank. The document describes the process and deadlines for handling requests.

There is also a special **privacy notice** for clients of Group companies, which is made public. It explains in detail the legal basis for marketing and sales, how personal data are processed and all other relevant issues.

Information on the **possibility to file a complaint** is publicly available on the Bank's website.

Clients may file complaints through the channels set out in the *Governance* section (page 258). The complaints are dealt with by the Customer Experience Management Department. Depending on the content of the complaint, the responsible staff or other relevant persons are contacted to address as soon as possible the deficiencies in the processes or products complained about by clients. This process helps to improve the services and products provided to clients. Employees also have the opportunity to submit customer experience improvement initiatives through the internal "Idea Bank". The Customer Experience Management Department submits an annual report to the Bank of Lithuania indicating the actions taken and planned by the Bank to address performance deficiencies and risk management based on complaints. The responsible units are sent the logs of the previous year's complaints and asked to indicate what has been done and what is planned to be done to reduce the number of such complaints or disputes, taking into account the content of the complaints or disputes. A complaints indicator is produced each month and forwarded to the Operational Risk Division (ORD), so no separate operational risk events are recorded for complaints received.

However, complaints related to critical ICT (information and communication technology) incidents, product or service errors are recorded in the OR Event Register and forwarded to the ORD for management, which, in accordance with the **Operational Risk Management Procedure** and the **Operational Risk Event Management Procedure**, controls the elimination of the recorded OR events, analyses and systematises the recorded events, and proposes preventive measures. The Operational Risk Management Procedure applies to the Group as a whole, but Group companies have prepared and approved their own internal regulations governing OR management in the respective Group company, which must be consistent with the Bank's Operational Risk Management Procedure. The Bank's Operational Risk Event Management Procedure sets out the basic principles of OR event management, which guide the recording of OR events and the administration of recorded OR events – analysis and assessment, remediation, loss recovery, control and other actions, and the events themselves may involve both employees and clients. Once an event has been registered, the main objective is to eliminate or remedy the negative impact on the client. The owner of an OR event is responsible for taking action to remedy the OR event and/or implementing preventive measures to reduce the number of such events, monitoring the effectiveness of those measures and assessing material opportunities.

Other internal documents:

- **Šiaulių Bankas AB Procedure for Monitoring Monetary Transactions of Clients** (the purpose of this procedure is to manage the ML/TF risk in the most optimal manner to the extent required by the laws on the prevention of money laundering and terrorist financing (AML/CTF)).
- **Šiaulių Bankas AB Fraud Prevention and Investigation Procedure** (fraud prevention in the Bank is carried out in accordance with this procedure. The Bank uses advanced fraud prevention tools such as the ThreatMetrix system. This process is described in the ThreatMetrix Fraud Prevention Rules. The purpose of this tool is to reduce the losses that the Bank's clients suffer due to fraud).
- **Life insurance company SB Draudimas UAB Money Laundering and Terrorist Financing Risk Management Procedure** (the purpose of this procedure is to manage the ML/TF risk in the most optimal manner to the extent required by the AML/CTF legislation).
- **Life insurance company SB Draudimas UAB Procedure for the Supervision and Management of Insurance Products** (this procedure establishes effective processes and procedures to ensure that adequate consideration is given to, *inter alia*, the objectives, interests and characteristics of clients, including any sustainability-related objectives, in the development and approval of the company's products, and throughout their lifecycle).

- **Life insurance company SB Draudimas UAB Conflicts of Interest Management Procedure** (this procedure establishes effective processes and procedures to prevent conflicts of interest, to identify and manage potential conflicts of interest in order to avoid any adverse impact on the interests of clients (policyholders, insured persons, beneficiaries), and, in the event of a conflict of interest, to ensure that the company acts in a manner that is in the best interests of its clients (policyholders, insured persons, beneficiaries)).
- **SB Asset Management UAB Procedure for the Monitoring of Client Transactions and Business Relationships** (establishes key criteria for identifying transactions that may give rise to money laundering and terrorist financing risk and sanctions risk).
- **SB Asset Management UAB Procedure for the Prevention of Money Laundering and Terrorist Financing** (the purpose of this procedure is to manage the ML/TF risk in the most optimal manner to the extent required by the AML/CTF legislation).
- **SB Asset Management UAB Requirements for Incentive Arrangements and Procedure for Avoiding Conflicts of Interest** (these procedures set out the arrangements relating to incentives received and provided by the company and define how potential conflicts of interest can be avoided or, if they arise, how to mitigate their negative impact on clients' interests).
- **SB Asset Management UAB Investment Decision Execution Policy** (this document provides that the provision of services to clients must always be in the best interests of the client and/or the collective investment undertaking and must be carried out in a fair, equitable and professional manner).

We are constantly striving to ensure high quality and security of services for our consumers and end-users. When we develop new products or change existing ones, we always assess their risks and compliance with existing legislation. This compulsory procedure is carried out by the legal division.

In 2024, the following client-focused actions were implemented:

- In 2024, the **DORA Implementation** project was launched to strengthen the resilience of digital operations to cyber threats and major disruptions.
- **Training for all employees on the General Data Protection Regulation** (GDPR). All Group employees have received training on the GDPR to ensure they understand and comply with data protection requirements.
- **Training on data quality and governance.** All employees received training on the importance of data quality and governance to ensure that client data are accurate and reliable.
- **New functionality in the Internet Bank.** In 2024, new functionality was introduced in the Internet Bank to help keep clients' contact details up to date. This ensures that the Bank always has up-to-date information about its clients.
- **Regular review and updating of procedures.** The Bank regularly reviews and updates its procedures relating to clients' personal data in order to maintain compliance with the law and other regulatory requirements.
- **Informing clients about the processing of personal data.** The Bank informs its clients about the processing of their personal data through a publicly available Privacy Policy, which is available on the Bank's website. Clients can also get a printed copy of the document free of charge. Clients are informed when changes occur.
- **Improving the customer experience in digital channels.** In 2024, the customer experience of becoming a client of the Bank through the digital channel was improved. The Bank has dedicated human resources to monitor the process and provide support to help clients successfully complete the registration process.
- Following the acquisition of SB Asset Management UAB and the expansion of the Group's range of services, **the focus is on quality and accessibility of services**.
- **Client education on financial fraud and financial literacy.** The Bank has consistently taken steps to educate its clients on financial fraud and financial literacy in order to raise their awareness and protect them from potential threats.

These actions help to ensure that the Bank effectively manages risks and seizes material opportunities relating to consumers and end-users, as well as ensures high quality and security of services.

ENGAGEMENT

S4-2, S4-3

We engage with our clients in different ways and at different stages, depending on the purpose of the engagement.

To ensure an improved customer experience, accessibility of service channels and impeccable customer service:

- We conduct surveys to measure customer experience:
- the **mystery shopper survey** assesses the quality of customer service in the branches of Šiaulių Bankas AB, SB Lizingas UAB and the Remote Call Centre. The quarterly survey assesses the current situation and identifies areas for improvement. The survey data are used as a basis for the annual training of customer service managers in the Bank.
- **Customer experience surveys** are carried out with the help of external research companies. The survey is followed by an evaluation of the results, comments and insights received from clients. Clients' comments can be used to identify strengths and weaknesses in products, service and processes. Where areas for improvement are identified, they are discussed and communicated to the responsible units in an agreed format. Solutions are sought to improve the customer experience.
- In 2024, the automated customer surveys (Synopticom) via e-mail were complemented by a new module on customer experience with the Internet Bank. The survey on the Bank Account product has also been extended to include corporate clients. These surveys also measure NPS and other indicators and assess the various touch points related to a given product, service and/or process. This allows us to continuously monitor the customer experience, track changes in

performance and responding more quickly to challenges encountered or expectations expressed by clients. Clients also leave comments in these surveys, which allow us to pinpoint areas for improvement.

- We communicate with our clients through a variety of channels to provide them with relevant and accurate information:
    - websites of Group companies;
    - communication through social channels;
    - direct communication.
- We organise events for our clients (main events in 2024):
- *Lithuanian Investment Index*, 19/02/2024 During the remote session, Vaidotas Rūkas, Head of SB Asset Management UAB, talked about the Lithuanian Investment Index (172 views).
- *Macroeconomic outlook for Lithuania. When are we going to switch up a gear?* 09/05/2024 Indrė Genytė-Pikčienė, Chief Economist of Šiaulių Bankas AB, reviewed macroeconomic trends (2.6 thousand views).
- Indrė Genytė-Pikčienė, Chief Economist of Šiaulių Bankas AB, presented the outlook for the Lithuanian and global economy, 09/10/2024 (770 views).
- *The importance of saving for the future and what you need to know about the changes to the PIT relief*, 16/10/2024: Dr. Dalia Kolmatsui, Head of Retail Client Services at Šiaulių Bankas AB, had a discussion with Mr. Tomas Bučys, Head of the Employer Loyalty Programme Team (1 thousand views).
- In 2024, Šiaulių Bankas AB also periodically presented its results to investors (once a quarter), and on 01/10/2024 changes to the dividend policy were presented.

In addition, we also carry out the aforementioned client risk assessments when necessary and in the event of a suspension of a payment transaction by a client, we inform the client about the situation through different channels in accordance with the internal procedures and processes set out therein. The quality and efficiency of the processes are regularly assessed by the AML Compliance Department to ensure compliance with the legal requirements and the continued effectiveness of the work in the Financial Crime Prevention Department.

Communication channels

All clients have access to the communication channels described in the *Governance* section (page 258), which are relevant not only to the own workforce but also more. As well as the mechanisms mentioned earlier in this section.

GOVERNANCE INFORMATION

This part of the statement focuses on business ethics and organisational culture, including anti-corruption, anti-bribery, whistleblower protection and supplier relationship management. Responsible practices and transparency cover a wide range of aspects: ethical behaviour of employees, risk assessment and management, and sustainable business practices. The Group is committed to becoming an organisation that operates responsibly and ethically at all levels, contributing to long-term value creation and responsible business practices.

The Group undertakes various actions and initiatives to achieve these objectives. Particular emphasis is placed on responsible risk management, including comprehensive identification, assessment and management of risks. Anti-money laundering measures are implemented to ensure legal compliance and transparency.

The Group integrates whistleblowing mechanisms that allow employees and stakeholders to report potential breaches in a secure and confidential manner. Project risk assessment ensures that all projects are carried out in a responsible manner, taking into account potential risks. The restructuring of the loan portfolio ensures sustainability and compliance with responsible lending principles. Training on responsible and ethical practices is provided to ensure that all employees adhere to the highest ethical standards.

By establishing principles of conduct with employees, clients, business partners, regulatory and governmental authorities and other stakeholders, the Group aims to build strong, long-term relationships, ensure a transparent business environment, and promote high ethical standards and a culture of integrity. This approach helps us to better understand operational risks, comply with legal requirements and internal rules, and better meet the expectations of our employees, shareholders, business partners and clients.

POLICIES

G1-1

The Group has adopted two main policies on this topic: The **Code of Ethics** (hereinafter referred to as the Code) and **Policy on the Prevention of Corruption and Unacceptable Conduct**, which apply to Šiaulių Bankas AB and its subsidiaries, i.e., all employees of the Bank and the Group companies.

These two policies and any amendments thereto are approved by the Bank's Supervisory Council.

Code of Ethics

The purpose of the policy. The Group strives to ensure the highest standards of business ethics and responsible conduct through policies that help to prevent, mitigate and remedy actual and potential negative impacts, manage risks and seize opportunities. This policy covers key sustainability issues related to the Group's activities.

Main content of the policy. The policy outlines key principles such as responsibility, professionalism, customer centricity, protection of personal data and confidential information, zero tolerance of corruption and bribery, transparent provision and acceptance of gifts, entertainment or services, fair competition, avoidance of conflicts of interest, equality and non-discrimination, open and transparent communication, and reporting of improper conduct and breaches of legislation. The purpose of this document is to ensure that all employees of the Group adhere to the highest ethical standards, including anti-corruption, anti-bribery, whistleblower protection and supplier relationship management.

Scope of the policy. The policy applies to all areas of the Group's operations, including upstream and downstream value chain, and to all geographical areas in which the Group operates. It also includes all stakeholders, including employees, clients, suppliers and communities – business partners and other stakeholders can report any actual or potential breaches of the law and/or the Code through a publicly accessible communication channel.

Responsibility for implementing the policy. The Bank's Management board is the highest level in the Group responsible for implementing the policy. The Compliance Department conducts a review of the Code of Ethics once a year, and the Code and its amendments are approved by the Bank's Supervisory Council. The responsible employees of the Bank's Compliance Department (in Group companies, the employee(s) in charge of compliance) test knowledge of individual areas and summarise the results as part of the monitoring of compliance with the Code. The Bank's Internal Audit Division assesses the results of compliance with the Code and makes recommendations to the Bank and Group companies.

References to third-party standards. The principles of transparency enshrined in the Code are in line with the standards of the United Nations Convention against Corruption.

Assessing stakeholder interests. This policy has been developed taking into account the interests of stakeholders. Each time the Code is revised, the aim is to ensure that the policy meets the expectations and requirements of all stakeholders.

Accessibility of the policy. The Group ensures that the policy is easily accessible to all stakeholders who may be affected and those who contribute to its implementation. The policy is publicly available and accessible to all stakeholders. Employees must familiarise themselves with the Code through the Bank's Administrative Information System (AIS) or in any other manner specified in the internal documents of the Bank and the Group companies. Managers of the Group companies are responsible for ensuring that their subordinates are familiar with the Code, and compliance with the Code is discussed during performance reviews.

Reports of misconduct and breaches of the law. Employees can report breaches to their immediate supervisor, senior manager of the unit or the Chief Compliance Officer (in Group companies, the employee in charge of compliance) or use the other means of reporting listed below.

Policy on the Prevention of Corruption and Unacceptable Conduct

The purpose of the Policy. Through this policy, the Group aims to ensure the highest standards of transparency and responsible conduct to prevent, mitigate and remedy corruption and unacceptable conduct, manage risks and seize opportunities. This policy aims to establish a uniform management system that is consistent with good practices to ensure fair and equitable treatment of clients, objective and impartial decision-making, an environment that is not conducive to corruption and unacceptable conduct, to increase confidence in the Group's business and to promote responsible business conduct.

Main content of the Policy. The Policy outlines key principles such as fair and transparent procurement and zero tolerance for corruption. These principles are essential to ensure that the Group's activities are conducted in a responsible and transparent manner. The principle of zero tolerance for corruption applies to all relations, both public and private, including relations with foreign public officials. Fair and transparent procurement provisions ensure that all procurement is carried out in a transparent and fair manner in accordance with established procedures and requirements.

Scope of the Policy. The policy is applied to the entire Group. Although the Policy does not directly apply to partners, beneficiaries and suppliers, they are expected to comply with similar provisions. If they are found to be in breach of these provisions, the Group must promptly assess the criticality of the breach, the potential negative impact on the Groups interests and values and decide on further cooperation.

Responsibility for implementing the Policy. The Bank's Management Board is responsible for the implementation of this Policy, including the approval of measures to prevent corruption and to identify, assess, effectively manage and mitigate or prevent unacceptable conduct and the oversight of their application. It is the responsibility of the Compliance Department or the unit/employee in charge of anti-corruption to regularly analyse the risks of corruption and unacceptable behaviour and internal controls and report to the Bank's Management Board and managers of the Group companies indicating what organisational or technical measures have been or should be taken to address the identified weaknesses.

References to third-party standards. The Policy is based on international and national legislation to ensure responsible practices and the prevention of corruption.

Assessing stakeholder interests. This policy has been developed taking into account the interests of stakeholders. Each time the policy is revised, the aim is to ensure that the policy meets the expectations and requirements of all stakeholders.

Accessibility of the Policy. This Policy is a publicly available document and is binding on all employees of the Group. It is the responsibility of every employee to comply with the Policy on a daily basis, to ensure proper communication and to model appropriate behaviour.

Reporting misconduct and breaches. If a breach of the Policy is identified, immediate disciplinary action is taken, including, but not limited to, suspension from duties or functions, removal from post, dismissal or termination of contract. If a breach of the Policy is found to constitute a criminal offence, it is reported to the competent authorities.

Related actions. The Policy provides that the Compliance Department analyses the corruption and/or misconduct risks, the internal control measures and their effectiveness. The Compliance Department plans to carry out this analysis in the Bank in 2025.

In addition to these fundamental governance policies, the Group also has **a number of internal policies and procedures** that govern relevant areas and set out certain responsibilities and standards of conduct for employees:

- **Compliance Policy of Šiaulių Bankas Group** (governs the principles of compliance risk management, the standards for the organisation of the process and ensures that the Group's activities comply with the requirements of regulatory legislation and standards of conduct).
- **Procedure for Investigation of Particularly Significant Operational Risk Events** (designed to ensure the transparent and efficient operation of the Bank and the effective implementation and administration of the preventive and control measures envisaged).
- **Šiaulių bankas Group Conflict of Interest Avoidance and Management Policy** (is applied to the entire Group, establishes measures for identifying, preventing and managing conflicts of interest, as well as the rights, duties and responsibilities of the Group's Collegiate Bodies and employees).
- **Conflicts of Interest Management Procedure** (establishes measures for the identification, prevention and management of conflicts of interest, as well as the rights and duties and responsibilities of the Bank's collegial bodies and the Bank's employees).
- **Policy for the Assessment of Managers** (establishes principles and processes for assessing the suitability of managers for their duties).
- **Procedure for Ensuring Confidentiality and Disclosing Inside Information** (regulates the procedure for delayed disclosure and disclosure of Inside Information at the disposal of Šiaulių Bankas AB to the Bank of Lithuania and the general public, ensuring confidentiality of the aforementioned information, actions and liability of employees of the Group companies and the respective persons discharging managerial responsibilities and persons closely associated with them in relation to (non-)disclosure, (non-)use of Inside Information and maintaining its confidentiality).

PREVENTION OF CORRUPTION AND BRIBERY

G1-3, G1-4

Reports of misconduct and breaches and the processes for analysing them

Although the reporting channels vary across the Group, the mechanisms and guiding principles for ensuring whistleblower protection are the same. Any observed or suspected non-compliance with the Policy may be reported confidentially or anonymously by employees to the Group company through an internal confidential channel for whistleblowers. The Bank's clients, partners and other stakeholders can report any actual or potential breaches of the Policy through a publicly accessible channel on the Bank's website.

The channel for reporting to the Chief Compliance Officer and the Director of Compliance Department is designed to report any criminal offences, administrative offences or potentially illegal acts by employees of the Bank Group (including managers), such as theft of property of the Group, its clients, partners, employees, fraud, abuse of office, conflicts of interest, discrimination, suspected breach of the provisions of the Code of Ethics or non-compliance with the requirements of the legislation governing the Group's activities, etc. The Bank's Chief Compliance Officer and the Director of Compliance Department are responsible for administering this channel.

The channel for reporting to the Chairperson of the Bank's Nomination Committee allows for confidential (and, if desired, anonymous) reporting of any breach or suspected breach by an individual member of a Bank body or a small group of members that may be prejudicial to the interests of the Bank. All reports are confidential and, if the whistleblower so wishes, anonymous. All new Šiaulių bankas AB, Life insurance company SB Draudimas UAB, SB Asset Management UAB and SB Lizingas UAB companies employees are made aware of these reporting channels in their induction training.

The Group implements the Law on the Protection of Whistleblowers of the Republic of Lithuania. The mechanisms for the protection of whistleblowers set out in the Law are approved in the Group's internal documents and procedures.

The Head of Compliance and the Compliance Officer are the officers who receive whistleblowing reports addressed to SB Asset Management UAB and Life insurance company SB Draudimas UAB, both internally and through externally accessible channels (which are shared within the Group).

The procedure and process of investigation of reports received through the reporting channel is regulated by the internal document of Šiaulių Bankas Procedure for Investigation of Particularly Significant Operational Risk Events, which ensures that incidents are dealt with promptly, independently and objectively. The independence of the employees carrying out the investigation is also ensured by internal documents – the Compliance Policy and the Compliance Procedure, which provide for this. These documents apply to the entire Group. The results of investigations are regularly presented to the Bank's Management Board and particularly significant cases of non-compliance or increased risk are escalated to the Risk Committee or the Supervisory Council.

The results of investigations carried out at SB Asset Management UAB, Life insurance company SB Draudimas UAB and SB Lizingas UAB are presented to the Management Boards of these companies, with prior information to the Chief Compliance Officer of the Group. These companies have established processes and procedures that set out which departments and functions are informed as appropriate within their internal structures.

Positions with the highest risk of corruption and bribery

There are no specifically identified roles within the Group that pose the greatest risk of corruption and bribery. Compliance with the requirements set out in the above policies is mandatory for every employee, and the head of each unit ensures that the established standards of conduct are met within his/her unit. However, we recognise that certain functions and activities may be more susceptible to these risks. Particular attention is therefore paid to those in management, procurement and supply chain management, financial management, project management, legal, compliance and other positions, the nature of which may increase these risks. Employees in these areas are encouraged to adhere to the highest ethical standards and to ensure that the Group's activities are carried out in a responsible and transparent manner.

Training

In early 2024, mandatory online training was made available **to all Group employees** (including heads of units), which included information on the Code of Ethics, the Policy on the Prevention of Unacceptable Conduct and Corruption and the Procedure for Accepting and Giving Gifts. The training is followed by a knowledge test. Employees must attend training and take the test – if they fail to do so, regular reminders are sent by e-mail. The training is repeated every year.

In addition, Šiaulių Bankas AB, Life insurance company SB Draudimas UAB and SB Asset Management UAB have been running an Induction Programme for New Employees since 2023, which introduces the Group and its operations. One of the videos is on Compliance Assurance, presenting information on personal data protection, anti-money laundering, ethics, etc.

In addition, Life insurance company SB Draudimas UAB also runs a separate programme for new employees, during which business ethics topics and their implementation principles and current issues in the company are presented. Training is organised on an as-needed basis, i.e., when a group of around 10 new employees is formed.

SB Lizingas UAB does not have an induction programme for new employees, but mandatory training for all employees (including training on anti-corruption) is available on the internal portal of Šiaulių Bankas AB.

Incidents of corruption or bribery

As part of our commitment to transparency and ethical business practices, we provide the following information on incidents of corruption or bribery during the reporting period. No such incidents were identified in the 2024 period.

In order to uphold the highest standards of integrity and transparency, we will continue to improve our anti-corruption measures and ensure strict compliance with all relevant regulations. In 2025, we intend to carry out an analysis of corruption and/or misconduct risks, internal controls and their effectiveness.

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

G1-2

The Group places great emphasis on environmental requirements, social responsibility, occupational safety and health, business ethics and governance. While continuously improving our operations and raising our standards above those set in the regulatory environment, we expect suppliers and sub-suppliers with whom we work in the area of procurement to meet similar commitments and standards.

The Group's approach to relationships with suppliers is based on the expectations set out in the Policy on the Prevention of Corruption and Unacceptable Conduct, which requires suppliers to comply with the ESG requirements. In the event of non-compliance, the situation is assessed and the right to terminate cooperation is reserved. In order to maintain responsible and transparent relationships with its suppliers, the Group actively monitors and evaluates its suppliers to ensure that they comply with ethical standards and legal requirements. This proactive approach helps to mitigate risks and ensure that the operations of the Group companies remain sustainable and responsible.

The Supplier Code of Conduct approved by the Management Board of the Bank reflects the Group's commitment to strengthening sustainable cooperation with suppliers. The document sets out the minimum commitments and standards of business conduct and ethics that the Group expects from its suppliers. approved by the Management Board of the Bank reflects the Group's commitment to strengthening sustainable cooperation with suppliers. The document sets out the minimum commitments and standards of business conduct and ethics that the Group expects from its suppliers.

Supplier Code of Conduct

<u>The purpose of the policy.</u> The Supplier Code of Conduct of Šiaulių Bankas and Group companies aims to ensure that suppliers adhere to the highest environmental, social responsibility, occupational safety and health, business ethics and corporate governance standards.

<u>Main content of the policy.</u> The Code sets out minimum standards of conduct and ethics for suppliers, including environmental requirements, protection of human rights, promotion of workforce diversity, anti-discrimination, anti-harassment and anti-violence, and responsible business principles.

<u>Scope of the policy.</u> The policy applies to all suppliers and sub-suppliers with whom Group companies cooperate in procurement.

<u>Responsibility for implementing the policy.</u> The implementation of the policy is the responsibility of suppliers, who must ensure that their activities comply with the requirements set out in the Code. The Group monitors and assesses the activities of suppliers.

<u>References to third-party standards.</u> The Code is based on the principles of the UN Universal Declaration of Human Rights and the UN Global Compact, as well as EU and national environmental legislation.

<u>Assessing stakeholder interests.</u> The Group assesses suppliers' commitments and actions to ensure that they meet stakeholders' expectations for responsible and sustainable operations.

<u>Accessibility of the policy.</u> The Code is publicly available on the Bank's website.

<u>Reports of misconduct and breaches of the law.</u> Suppliers are obliged to report cases of non-compliance with the principles of the Code or potential risks. Stakeholders can also report observed breaches through the reporting channel on the Bank's website.

Supplier due diligence process

The Group currently carries out a supplier due diligence process to identify, assess and manage potential or actual negative impacts on society and the environment arising from the activities of its major suppliers. This process involves analysing the information provided by suppliers and taking additional steps to ensure a responsible supply chain.

<u>Due diligence process:</u>

1. <u>Questionnaire.</u> Major suppliers are asked to complete a due diligence questionnaire, which is used to assess the supplier's impacts and the measures in place to mitigate ESG risks. The ESG questionnaire consists of qualitative and quantitative questions. The ESG questionnaire covers all three elements: environmental, social and governance risks.
2. <u>Analysis of the answers.</u> The potential impacts are assessed in the light of the information provided by suppliers. The questionnaire is aligned with the key provisions of the Group's Supplier Code of Conduct and Ethics, which is in line with the company's strategic objectives and values.
3. <u>Requesting additional documents.</u> If the answers to the questionnaire are not sufficient to assess the risk, additional documents or evidence may be requested.

The Group regularly reviews the effectiveness of supplier risk management and carries out additional checks in the event of significant changes. While the process is currently focused on the largest suppliers, in the longer term the Group plans to review the scope of the screening and refine the process where possible to ensure comprehensive impact management.

(All amounts are in thousands of euros unless otherwise stated)

ADDITIONAL INFORMATION

ANNEX 1. LIST OF DISCLOSURE REQUIREMENTS

IRO-2

	ESRS reference	Disclosure requirement	Page number in the statement
ESRS 2 General disclosures	BP-1	General basis for preparation of sustainability statements	192
	BP-2	Disclosures in relation to specific circumstances	192
	GOV-1	The role of the administrative, management and supervisory bodies	194
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	194
	GOV-3	Integration of sustainability-related performance in incentive schemes	197
	GOV-4	Statement on due diligence	197
	GOV-5	Risk management and internal controls over sustainability reporting	197
	SBM-1	Strategy, business model and value chain	199
	SBM-2	Interests and views of stakeholders	201
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	203
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	203, 209
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	203, 265
E1 Climate change	E1.GOV-3	Integration of sustainability-related performance in incentive schemes	197
	E1-1	Transition plan for climate change mitigation	232
	E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	203, 232
	E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	203, 209
	E1-2	Policies related to climate change mitigation and adaptation	236
	E1-3	Actions and resources in relation to climate change policies	236
	E1-4	Targets related to climate change mitigation and adaptation	236
	E1-5	Energy consumption and mix	238
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	239
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not material
	E1-8	Internal carbon pricing	Not material
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	242
		E2 Pollution	Not material
		E3 Water and marine resources	Not material
		E4 Biodiversity and ecosystems	Not material
		E5 Resource use and circular economy	Not material
S1 Own workforce	S1.SBM-2	Interests and views of stakeholders	201
	S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	203, 232
	S1-1	Policies related to own workforce	244
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	245
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	245
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	244
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	244
	S1-6	Characteristics of the undertaking's employees	243
	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	243
	S1-8	Collective bargaining coverage and social dialogue	245
	S1-9	Diversity metrics	Not material
	S1-10	Adequate wages	249
	S1-11	Social protection	Not material
	S1-12	Persons with disabilities	Not material
	S1-13	Training and skills development metrics	247
	S1-14	Health and safety metrics	250
	S1-15	Work-life balance metrics	Not material

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	S1-16	Compensation metrics (pay gap and total compensation)	249
	S1-17	Incidents, complaints and severe human rights impacts	245
		S2 Workers in the value chain	Not material
		S3 Affected communities	Not material
S4 Consumers and end-users	S4.SBM-2	Interests and views of stakeholders	201
	S4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	203
	S4-1	Policies related to consumers and end-users	252
	S4-2	Processes for engaging with consumers and end-users about impacts	254
	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	254
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	252
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	252
G1 Business conduct	G1.GOV-1	The role of the administrative, supervisory and management bodies	194
	G1.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	203, 209
	G1-1	Corporate culture and business conduct policies	256
	G1-2	Management of relationships with suppliers	259
	G1-3	Prevention and detection of corruption and bribery	258
	G1-4	Confirmed incidents of corruption or bribery	258
	G1-5	Political influence and lobbying activities	Not material
	G1-6	Payment practices	Not material

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ANNEX 2. LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

This appendix is an integral part of the ESRS 2. The table below illustrates the datapoints in ESRS 2 and topical ESRS that derive from other EU legislation and which pages of this statement contain related information.

Disclosure requirement and related datapoint	ESRS reference	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Disclosed in the statement (page No.)
ESRS 2 GOV-1 Board's gender diversity	paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		194
ESRS 2 GOV-1 Percentage of board members who are independent	paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		194
ESRS 2 GOV-4 Statement on due diligence	paragraph 30	Indicator number 10 of Table #3 of Annex 1				197
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities	paragraph 40 (d) i	paragraph 40 (d) i	Article 449a Regulation (EU) No 575/2013 Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production	paragraph 40 (d) ii	Indicator number 9 of Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons	paragraph 40 (d) iii	Indicator number 14 of Table #1 of Annex 1		Article 12(1) Delegated Regulation (EU) 2020/1818; Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco	paragraph 40 (d) iv			Article 12(1) Delegated Regulation (EU) 2020/1818; Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050	paragraph 14				Article 2(1) Regulation (EU) 2021/1119	232
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks	paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book. Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Article 12(1)(d) to (g) and Article 12(2) of Delegated Regulation (EU) 2020/1818		232
ESRS E1-4 GHG emission reduction targets	paragraph 34	Indicator number 4 of Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book. Indicators of potential climate Change transition risk: Alignment metrics	Article 6 Delegated Regulation (EU) 2020/1818		236
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	paragraph 38	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex 1				Not material
E1-5 Energy consumption and mix	paragraph 37	Indicator number 5 of Table #1 of Annex 1				238
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors	paragraphs 40 to 43	Indicator number 6 of Table #1 of Annex 1				Not material
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions	paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book. Indicators of potential climate Change transition risk: Credit quality of exposures by sector,	Articles 5(1), 6 and 8(1) Delegated Regulation (EU) 2020/1818		239

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			emissions and residual maturity			
ESRS E1-6 Gross GHG emissions intensity	paragraphs 53 to 55	Indicator number 3 of Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book. Indicators of potential climate Change transition risk: Alignment metrics	Article 8(1) Delegated Regulation (EU) 2020/1818		240
ESRS E1-7 GHG removals and carbon credits	paragraph 56				Article 2(1) Regulation (EU) 2021/1119	Not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks	paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II; Delegated Regulation (EU) 2020/1816, Annex II		Transition period of 3 years
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk *ESRS E1-9 Location of significant assets at material physical risk*	paragraph 66 (a) paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Articles 46 and 47; Template 5: Banking book. Indicators of potential climate change physical risk: Exposures subject to physical risk			Transition period of 3 years
E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes	paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Article 34; Template 2: Banking book. Indicators of potential climate Change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Transition period of 3 years
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities	paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Transition period of 1 year
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil,	paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material
ESRS E3-1 Water and marine resources	paragraph 9	Indicator number 7 of Table #2 of Annex 1				Not material
ESRS E3-1 Dedicated policy	paragraph 13	Indicator number 8 of Table #2 of Annex 1				Not material
ESRS E3-1 Sustainable oceans and seas	paragraph 14	Indicator number 12 of Table #2 of Annex 1				Not material
ESRS E3-4 Total water recycled and reused	paragraph 28 (c)	Indicator number 6.2 of Table #2 of Annex 1				Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations	paragraph 29	Indicator number 6.1 of Table #2 of Annex 1				Not material
ESRS 2 IRO 1 - E4	paragraph 16 (a) i	Indicator number 7 of Table #1 of Annex 1				Not material
ESRS 2 IRO 1 - E4	paragraph 16 (b)	Indicator number 10 of Table #2 of Annex 1				Not material
ESRS 2 IRO 1 - E4	paragraph 16 (c)	Indicator number 14 of Table #2 of Annex 1				Not material
ESRS E4-2 Sustainable land / agriculture practices or policies	paragraph 24 (b)	Indicator number 11 of Table #2 of Annex 1				Not material
ESRS E4-2 Sustainable oceans / seas practices or policies	paragraph 24 (c)	Indicator number 12 of Table #2 of Annex 1				Not material

(All amounts are in thousands of euros unless otherwise stated)

ESRS E4-2 Policies to address deforestation	paragraph 24 (d)	Indicator number 15 of Table #2 of Annex 1			Not material
ESRS E5-5 Non-recycled waste	paragraph 37 (d)	Indicator number 13 of Table #2 of Annex 1			Not material
ESRS E5-5 Hazardous waste and radioactive waste	paragraph 39	Indicator number 9 of Table #1 of Annex 1			Not material
ESRS 2- SBM3 - S1 Risk of incidents of forced labour	paragraph 14 (f)	Indicator number 13 Table #3 of Annex I			244
ESRS 2- SBM3 - S1 Risk of incidents of child labour	paragraph 14 (g)	Indicator number 12 Table #3 of Annex I			244
ESRS S1-1 Human rights policy commitments	paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I			244
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8	paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II	244
ESRS S1-1 Processes and measures for preventing trafficking in human beings	paragraph 22	Indicator number 11 Table #3 of Annex I			244
ESRS S1-1 Workplace accident prevention policy or management system	paragraph 23	Indicator number 1 Table #3 of Annex I			257
ESRS S1-3 Grievance/complaints handling mechanisms	paragraph 32 (c)	Indicator number 5 Table #3 of Annex I			247
ESRS S1-14 Number of fatalities and number and rate of work-related accidents	paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	250
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness	paragraph 88 (e)	Indicator number 3 Table #3 of Annex I			250
ESRS S1-16 Unadjusted gender pay gap	paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	249
ESRS S1-16 Excessive CEO pay ratio	paragraph 97 (b)	Indicator number 8 Table #3 of Annex I			187
ESRS S1-17 Incidents of discrimination	paragraph 103 (a)	Indicator number 7 Table #3 of Annex I			247
S1-17 Non-respect of UNGPs on Business and Human Rights and OECD	paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818 Art 12 (1)	247
ESRS 2- SBM3 - S2 Significant risk of child labour or forced labour in the value chain	paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I			Not material
ESRS S2-1 Human rights policy commitments	paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I			Not material
S2-1 Policies related to value chain workers	paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1			Not material
S2-1 Non-respect of UNGPs on Business and Human Rights and OECD	paragraph 19	Indicator number 10 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818 Art 12 (1)	Not material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8,	paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II	Not material

(All amounts are in thousands of euros unless otherwise stated)

ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain	paragraph 36	Indicator number 14 of Table #3 of Annex 1				Not material
ESRS S3-1 Human rights policy commitments	paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	paragraph 17	Indicator number 10 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818 Art 12 (1)		Not material
ESRS S3-4 Human rights issues and incidents	paragraph 36	Indicator number 14 of Table #3 of Annex 1				Not material
S4-1 Policies related to consumers and end-users	paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				252
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD	paragraph 17	Indicator number 10 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818 Art 12 (1)		247
ESRS S4-4 Human rights issues and incidents	paragraph 35	Indicator number 14 of Table #3 of Annex 1				247
ESRS G1-1 United Nations Convention against Corruption	paragraph 10 (b)	Indicator number 15 of Table #3 of Annex 1				258
ESRS G1-1 Protection of whistleblowers	paragraph 10 (d)	Indicator number 6 of Table #3 of Annex 1				258
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws	paragraph 24 (a)	Indicator number 17 of Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		259
ESRS G1-4 Standards of anti-corruption and anti-bribery	paragraph 24 (b)	Indicator number 16 of Table #3 of Annex 1				258

(All amounts are in thousands of euros unless otherwise stated)

ANNEX 3. DISCLOSURE OF INFORMATION OF SB ASSET MANAGEMENT UAB UNDER ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION)

1	**The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:**		**The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below:**	
	Turnover-based, %	7.1%	Turnover-based, EURm	94.9
	CapEx—based, %	11.9%	CapEx-based, EURm	159.1
2	The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities:		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities:	
	Coverage ratio, %	91.8%	Coverage, EURm	1340.2
			Additional, complementary disclosures: breakdown of denominator of the KPI	
3	The percentage of derivatives relative to total assets covered by the KPI.		The value in monetary amounts of derivatives:	
	Share, %	-0.02%	Amount, EURm	-0.3
4*	The proportion of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**:	
	For non-financial undertakings, %	3.2%	For non-financial undertakings, EURm	43.4
	For financial undertakings, %	0.8%	For financial undertakings, EURm	11.0
5*	The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**:	
	For non-financial undertakings, %	1.2%	For non-financial undertakings, EURm	15.7
	For financial undertakings, %	0.0%	For financial undertakings EURm	0.0
6*	The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**:	
	For non-financial undertakings, %	6.9%	For non-financial undertakings, EURm	91.9
	For financial undertakings, %	7.7%	For financial undertakings, EURm	103.9
7	The proportion of **exposures to other counterparties over** total assets covered by the KPI:		Value of **exposures to other counterparties**:	
	Share, %	-	Amount, EURm	-
8	The value of all the investments that are funding **economic activities that are not taxonomy-eligible relative to the value of** total assets covered by the KPI:		Value of all the investments that are funding **economic activities that are not taxonomy-eligible**:	
	Turnover-based, %	71.4%	Turnover-based, EURm	956.3
	CapEx—based, %	65.5%	CapEx-based, EURm	878.2
9	The value of all the investments that are funding taxonomy-eligible economic activities, **but not taxonomy-aligned relative to the value of** total assets covered by the KPI:		Value of all the investments that are funding Taxonomy- eligible economic activities, **but not taxonomy- aligned**:	
	Turnover-based, %	28.6%	Turnover-based, EURm	383.9
	CapEx—based, %	34.5%	CapEx-based, EURm	462.0
			Additional, complementary disclosures: breakdown of numerator of the KPI	
10*	The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**:	
	For non-financial undertakings:		For non-financial undertakings:	
	Turnover-based, %	0.6%	Turnover-based, EURm	8.6
	Capital expenditures-based, %	1.9%	Capital expenditures-based, EURm	25.0
	For financial undertakings:		For financial undertakings:	
	Turnover-based, %	0.0%	Turnover-based, EURm	0.0
	Capital expenditures-based, %	0.0%	Capital expenditures-based, EURm	0.0
11	The proportion of **taxonomy-aligned exposures to other counterparties in** over total assets covered by the KPI:		Value of **taxonomy-aligned exposures to other counterparties**:	
	Turnover-based, %	-	Turnover-based, EURm	-
	Capital expenditures-based, %	-	Capital expenditures-based, EURm	-
			Breakdown of the numerator of the KPI per environmental objective	
			Taxonomy-aligned activities –:	
12	Climate change mitigation		Of which	
	Turnover, %	6.9%	Transitional activities, turnover-based, %	-
			Enabling activities, turnover-based, %	-
	CapEx, %	11.2%	Transitional activities, CapEx-based, %	-
			Enabling activities, CapEx-based, %	-
13	Climate change adaptation		Of which	
	Turnover, %	0.2%	Transitional activities, turnover-based, %	-
			Enabling activities, turnover-based, %	-
	CapEx, %	0.6%	Transitional activities, CapEx-based, %	-
			Enabling activities, CapEx-based, %	-

(All amounts are in thousands of euros unless otherwise stated)

**The look-through method was applied to our investments in investment funds. However, due to data limitations, it was not possible to assess whether the undertakings were subject to Articles 19a and 29a of Directive 2013/34/EU. Consequently, in the marked indicators, investments in investment funds are not included in the KPI calculations. Only direct investments in undertakings, where we were able to assess compliance, are considered.*

1. Nuclear energy related activities

Row	**Nuclear energy related activities**	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

2. Taxonomy-aligned economic activities (denominator)

2024-12-31

Row	**Economic activities**	**Turnover**						**Capex**					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6.87	7%	6.76	7%	0.10	3%	21.38	13%	21.24	14%	0.14	2%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	88.07	93%	85.17	93%	2.89	97%	137.73	87%	129.49	86%	8.24	98%
8	**Total applicable KPI**	**94.93**	**100%**	**91.94**	**100%**	**3.00**	**100%**	**159.11**	**100%**	**150.73**	**100%**	**8.38**	**100%**

(All amounts are in thousands of euros unless otherwise stated)

3. Taxonomy-aligned economic activities (numerator)

2024-12-31

Row	Economic activities	Turnover						Capex					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6.87	7%	6.76	7%	0.10	3%	21.38	13%	21.24	14%	0.14	2%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	88.07	93%	85.17	93%	2.89	97%	137.73	87%	129.49	86%	8.24	98%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**94.93**	**100%**	**91.94**	**100%**	**3.00**	**100%**	**159.11**	**100%**	**150.73**	**100%**	**8.38**	**100%**

(All amounts are in thousands of euros unless otherwise stated)

4. Taxonomy-eligible but not taxonomy-aligned economic activities*

2024-12-31

Row	Economic activities	Turnover						Capex					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	9.52	2%					25.56	6%				
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	374.38	98%					436.43	94%				
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**383.90**	**100%**					**461.99**	**100%**				

**For Assets under management the look-through method was applied to our investments in investment funds. However, due to data limitations, it was not possible to assess what part of Taxonomy Eligible assets were raleted to climate change mitigation or adaptation. For the case of Taxonomy Aligned if was possible to assess.*

5. Taxonomy non-eligible economic activities

2024-12-31

Row	Economic activities	Turnover		Capex	
		Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	956.27	100.0%	878.19	100.0%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**956.27**	**100.0%**	**878.19**	**100.0%**

(All amounts are in thousands of euros unless otherwise stated)

ANNEX 4. DISCLOSURE OF INFORMATION OF LIFE INSURANCE COMPANY SB DRAUDIMAS UAB UNDER ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION)

1	**The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:**		**The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below:**	
	Turnover-based, %	8.9%	Turnover-based, EURm	17.3
	CapEx—based, %	18.4%	CapEx-based, EURm	35.6
2	The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities:		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities:	
	Coverage ratio, %	87.4%	Coverage, EURm	193.9
			Additional, complementary disclosures: breakdown of denominator of the KPI	
3	The percentage of derivatives relative to total assets covered by the KPI.		The value in monetary amounts of derivatives:	
	Share, %	0.0%	Amount, EURm	-0.1
4*	The proportion of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**:	
	For non-financial undertakings, %	1.6%	For non-financial undertakings, EURm	3.2
	For financial undertakings, %	0.8%	For financial undertakings, EURm	1.6
5*	The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**:	
	For non-financial undertakings, %	0.6%	For non-financial undertakings, EURm	1.1
	For financial undertakings, %	0.2%	For financial undertakings EURm	0.4
6*	The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**:	
	For non-financial undertakings, %	5.5%	For non-financial undertakings, EURm	10.7
	For financial undertakings, %	2.1%	For financial undertakings, EURm	4.0
7	The proportion of **exposures to other counterparties over** total assets covered by the KPI:		Value of **exposures to other counterparties**:	
	Share, %	-	Amount, EURm	-
8	The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities.		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders:	
	Share, %	6.7%	Amount, EURm	44.1
9	The value of all the investments that are funding **economic activities that are not taxonomy-eligible relative to the value of** total assets covered by the KPI:		Value of all the investments that are funding **economic activities that are not taxonomy-eligible**:	
	Turnover-based, %	68.8%	Turnover-based, EURm	133.3
	CapEx—based, %	58.4%	CapEx-based, EURm	113.3
10	The value of all the investments that are funding taxonomy-eligible economic activities, **but not taxonomy-aligned relative to the value of** total assets covered by the KPI:		Value of all the investments that are funding Taxonomy- eligible economic activities, **but not taxonomy- aligned**:	
	Turnover-based, %	31.2%	Turnover-based, EURm	60.6
	CapEx—based, %	41.6%	CapEx-based, EURm	80.6
			Additional, complementary disclosures: breakdown of numerator of the KPI	
11*	The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**:	
	For non-financial undertakings:		For non-financial undertakings:	
	Turnover-based, %	0.6%	Turnover-based, EURm	1.1
	CapEx—based, %	1.6%	CapEx-based, EURm	3.2
	For financial undertakings:		For financial undertakings:	
	Turnover-based, %	0.0%	Turnover-based, EURm	0.0
	CapEx—based, %	0.0%	CapEx-based, EURm	0.0
12	The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned over total assets covered by the KPI:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:	
	Turnover-based, %	1.5%	Turnover-based, EURm	3.0
	CapEx—based, %	3.4%	CapEx-based, EURm	6.6
13	The proportion of **taxonomy-aligned exposures to other counterparties in** over total assets covered by the KPI:		Value of taxonomy-aligned exposures to other counterparties:	
	Turnover-based, %	-	Turnover-based, EURm	-
	Capital expenditures-based, %	-	Capital expenditures-based, EURm	-
			Breakdown of the numerator of the KPI per environmental objective	
			Taxonomy-aligned activities:	
14	Climate change mitigation		Of which	

(All amounts are in thousands of euros unless otherwise stated)

	Turnover, %	7.8%	Transitional activities, turnover-based, %	-
			Enabling activities, turnover-based, %	-
	CapEx, %	16.9%	Transitional activities, CapEx-based, %	-
			Enabling activities, CapEx-based, %	-
15	Climate change adaptation		Of which	
	Turnover, %	1.1%	Transitional activities, turnover-based, %	-
			Enabling activities, turnover-based, %	-
	CapEx, %	1.5%	Transitional activities, CapEx-based, %	-
			Enabling activities, CapEx-based, %	-

**The look-through method was applied to our investments in investment funds. However, due to data limitations, it was not possible to assess whether the undertakings were subject to Articles 19a and 29a of Directive 2013/34/EU. Consequently, in the marked indicators, investments in investment funds are not included in the KPI calculations. Only direct investments in undertakings, where we were able to assess compliance, are considered*

1. Nuclear energy related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

2. Taxonomy-aligned economic activities (denominator)

2024-12-31

Row	Economic activities	Turnover						Capex					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.87	5%	0.87	6%	0.00	0%	2.63	7%	2.63	8%	0.00	0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	16.42	95%	14.33	94%	2.09	100%	33.00	93%	30.13	92%	2.87	100%
8	**Total applicable KPI**	**17.29**	**100%**	**15.20**	**100%**	**2.09**	**100%**	**35.63**	**100%**	**32.75**	**100%**	**2.87**	**100%**

(All amounts are in thousands of euros unless otherwise stated)

3. Taxonomy-aligned economic activities (numerator)

2024-12-31

Row	Economic activities	Turnover						Capex					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.87	5%	0.87	6%	0.00	0%	2.63	7%	2.63	8%	0.00	0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	16.42	95%	14.33	94%	2.09	100%	33.00	93%	30.13	92%	2.87	100%
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**17.29**	**100%**	**15.20**	**100%**	**2.09**	**100%**	**35.63**	**100%**	**32.75**	**100%**	**2.87**	**100%**

(All amounts are in thousands of euros unless otherwise stated)

4. Taxonomy-eligible but not taxonomy-aligned economic activities*

2024-12-31

Row	Economic activities	Turnover						Capex					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.25	2%					3.25	4%				
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI												
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	59.32	98%					77.35	96%				
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**60.57**	**100%**					**80.59**	**100%**				

**For Assets under management the look-through method was applied to our investments in investment funds. However, due to data limitations, it was not possible to assess what part of Taxonomy Eligible assets were related to climate change mitigation or adaptation. For the case of Taxonomy Aligned if was possible to assess.*

5. Taxonomy non-eligible economic activities

2024-12-31

Row	Economic activities	Turnover		Capex	
		Mln. EUR	%	Mln. EUR	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI				
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	133.31	100.0%	113.28	100.0%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**133.31**	**100.0%**	**113.28**	**100.0%**

CONFIRMATION FROM THE RESPONSIBLE PERSONS

We, Chief Executive Officer of Šiaulių bankas AB Vytautas Sinius and Chief Financial Officer Donatas Savickas, confirm hereby that the provided consolidated financial statements of Šiaulių bankas AB for 2024 are compiled in compliance with applicable accounting standards, correspond to the reality and correctly reveal the assets, liabilities, financial status, activity result and cash flows of Šiaulių bankas AB and its Group of Companies, moreover, we confirm that the review of the business development and activities, the status of the Bank and the Group, alongside with the description of the key risks and indeterminacies incurred, are correctly revealed in the consolidated management report.

Chief Executive Officer Vytautas Sinius

Chief Financial Officer Donatas Savickas

4th March 2025