Yearly Report

2024

EMBANK
European Merchant Bank

Fostering growth through partnerships, trust, proactive agility and by harnessing smart banking solutions and fresh ideas.

We provide banking for growth. Banking for growth means having the business insight, products and technology to empower our clients.

For fintechs, this translates to a total package consisting of a European banking license, accounts in-line with regulations, a single API-based software, and the know-how to provide a true embedded finance offering.

For businesses, it's accessible lending options for needs big and small, payment and account solutions for local and international business' needs.

We pride ourselves on high professional standards, transparent practices, resilience to find solutions and long-term commitment to all our partners.

EMBANK
European Merchant Bank

Empowering Growth: Banking Solutions for Every Business

At EMBank, we are committed to **banking for growth.** More than just financial products and technology, we offer deep industry expertise and tailored solutions that empower our clients to thrive.

For **fintechs,** we provide a comprehensive banking package that includes a **European banking licence,** fully compliant accounts, and a seamless, API-driven software solution. With our expertise, we enable businesses to integrate embedded finance effortlessly, supporting their innovation and scalability.

For **businesses,** we offer **accessible lending solutions** tailored to both small and large-scale needs, along with payment and account services designed for local and international operations. Our approach ensures businesses have the financial tools they need to expand and operate efficiently.

Founded six years ago, EMBank has rapidly established itself as a trusted financial partner, achieving consistent growth and expanding its client base across multiple sectors. Our success is built on a combination of **cutting-edge technology, regulatory expertise, and a client-first approach,** enabling us to support businesses in an evolving financial landscape.

At EMBank, our values are built on **professionalism, transparency, and resilience.** We believe in fostering long-term partnerships, providing reliable financial solutions that drive success. With a **passion for entrepreneurship** and a strong foundation in banking, we combine agility with expertise to help businesses achieve rapid growth and sustained success.

We are **entrepreneurs at heart, bankers in mind,** working alongside our clients to turn ambitions into achievements.

Our Values

Partnership

We are not just a bank, but a partner for our clients, ensuring that every financial solution works towards their success.

Smartness

We harness technology and insights to provide sophisticated banking solutions, always reflecting on our clients' evolving needs.

Trust and Integrity

We believe in the future of business, which is based on transparency and trust and the integrity of banking activities.

Proactive Agility

We embrace change with foresight and flexibility, proactively adapt to the evolving financial landscape

"We will keep pioneering our sector while ensuring that EMBank is the trusted, forward-thinking financial partner for your business."

Dear Esteemed Stakeholders,

Let me greet you with pride and gratitude as we present EMBank's financial report of 2024 and reflect on our commendable trajectory. Through a year of crossroads for European banking, EMBank has shown resilience by investing considerably in new technology, navigating the regulatory landscape skillfully, and growing profitably.

While the global economy showed concrete signs of recovery despite ongoing geopolitical challenges, EMBank has not only grown in deposits and asset size but has taken the long view to invest for future growth. 2024 was also marked by reaching out to new partnerships, deepening existing ties in Lithuania and beyond, expanding our service offerings, and assuming a more significant role in fintech.

Lithuania remains at the heart of our vision. For the fourth consecutive year, EMBank has increased its share of local lending by supporting small and medium-sized enterprises, which drives economic progress. At the same time, our global presence expanded through active participation in international business communities. Our sponsorship of key industry events widened as our cherished commitment to the Lithuanian State Symphony Orchestra continued, putting EMBank's sustainable approach in action.

Looking ahead to 2025, I am confident that EMBank will push the boundaries of what a bank can be by upholding our four values: the power of partnership, trust and integrity, rapid adaptability and proactivity, thinking and acting smart. We will keep pioneering our sector while ensuring that EMBank is the trusted, forward-thinking financial partner for your business.

Dynamism sets EMBank apart. Demonstrating our spirit of teamwork is key as we open new avenues that contribute to economic growth this year. I extend my heartfelt thanks to all our clients, partners and most of all our team, whose dedication turns our shared goals into reality.

Warm Regards,
Ekmel Çilingir
Chairman of the Supervisory Board
European Merchant Bank

"Looking forward to 2025 confidently, EMBank will continue to focus on what truly matters—solving the real financial challenges of our customers with expertise through an innovative approach."

Dear Esteemed Stakeholders,

As we present EMBank's 2024 Annual Report, I am pleased to reflect on our achievements in a year of growth and strategic progress despite a shifting financial landscape. We stayed true to our mission of building up EMBank to serve all businesses with speed, intelligence, and flexibility.

We closed the year with a 44% asset increase (€212M), a 48% rise in deposits (€197M), and a net profit of €1.06M our financial institution clients grew by 14% to 194, and our banking partnerships reached 100 worldwide. Our local lending focus deepened, with Lithuanian businesses now making up 94% of our loan portfolio, marking four years of consecutive growth. These strong results validate our adaptive, tech-driven banking model and reinforce EMBank's role in the fintech and SME ecosystems.

Innovation was again the cornerstone of our strategy. In 2024, we migrated to Oracle Cloud, enhanced EMBank Mobile, and introduced Escrow Accounts, Letters of Guarantee, and Leasing for our customers. Our advances ensure that we stay agile, scalable, and secure to not only keep pace with regulations but also to reshape business banking for the future.

It has been our pleasure to build new ties in the business and fintech community by joining the American Chamber of Commerce in Lithuania, the Lithuanian Business Confederation, the Lithuanian Confederation of Industrialists, and the Turkish-Lithuanian Chamber of Commerce in 2024. Actively supporting initiatives such as Fintech Day Lithuania and the Vilnius Symphony Orchestra have brought EMBank even closer to the industry and the great culture in which we operate.

Looking forward to 2025 confidently, EMBank will continue to focus on what truly matters—solving the real financial challenges of our customers with expertise through an innovative approach. Banking is evolving, and EMBankers are a united team that draws strength from their values as they lead the pursuit of growth.

I extend my sincere gratitude to our clients, employees, and partners for their trust, goodwill and hard work. As entrepreneurs at heart, we are excited to make the opportunities of 2025 bear fruit for us all.

Kind Regards,
Sarp Demiray
CEO, European Merchant Bank

2024 HIGHLIGHTS

€212M
IN ASSET SIZE

44% Year-on-Year increase in asset size to reach €212M

€197M
IN DEPOSITS

Our deposits increased 48% from last year to reach €197M

€1.06M
NET PROFIT

Our net profits reached €1.06, keeping over the €1M mark in 2024

+24%
GROSS INCOME RATIO

Our gross income amounted to EUR 13.4 million, with a 24% uplift

94%
LOCAL LOANS SHARE

Share of local loans increased for the 4th consecutive year, reaching 94%

95%
CUSTOMER SATISFACTION

Our client satisfaction survey yielded a record 95% net promoter score (NPS) in 2024

+14%
FI CLIENTS

Number of our FI (financial institution) clients reached 194 with 14% growth from

100
BANK PARTNERSHIPS

Number of our banking partners reached 100 worldwide

FOSTERING GROWTH FOR FINTECHS AND SMEs

With an eye for your growth and trust at the core of our relationships, EMBank offers smart banking solutions at every turn.

At European Merchant Bank (EMBank), we focus on two key areas to deliver impactful financial solutions. From digital-savvy fintechs worldwide who appreciate our state-of-the-art API solutions to SMEs looking for a reliable finance partner to transform digitally or improve sustainable practices, we work with each customer to help them grow faster and carry their success in and across borders.

We are dedicated to helping businesses realise their full potential by offering flexible, forward-thinking financial solutions that meet the demands of an ever-changing market. Serving SMEs in Lithuania and Fintechs globally, we bring a personal approach to modern banking, fostering growth and success alongside our clients.

Fintech Banking

Globally, we partner with fintechs to provide specialised, API-first banking services that support their growth and innovation. From bank accounts to payment processing and API-driven banking-as-a-service infrastructure, our solutions are designed to help fintechs scale efficiently while staying compliant with evolving regulations.

Business Banking

We offer tailored business banking solutions designed to support companies in Lithuania. From competitive loans to streamlined everyday banking services, we provide the robust tools and agile banking solutions businesses need to manage their finances efficiently, grow sustainably, and focus on achieving their goals.

FINTECH BANKING
A Dedicated Banking Service for Fintechs

In the fast-paced world of financial technology, working with a reliable bank that understands the needs and challenges of fintech businesses is essential for growth and compliance. EMBank stands out as a trusted, API-first bank that empowers fintechs with the infrastructure, flexibility, and expertise they need to set up and scale. Our tailored solutions go beyond traditional banking to meet the evolving demands of innovative fintech companies, ensuring they stay ahead in a competitive landscape.

Fintech-Focused Approach

At EMBank, we take pride in being an API-first bank, meaning our services are designed to integrate seamlessly with the digital ecosystems fintechs rely on. Working with us, fintech companies gain access to real-time data, secure payment systems, and flexible account management tools, enabling them to embed banking functions directly into their platforms, building the backbone of their operations and creating a smooth and efficient experience for their end users.

Yet this is the technical aspect of how we make a difference, our true metal lies in our fintech focus and dedication. Our progress in 2024 in fintech banking highlights a significant deposit growth that drove forward the bank's overall balance sheet, significantly raising its asset size and profits.

Local & Global Growth Strategies

We strengthened our focus on Lithuanian fintechs in 2024, by sponsoring and taking part in local fintech events such as the Fintech Day 2024, held roundtable discussions with Lithuania-based fintechs on new regulations. These efforts helped us grow our fintech client base in Lithuania by a 25% margin, which we expect to grow further in 2025.

We also kept our focus on the international fintech markets, taking part in the prestigious Money 20/20 Europe event in Amsterdam for the 3rd consecutive year and joining several other fintech events across Europe as keynote speakers. Such events have been instrumental to our growth in fintech, as they helped form key contacts and partnerships with fintechs across the globe. Our 2025 plans include joining key fintech events in the Asia-Pacific region while maintaining our focus in Europe like Money2020 Asia 2025.

Comprehensive Banking Solutions

Fintech companies often operate across borders, requiring efficient and reliable payment systems. EMBank offers an array of payment solutions, including SEPA and SWIFT transfers, multi-currency accounts, and foreign exchange services. These services are optimised for speed, accuracy, and security, ensuring fintechs can process payments globally without unnecessary delays or risks. By leveraging our payment expertise, fintechs can scale their operations internationally, catering to a broader audience while maintaining a seamless financial flow.

2024 was a significant milestone for us regarding our fintech banking solution, as we started to provide payment accounts for fintechs. We regard this service as paramount and plan to scale its offer in 2025.

In addition to payments, we provide fintechs with a suite of essential banking services, including safeguarding accounts, corporate accounts, and treasury management. Our scalable and customisable solutions make them suitable for fintechs at any growth stage.

Driving Growth Through Deeper Relationships

As the fintech ecosystem in Lithuania and across Europe continued to mature, our deep, relationship-driven banking model positioned it as a key financial enabler for high-growth businesses. Instead of simply chasing new logos, we doubled down on our core philosophy: growing with our clients, not just serving them.

We at EMBank understand that fintechs often start as small, agile players but can scale rapidly with the right financial infrastructure. Rather than acting as a distant service provider, EMBank has embedded itself within the growth journeys of its clients, offering tailored banking solutions, advisory services, and flexible financing options that enable fintechs to scale seamlessly. Our client satisfaction survey yielded a record 95% net promoter score (NPS) in 2024.

The bank's commitment has paid off. As our fintech clients scaled their operations, our business naturally grew alongside them. The success of these fintechs translated into higher transaction volumes, increased deposits, and a growing need for sophisticated banking services—all of which fueled EMBank's financial performance. This symbiotic growth strategy has enabled the bank to achieve sustainable expansion without the risks and inefficiencies associated with rapid, unfocused client acquisition.

The Future

While many banks struggle with balancing scalability and personalised service, EMBank has managed to maintain both. It continues to provide fintechs with digital-first solutions that ensure efficiency while maintaining a strong human touch—an aspect that remains a cornerstone of its business philosophy. Fintech founders and executives working with EMBank know they have a financial institution that understands their business models intimately and actively works to remove bottlenecks in their scaling journey.

Looking ahead, EMBank's strategy remains focused on deepening existing relationships rather than pursuing fleeting growth opportunities. As the fintech landscape continues to evolve, the bank is well-positioned to remain a key enabler of digital finance, leveraging its API-driven banking infrastructure and strategic advisory role to help fintechs scale faster and more securely. In a world where banks and fintechs are increasingly interdependent, EMBank has proven that true success lies in partnership, not just transactions.

BUSINESS BANKING
Simplifying Business Banking for SMEs

Managing business finances shouldn't be costly or complicated. At EMBank, we provide tailored business banking solutions to support companies in Lithuania as they grow, innovate, and navigate today's dynamic market environment. From flexible lending options to streamlined everyday banking, we're here to help businesses succeed with practical and efficient financial tools.

A Partner in Business Growth

We understand the unique challenges and opportunities SMEs face. Our approach combines global banking expertise with a deep understanding of the Lithuanian market. Whether you're a small enterprise just starting or an established company looking to expand, our team is committed to helping you achieve your goals through personalised financial services and ongoing support. We see ourselves not just as a service provider but as a partner in your growth journey, offering guidance and solutions that evolve with your needs. We strive to empower businesses to thrive in an ever-changing economic landscape. Our business banking services are designed to simplify financial management and drive efficiency. By combining innovative financial products with a client-focused approach, we deliver a banking experience that is as dynamic and forward-thinking as the businesses we serve.

Simplifying Corporate Accounts

EMBank's corporate accounts are designed to provide businesses with a secure and efficient foundation for their daily financial operations. Whether handling payroll, managing vendor payments, or monitoring cash flow, our accounts offer the tools businesses need to operate smoothly. With a straightforward onboarding process and user-friendly digital banking platform, accessing accounts and managing transactions is hassle-free.

Our corporate accounts support multi-user access, ensuring that the financial team can collaborate securely. Additionally, advanced reporting features provide real-time insights into account activities, helping businesses stay on top of your financial health. With 24/7 access to online banking and dedicated customer support, EMBank ensures your operations are never disrupted.

Lending Solutions: Empowering Business Growth

Access to financing can make all the difference in achieving business goals. EMBank offers a range of tailored lending solutions, including business loans and credit lines, to meet the specific needs of businesses in different industries. Whether they are looking to invest in new equipment, expand operations, or stabilise cash flow, our financing options are designed to fuel growth without overburdening their budget.

What sets our lending solutions apart is their flexibility and competitiveness. We assess each business's unique circumstances to structure loans with favourable terms, including repayment schedules aligned with your cash flow. Our application process is straightforward, and decisions are made quickly, ensuring SMEs have the funds they need when they need them. With EMBank as their financing partner, SMEs can seize opportunities with confidence.

Payment Services: Local and Global Efficiency

Efficient payment systems are crucial for any business, whether operating locally or internationally. EMBank provides a comprehensive suite of payment services, including SEPA and SWIFT transfers, to ensure your transactions are processed securely and on time. With our payment solutions, businesses can manage both incoming and outgoing payments effortlessly, keeping operations seamless and clients satisfied.

Our payment services support multi-currency transactions, making it easier for businesses engaged in cross-border trade to manage finances without the complexity of currency conversion delays. Our secure payment infrastructure prioritises accuracy and compliance, reducing risks and giving you peace of mind. EMBank's robust payment solutions enable businesses to focus on their core activities without worrying about the intricacies of payment processing.

A Partnership You Can Rely On

At EMBank, exceptional customer support is the cornerstone of successful business banking. We go beyond providing standard banking services to build strong, collaborative partnerships with our clients. Our team of experienced professionals works closely with each business to gain a deep understanding of their unique challenges, goals, and operational needs. This personalised approach allows us to recommend solutions that align perfectly with your objectives, ensuring you always have the tools to succeed.

We pride ourselves on being more than just responsive—we're proactive. Our experts anticipate potential challenges and opportunities, helping your business navigate a constantly changing economic landscape. Whether it's a complex financial planning question, the need for rapid resolution of an issue, or guidance on regulatory compliance, our team is always ready to assist.

Approachability is a key part of our service ethos. We understand that not all businesses are the same, and financial matters can be daunting, especially for smaller enterprises. That's why we ensure that every interaction with EMBank is clear, transparent, and supportive. Our goal is to demystify banking, making it accessible and empowering for businesses of all sizes.

To further enhance your experience, we provide dedicated account managers as your single contact point. These professionals are familiar with your business and its unique circumstances, offering tailored advice and solutions without the need for repetitive explanations. From managing day-to-day operations to planning for long-term growth, your account manager is there to provide consistent support and expert insight.

At EMBank, we don't just provide banking services—we build partnerships that empower businesses to thrive. It's this commitment to personalised, proactive, and approachable service that sets us apart, making us a trusted ally for businesses across Lithuania.

ECONOMIC ENVIRONMENT AND OUTLOOK

EMBank's mission is to ensure the accessibility of digital banking services for SMEs and enable the underbanked businesses to reach their potential through our banking services while ensuring compliance with EU standards. This forward-looking position is based on our core values of Partnership, Trust and Integrity, Smartness and Proactive Agility.

The year 2024 marked a period of economic stabilization and gradual recovery for Lithuania. Inflation, which had surged significantly in previous years, moderated considerably, aligning more closely with the European Central Bank's target. Throughout the year, inflation averaged slightly above 2%, supported by stabilizing energy and commodity prices. This reduction in inflationary pressures provided relief to households and businesses, fostering a more favorable economic environment.

Real GDP growth returned to positive territory in 2024, with an estimated expansion of approximately 2.0%. Economic activity progressively strengthened, driven primarily by increased private consumption, recovering exports, and improving investor confidence. Notably, service exports demonstrated robust growth, while sectors such as manufacturing, wood, chemicals, and furniture began showing signs of gradual improvement as global demand recovered.

The labor market maintained its resilience, experiencing further declines in unemployment and rising employment rates, driven by sustained demand in key economic sectors. Wage growth continued at a steady pace, bolstered by ongoing minimum wage adjustments and consistent salary increments, particularly in the public sector. Consumer confidence strengthened, reflecting more optimistic economic expectations and easing inflation concerns.

Looking ahead, Lithuania's economic outlook for the remainder of 2024 and into 2025 remains cautiously optimistic. Continued geopolitical uncertainties, particularly related to the ongoing conflict in Ukraine and international trade tensions, could pose risks to economic stability. However, the anticipated easing of monetary policy by the European Central Bank, including potential interest rate cuts expected in the latter half of the year, is projected to further support economic recovery, particularly benefiting mortgage holders linked to variable interest rates such as the 6-month EURIBOR. Overall, Lithuania's economy is expected to sustain its recovery momentum, subject to global economic developments and domestic policy responses.

The Effects of Current Geopolitical Tensions

Ongoing geopolitical tensions throughout 2024, including the continued conflict in Ukraine, escalating tensions in the Middle East, and persistent geopolitical disputes in the Asia-Pacific region, have maintained a climate of uncertainty and volatility globally. The prolonged war in Ukraine remains particularly impactful on the economies of the Baltic States, influencing regional growth trajectories and affecting international commodity markets, trade flows, and financial stability. These conditions have contributed to cautious investment sentiment and fluctuating market conditions throughout the region.

Despite these challenges, the Lithuanian economy and banking sector have demonstrated considerable resilience. To support economic stability and mitigate the ongoing impacts of geopolitical disruptions, the Lithuanian government continued targeted support measures aimed at sustaining vulnerable sectors and households during 2024.

Throughout 2024, European Merchant Bank did not experience significant disruptions related to liquidity, customer behavior, or overall market confidence due to geopolitical developments. Overall, the appetite for long-term investment lending continued to reflect confidence in future economic stability and growth prospects.

Business Strategy of The Bank and Business Plan Looking Forward

The bank has a vision of "Banking for Growth: providing business insight, products and technology to empower our clients."

The Bank 's mission is to ensure accessibility of digital banking services for SMEs and enable the underbanked businesses to reach their potential through our banking services, while ensuring compliance with EU standards. This forward-looking position is based on our core values of Partnership, Trust and Integrity, Smartness and Proactive Agility:

- We are more than just a bank; we are a partner for our clients, ensuring that every financial solution works towards its success.
- We believe in the future of business, based on transparency and trust and the integrity of banking activities.
- We harness technology and insights to provide sophisticated banking solutions, always reflecting on our clients' evolving needs.
- We embrace change with foresight and flexibility, proactively adapt to the evolving financial landscape.

This translates for Fintechs to a total package consisting of a European banking license, accounts in-line with regulations, a single API-based software, and the know-how to provide a true embedded finance offering. For businesses, it's accessible lending options for needs big and small, payment and account solutions for local and international business' needs.

In that sense: The Bank 's mid-term strategy focuses on increasing the Bank's corporate loan portfolio while giving SME development a higher priority; growing funds from depositors; maintaining strong asset quality through efficient risk management and continuous organic growth for businesses. For Fintech, strategic focus is on being established as a pioneering bank that supports the FinTech ecosystem with the most advanced payment-banking systems and by offering superior customer service; setting up a full-fledged correspondent banking network and offering trade financing and Euroclearing services as well as growing a skilled staff for banking services with the knowledge and aptitude to use the newest methods and technologies. Bank also has a strategic priority to further build its global brand; establishing a strong brand awareness, building a solid reputation in the marketplace and being one of the first banks to come to mind in the sector.

At Bank, all the employees pride themselves on high professional standards, transparent practices, resilience to find solutions and long-term commitment to the Bank‘s partners.

Bank combines its employees’ passion for entrepreneurship with their banking experience, making them entrepreneurs at heart and seasoned bankers in practice.

BOOSTING RESILIENCE IN BANKING

The banking sector must take decisive steps to bolster its resilience amidst evolving regulatory landscapes and market dynamics. From adapting to regulations to advancing digital transformation efforts, banks must fortify their risk management frameworks and embrace innovative technologies like AI and cloud solutions. Institutions are poised to redefine their IT infrastructures while navigating intensifying competition from fintechs and shifting customer expectations. It's time to explore the strategies, challenges, and opportunities shaping a resilient banking future.

Regulatory Shifts

In 2024, the banking sector boosted its resilience, aiming to make the best of what transformations the year had in store. Capital Requirements Directive 6 (CRD6) emerged as a pivotal regulatory framework reshaping risk management practice across financial institutions in Europe. Its stringent capital requirements and enhanced supervisory measures compelled banks to fortify their balance sheets and revamp their operational structures.

Beyond regulatory compliance, banks sped up their technological modernisation, especially in transforming core banking functions to integrate artificial intelligence and higher cybersecurity to comply with the fast-approaching DORA. Financial institutions have undertaken major digital transformation initiatives such as cloud-based solutions and further automated processes while adapting to regulations around climate risk and sustainable finance. EMBank was no exception, as we partnered up with Oracle and moved to the cloud.

The sector also navigated the expansion of open banking and embedded financial services, all while maintaining robust risk management frameworks to meet changing market conditions and customer expectations. Traditional banks intensified their competitive response to fintech challengers by investing heavily in customer experience improvements and developing more sophisticated, data-driven personalised banking services.

Banks' Path to Resilience

There are six strategic components for banks to keep building resilience in 2025 in the recent market environment following a year of elections and interest rate cuts:

1. Renovate risk models to grapple with the radical uncertainty and the possible convergence of geostrategic, demographic and climate-related risks

2. Right-size and seek profitable growth amidst a set of stricter new regulations

3. Reform outdated IT strategically and reduce complexity while reigning in costs

4. Liquidity Watch: Closer eye on loan portfolio health with more competition for deposits

5. Introduction of new services & new revenue streams

6. Building partnerships with and/or effectively competing with fintechs

Managing Risk Better, Right-Sizing for Profitable Growth

Along with the new capital requirements of CRD6, Europe's regulating bodies have called for real-time, more multi-scenario risk modelling because the single-parameter models from the previous era are not expected to cope with the risk assessment needs of today.

Case in point: A deregulation and tax cut wave in the US would form a stark contrast to Europe's stricter oversight in its lower interest rate setting. US banks would gain a competitive edge in growing their loan volume and slowing EU bank's recent win-backs, except those banks with substantial U.S. operations. Looming tariff walls may weaken international trade and growth, therefore banks' loan health. Policy moves to shadow the Federal Reserve's independence are also watched closely, as they could cause volatility or douse anti-inflationary efforts.

In the 'Basel 3 Endgame' proposal by the Federal Reserve, "key broad and material changes to the original proposal" were

recommended to the Federal Reserve Board. The re-proposal may prompt other regulators to delay or relax their own rules, such as the date of implementation having been moved to January 2026 from July 2025. The Prudential Regulatory Authority (PRA) of the UK announced revisions that would have less than a 1% impact on capital requirements, less stringent than originally proposed, underscoring notably that "these rules would align with global standards." Similarly, the EU Commission has stressed the need for "an international level-playing field" for banks, signalling that it might also soften its rules if other jurisdictions are perceived as less stringent. European institutions are lobbying for regulatory relief at their end. Discussions between finance ministers might result in counter-efforts for competitive balance. European banking M&A activity increased in 2024 and may continue in order to strengthen regional positions.

Reforming IT to be "Fighting Fit"

Competitiveness and increased productivity rely even more on fostering new solutions for a new generation with new technology. DORA (Digital Operational Resilience Act), coming into force in January 2025, must be met by banks and their technology providers at an acceptable level of preparedness in terms of compliance readiness.

DORA is about reforming IT to stay fighting fit, but its opportunity for banks lies in strategically restructuring tech with vendors so as to move lighter while as secure as ever into the future. Improving cybersecurity spending efficiency by just 5% a year could boost banks' bottom lines. IT impacts core banking functions as well as risk management and innovativeness, so seeing DORA only as a compliance exercise could lead to higher costs and operational risks for banks beyond 2025.

Capital, Liquidity and Loan Portfolios Health

CRD6 came into force on July 9, 2024, to be implemented by January 2026. End-of-2024 surveys indicated that the banking sector took significant steps for resilience with sound capital, liquidity, and asset quality metrics. Some critical initiatives are as follows:

1. 74% of banks enhanced their risk measurement and stress testing capabilities

2. Banks reduced excess capital accumulated in previous years through share buybacks and redemption of preferred shares to improve return on equity.

3. Treasuries expanded their responsibilities, with 89% managing balance sheets (up from 63%) and 71% handling liquidity management (up from 53%).

Banks implemented several structural changes to strengthen their risk frameworks, with an increased focus on credit risk transfers (CRT) and forward-flow arrangements to reduce risk-weighted assets. 42% of institutions modified their operating models to improve accountability across the first and second lines of defence. 41% enhanced their risk data aggregation and reporting capabilities. Chief Risk Officers identified key focus areas:

- 33% prioritised liquidity risk management for 2024, more than twice vs 2023
- 86% implemented stricter lending standards

- Cyber risk monitoring was enhanced. Data security was the highest-ranked operational risk priority.

EU's instant payments regulation will require European banks to offer real-time payments to clients. This will impact how Treasury departments manage the bank's liquidity position. Intraday liquidity metrics will matter more; the parameters for liquidity stress scenarios may change. New technologies—notably generative AI—could help banks automate the real-time treasury model, but it could also make such a transition harder. Already, any kind of technological "black box" that withstands analysis or oversight is suspect, so banks need to build robust models that they can explain internally and to regulators.

So 2024 was marked by a net shift toward more sophisticated risk management, emphasising liquidity monitoring and capital optimisation; we expect it to strengthen in 2025.

New Services, Revenue Streams, Effective Partnerships

AI, machine learning and general LLM usage have already transformed many areas, including banking. In 2025, the trend is expected to go beyond creating internal efficiencies, with fintechs offering customer-facing AI services more. Leading neobanks plan to roll out AI-powered assistants that will adapt to customers' needs and preferences in-app, guiding them to smarter money habits, enhanced financial decision-making and streamlined admin.

Banking is being redefined, that is for sure. Legacy banks must certainly keep pace, but let us all stay aware of the value of human relationships from wealth management to SME banking. The personalisation trend is on the rise with AI assistants, however, there must be a rational limit to the hyper-personalisation of services: 'What is the actual premise, the true benefit of each innovation for this (set of) customer(s)?' we should regularly ask ourselves.

Bank-fintech partnerships are becoming more strategic and focused on specific use cases. In 2024, we heard more news of legacy banks partnering up with and importing talent from fintechs for instant payment solutions in the Eurozone or opening to users in rising star regions of Latin America, India, and Southeast Asia. As the fintech sector matures in its new phase after 2022, investors and established banks are more selective in teaming up with fintechs that have proven their value proposition. This goes parallel to increased M&A activity in fintech. With heightened scrutiny from regulators, fintechs could do well to partner up with legacy banks to overcome their compliance and scalability challenges.

Conclusion

As 2024 started, the banking sector had already come a long way and demonstrated many instances of resilience to shocks or market waves. Developments show that European banks have tread the path to resilience successfully in 2024. Throughout 2024, EMBank has taken quite significant steps resiliently into the brave new world of banking. EM Bank will keep to its course with a confident, flexible, and innovative attitude in 2025.

EVOLVING FINTECH LANDSCAPE

The fintech sector has undergone significant transformation in recent years, shifting from disruptors to collaborators within the traditional banking ecosystem. This evolution is paving the way for innovative partnerships, enhancing financial services globally.

Digitalisation in Finance and Fintechs

Digitalisation has been transforming many sectors since the new millennium, finance included. Sparked by the rise of the Internet, the 'digital disruption' phase that began in the late 1990s and found widespread acceptance as digital services' convenience became clear. The proliferation of smartphones and the financial crisis around 2008 then lead to the emergence of fintechs and mobile banking. This period marks the rise of fintechs and mobile banking, as more customers began valuing the ability to manage finances and conduct transactions on the go. As the crisis of 2008 led the banks to become more risk-averse, it left the ground open for fintechs to emerge and flourish.

From 2015 to 2022, we witnessed a surge in digital transformation driven by fintech innovations and the impacts of the COVID-19 pandemic. These were the golden years for fintech investments. Today, we are in a pivotal era marked by the integration of AI and other advanced technologies, which are set to redefine banking services and customer experiences. Fintechs have been growing stronger, and the AI era we're in is likely to provide a surge in favour of tech-savvy setups, which, in financial services, are often fintechs.

Commitment to Fintech Integration

Initially, fintech companies emerged as challengers to traditional banks, introducing innovative solutions that addressed gaps in conventional financial services. Over time, the dynamic between banks and fintechs has evolved from competition to collaboration, recognizing the mutual benefits of combining technological innovation with established financial expertise. Banks that work with fintechs to help provide these services are enjoying the benefits these collaborations bring.

EMBank has been at the forefront of fostering bank-fintech alliances, offering tailored services that cater to the unique needs of fintech companies with an API-

first approach. EMBank provides an end-to-end solution that allows businesses to seamlessly integrate banking and payment services through a single API, enabling fintechs to offer embedded banking solutions efficiently. By connecting via EMBank's API, fintechs can access a suite of financial services, enhancing their product offerings and improving customer experience.

EMBank's strength in the fintech landscape comes from our deep understanding of the fintech ecosystem. In addition to providing the products and services fintechs need, we often find ourselves consulting across various fintech needs, including investment, compliance, and innovation, supporting fintechs in navigating the complex financial landscape.

Maturity in the Fintech Ecosystem

As the fintech sector evolves, its maturing nature is evident across multiple dimensions. Companies that once thrived on rapid disruption are now focusing on stability, profitability, compliance, and scalability. Fintechs are increasingly embedding themselves into the existing financial fabric, prioritizing collaboration over competition. Many startups have adopted a hybrid model, combining innovation with traditional banking frameworks. Mature fintechs are moving beyond single-service offerings to create ecosystems that cater to multiple financial needs. This approach increases customer retention and expands their addressable market.

The regulatory landscape surrounding financial technology is undergoing rapid transformation as governments and regulatory bodies adapt to the sector's growth and complexity. These changes aim to enhance consumer protection, promote financial, stability and address emerging risks while supporting innovation. Companies are now investing heavily in compliance

teams and legal expertise, ensuring they meet global regulatory standards.

The European Union's revised **Payment Services Directive (PSD3)** and initiatives like **Open Finance** aim to give consumers greater control over their financial data while holding fintechs accountable for safeguarding sensitive information. Fintech companies must now align with these heightened standards, which could increase operational costs but also build trust.

With artificial intelligence becoming integral to risk assessment, fraud detection, and personalized financial services, regulators are crafting policies to ensure ethical use of AI. The **EU AI Act,** for example, seeks to standardize AI deployment across industries, including finance. Fintechs leveraging AI will need to demonstrate transparency and adherence to these guidelines, necessitating investment in explainable AI models and compliance capabilities.

Financial watchdogs are tightening AML and counter-terrorism financing measures, particularly for fintechs operating in cross-border transactions and digital currencies. Adopting advanced compliance solutions, such as automated KYC (Know Your Customer) tools, will be essential for fintechs to stay competitive and compliant.

Opportunities Ahead

These shifts not only boost trust but also enable broader market access for fintechs and their collaborators. For example, the rise of stablecoins as a significant financial instrument has prompted regulators worldwide to establish clear guidelines for their issuance and use. The Financial Stability Board (FSB) and other international bodies are pushing for comprehensive oversight frameworks to mitigate systemic risks. Fintechs operating in blockchain technology space may face new compliance challenges but stand to benefit from the legitimacy and market expansion such frameworks could bring.

While some regions, like the EU, are moving toward unified regulations, others exhibit fragmented approaches. This divergence can complicate global operations for fintechs but also create opportunities for companies that effectively navigate regional variations.

These regulatory developments, while presenting compliance challenges, also offer fintechs a chance to enhance their credibility and expand into new markets. Proactive engagement with regulators, investment in compliance infrastructure, and staying ahead of policy changes will be key for fintechs to thrive in this evolving environment. EMBank, with its expertise in navigating complex regulatory landscapes, is well-positioned to support fintech partners in adapting to these shifts.

A New Chapter in Fintech Funding

The funding landscape for fintechs has also evolved significantly, reflecting broader economic trends and the maturation of the sector. While venture capital remains a key driver of fintech growth, investors are becoming more discerning. Funding is flowing predominantly to fintechs with clear profitability paths, robust compliance frameworks, and proven scalability. The days of skyrocketing valuations based on potential rather than performance are dwindling. Investors are now rewarding sustainable growth metrics and operational efficiency.

Traditional financial institutions and corporates are increasingly investing in fintechs. These strategic investments often come with partnership opportunities, enabling fintechs to leverage established networks and resources. Fintech funding is no longer concentrated in traditional hubs like Silicon Valley or London. Regions such as Southeast Asia, Africa, and Latin America are emerging as attractive destinations for investment, driven by underbanked populations and strong local demand for innovative financial services.

Today's global fintech landscape is characterized by rapid innovation and evolving partnerships between traditional banks and fintech companies. EMBank remains dedicated to embracing these changes, fostering collaborations that drive the future of financial services. By leveraging technological advancements and maintaining a commitment to excellence, EMBank is well-positioned to navigate and shape the dynamic fintech ecosystem.

Conclusion

These trends underscore the dual nature of fintech evolution: as the industry matures, it is simultaneously navigating growing pains and capitalizing on new opportunities.

SMES HELP BUILD LITHUANIA'S RECOVERY ON INVESTMENTS, IMPROVED INTERNATIONAL TRADE AND COMPETITIVENESS

The year 2024 witnessed a period of recovery and positive momentum for businesses in Lithuania, following several economically challenging years. Signs of economic revival emerged both within Lithuania and across Europe. Notably, businesses increased borrowing for expansion, and new companies were founded, marking a departure from recent trends. While 2024 was anticipated to be a period of "soft landing," Lithuania demonstrated resilience and was among the leading performers within the European business landscape.

Small and Medium-sized Enterprises (SMEs) played a pivotal role in this period of economic stabilisation and continue to do so. SMEs constitute 99% of all companies and employ approximately 75% of the Lithuanian workforce. Consequently, the health of SMEs significantly influences the overall economy and the business ecosystem.

Lithuania Leading Start-up Rates in Europe

Lithuania emerged as a leader in the number of newly established companies across Europe. Over 15,000 start-ups were founded in the country, marking the highest figure in the past 25 years. Data from the European Commission revealed that Lithuania achieved one of the highest success rates for newly established companies in Europe in 2024 as well. Impressively, 89% of newly registered companies remained profitable within their first year of operation, surpassing countries like Germany and the Netherlands. Lithuania also has one of the most favourable ratios of new company formations to bankruptcies within the EU, as highlighted in the European SME report. This data indicates that a significant portion of companies successfully navigated economic stagnation and are expanding their operations, leading to both service diversification and job creation.

Growing Competitiveness in the Lithuanian Economy

In the Global Digital Competitiveness Index, Lithuania ascended six places in 2024, securing 22nd position among 67 countries. In the ranking published by the Swiss International Management Institute

(IMD), Lithuania ranked the highest among the Baltic states by climbing six places as Estonia slipped from 18th to 24th, and Latvia rose two places to 38th.

This remarkable achievement garnered global attention for Lithuania, solidifying its position as an attractive destination for foreign investment. Lithuania's strategic geographic location, advanced telecommunications infrastructure, and robust legal framework continue to draw international investors. This is further evidenced by the rapid growth of the Lithuanian start-up and SME ecosystem, reflected in a 20-place jump in the Global Startup Ecosystem Index, placing Lithuania within the 41-50th percentile. The startup ecosystem's valuation reached €16 billion in 2024, representing a 39x increase over the past decade. Lithuanian startups attracted €128 million in investments in 2024, with early-stage VC investment reaching €108 million.

Enhanced Support for SMEs

The year 2024 witnessed record levels of SME support. The Ministry of Energy allocated €62 million to support the installation of solar power plants for small and medium-sized enterprises, promoting sustainable business development. Funding was also provided for digitisation projects and the implementation of innovative technologies. Notably, almost 70% of SMEs implemented at least one environmental innovation, such as waste reduction or energy-saving technologies.

Government support for businesses extends beyond financial assistance. The Ministry of Economy and Innovation reported a reduction in the administrative burden for businesses of over €33 million in the past three years, achieved through streamlined bureaucracy and a more efficient regulatory framework.

A Stronger Labour Market

The annual European SME report highlighted that SME recruitment in Lithuania reached 4%, ranking third among all EU countries. In the first half of 2024, employment grew by 2.1% compared to the same period in the previous year, surpassing Latvia (1.6%) and Estonia (1.8%). While full-year results are pending, the trend indicates a strong employment rate in Lithuania.

The Lithuanian labour market witnessed growth across various sectors, particularly in technology (over 4% growth), healthcare (almost 4% growth), and services, including hospitality (over 3% growth).

Export Growth Fueled by SME Performance

Exports grew by approximately 12% in 2024, with SMEs contributing 40% to this growth. The technology and biotechnology sectors experienced particularly strong export expansion. These achievements demonstrate the significant potential of Lithuanian businesses for continued growth in the coming years.

2025 Expectations for SME's

Looking at the overall economy, the finalised real GDP growth rate in 2024 was 2.6%, higher than expected. GDP is now 77.8 billion euros and is forecast to grow at 3.1% in 2025, as investment expansion resumes and consumption remains strong. With the European Central Bank implementing interest rate reductions, further positive developments within the Lithuanian business environment are anticipated in 2025, notably in the construction and real estate sectors. Unemployment is expected to decline to 7.1 % in 2025, with wage growth expected to stay elevated at 7.9% due to labour market tightness. The HICP (Harmonised Index of Consumer Prices) inflation rate is expected to be 1.7% in 2025. In the context of rising household disposable income and lower inflation, the purchasing power of the population will likely strengthen. Household consumption expenditure will grow by 3.3% in 2025 and 3.5% on average in the upcoming years, driving growth.

2025 may as well prove to be the golden year it is predicted by some experts, it will not be an easy one, as recovery may be prone to external shocks or internal policy changes. EMBank is confident that SMEs will play a key role in building Lithuania's gradual recovery by kickstarting their investments in the lower rate setting, helping improve international trade with key partnering countries and beyond while pushing for more competitiveness thanks to their dynamism.

Although Lithuanian SMEs face persistent challenges in accessing finance, with twice as high a share reporting financing difficulties compared to the EU average, the fast development of Lithuania's fintech sector translates into more financial inclusivity for its SMEs. EMBank stands out as a proactive pioneer in this effort as their merchant digital bank with a human touch. EMBank is dedicated to expanding its reach throughout Lithuania, supporting SMEs of any size in any sector with cutting-edge technologies and expert know-how, working together to reach new markets and ride the highs and lows of business as an entrepreneur at heart, a banker in mind.

OUR COMMITMENT TO GROWTH AND CULTURE

At EMBank, we believe that our role extends beyond providing innovative financial solutions. We are proud to contribute to the social, cultural, and entrepreneurial fabric of our community through meaningful sponsorships. Our community-focused initiatives in 2024 spanned three key partnerships that embody our commitment to fostering creativity, business excellence, and shared progress.

Championing Cultural Excellence: Sponsorship of Lithuanian State Symphony Orchestra

Music has the power to unite, inspire, and uplift, and the Lithuania Vilnius Symphony Orchestra (LVSO) is a shining example of artistic brilliance in our region. As a proud sponsor, EMBank supports the LVSO in their mission to bring world-class performances to audiences across Lithuania and beyond. By backing this esteemed institution, we aim to preserve and promote Lithuania's rich cultural heritage while providing access to extraordinary musical experiences that resonate with people of all ages.

Empowering Entrepreneurs: Gazele 2024 Sponsorship

Small and medium-sized enterprises (SMEs) are the backbone of economic growth and innovation. EMBank is delighted to sponsor Gazele 2024, Lithuania's premier event celebrating the fastest-growing companies. This partnership reflects our dedication to recognizing and nurturing entrepreneurial talent, as well as fostering an environment where businesses can thrive. By investing in events like Gazele, we affirm our belief in the transformative power of hard work, innovation, and community-driven success.

Building Connections: UpLink Business Networking Event

A thriving business ecosystem relies on strong connections and shared opportunities. Through our sponsorship of the UpLink Business Networking Event, EMBank is facilitating a platform where professionals, entrepreneurs, and thought leaders come together to collaborate and exchange ideas. This initiative aligns with our vision of creating a vibrant and interconnected business community, fostering growth and driving progress through collaboration.

A Shared Future

These partnerships are more than sponsorships—they reflect our values and our vision for a thriving, dynamic community. By supporting culture, entrepreneurship, and networking, we aim to contribute to a brighter future where businesses, individuals, and communities prosper together.

As we look ahead, EMBank remains committed to building stronger connections, driving sustainable progress, and making a positive impact in every facet of the community we serve.

OUR COMMITMENT TO SUSTAINABILITY

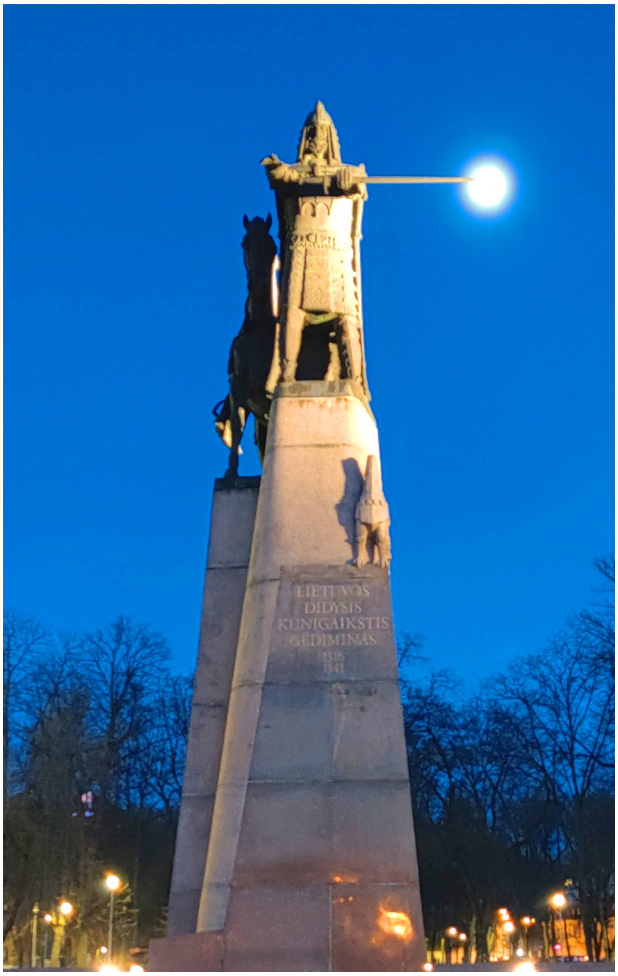
Ever since its establishment as a digital native neobank, EMBank has been mindful of its own environmental impact and its business exposures in terms of its environmental, social, and governance risks. We recognise the critical role that financial institutions play in facilitating the transition to a sustainable economy.

Scientific consensus attributes recent global warming primarily to human activities, notably greenhouse gas emissions from fossil fuels. In response, 195 parties have signed onto the international Paris Agreement aiming to limit global temperature rise. The EU has pledged a 55% reduction in its greenhouse gas emissions by 2030 and climate neutrality by 2050.

Achieving these ambitious targets is urgent to reverse climate change and to protect the world's inhabitants, and it requires substantial investment rapidly for goals to turn into reality. The United Nations estimates that realizing the Sustainable Development Goals (SDGs) by 2030 must mobilise annual investments ranging from USD 5 to 7 trillion. Traditional financing methods are not enough to meet this demand, highlighting a significant funding gap.

In Lithuania, small and medium-sized enterprises (SMEs) constitute over 95% of all companies and are crucial to the nation's economic fabric. As Europe advances towards sustainability, SMEs are instrumental in adopting greener business practices from the arteries down to the capillaries of the economy and in promoting the significance of sustainability among their employees. Studies show that 60% of EU SMEs have invested in sustainability objectives over the past two years, engaging in initiatives such as energy-saving technologies, waste reduction, and the development of environmentally friendly products.

EMBank has actively contributed to numerous success stories in creating more sustainable business solutions, including



financing for solar power installations, energy storage equipment, and energy-efficient machinery. EMBank implements sustainable financing programs: The latest is the ILTE (formerly Invega) Guarantee which enables EMBank to offer microloans to SMEs such as fisheries, primary producers of agricultural products, and road freight transit firms so that they can make sustainable transitions to update their fleet, switch production modes in order to comply with EU regulations, or simply to continue operating their environmentally sustainable practices.

As a digital-native neobank, our core and support functions are highly digitalised. Our employees hail from Lithuania and around the world, so we work remotely, which decreases our carbon emissions. Moving into the cloud in 2024 with Oracle was a big, positive step in enhancing our operational sustainability.

Sustainability has also become an integral part of our decision-making regarding loan approvals. As an avid follower of EU regulations and strategy on ESG, our assessments reflect on the EGS risks and readiness of specific industries, while we also evaluate companies' status individually. Our colleagues note a growing demand for such financing, reflecting a broader trend among Lithuanian businesses towards embracing green practices across various sectors.

In conclusion, EMBank is dedicated to fostering sustainability transition via fintech innovations and Lithuanian SMEs within the European financial sector, seeking new and better ways to realise the transition to a more sustainable economy.

WORKING AT EMBANK

EMBank has established a robust and dynamic workforce that spans multiple regions, with a strong presence in local and European outreach. The bank's employee structure is built around a diverse set of roles, from Sales (Local and Global) Specialists, Risk professionals, Financial Analysts, FI, etc. Our employees are strategically distributed across various European countries, ensuring that the bank has both a local and international presence to cater to the needs of its clients and stakeholders. This geographic diversity fosters a multicultural environment where different perspectives thrive, contributing to the bank's innovation and growth.

We are deeply committed to fostering diversity & inclusion in the workplace. We promote a culture where all employees, regardless of gender, ethnicity, or background, are treated respectfully and given equal career growth opportunities. Diversity and inclusion are both a moral imperative and a strategic advantage for the bank, as a diverse team brings a wide range of ideas and experiences that drive creativity and problem-solving. From a gender equality perspective, the European Merchant Bank emphasises the importance of female representation. The Bank monitors and ensures that the representation of any gender does not exceed 60% of all employees.

The Bank encourages equal opportunities and equality of treatment for all. We have a zero-tolerance approach to discrimination and require active efforts to achieve diversity and equality. A person's sex, race, ethnicity, colour, religion or belief, gender, age, marital status, sexual orientation, ethnicity, social origin, genetic features, national origin, disability, veteran status, or any other protected status are examples where discriminatory behaviour can be targeted. The Bank shall not tolerate any form of forced labour performed against the will or choice of a person.

The bank has a variety of initiatives to ensure that its hiring practices are inclusive and employees have the support and resources they need to succeed. The bank recognises the importance of adapting to the needs of its employees, especially in a post-pandemic world, and it encourages both work-life balance and professional development by enabling employees to manage their time effectively. It may provide the opportunity to work from home when needed.

We are committed to encouraging continuous learning and development for all employees with internal and external training throughout the year. The bank provides employee development and regulatory compliance training, bank-wide and function-based mandatory training for the employees, such as money laundering prevention, code of conduct & conflict of interest, operational risk, GDPR, prevention of harassment, IT security and data security, and risk-related topics. Employees received an average of over 30 hours of training per person throughout the year.

At EMBank, employee well-being is a top priority, and a healthy work-life balance is promoted by encouraging employees to take regular breaks and vacations.

The Bank organises an annual off-site event where all employees join in for invigorating and engaging team-building activities. Various other organisations aimed to increase the motivation of employees are also planned throughout the year.

The bank cares about the office environment needed for employees to concentrate on their work. Also, to offer options to protect their health during the day, our priority is to increase communication within each team and to ensure unity across the entire organisation.

ABOUT THE BANK

Objective Overview of The Bank's Condition, Performance and Development, Description of Key Risks and Uncertainties Encountered

On December 14, 2018 European Central Bank has granted European Merchant UAB a specialized Bank's license number 3. On June 6, 2019 the Bank registered its Articles of Association at the Register of Legal Entities related to becoming a specialized Bank.

In 2019 the Bank purchased a Core Banking System, carried out the preparation activities for the services provision according to the license (payments, term deposits, loans, etc.).

At the end of 2019 the Bank started providing payment and lending services.

Despite a gradual easing in policy rates, interest income remained a key contributor to profitability, supported by strong customer acquisition, deposit growth, and the effective deployment of liquidity. In parallel, acceptable growth in commission income further strengthened overall performance highlighting the Bank's well-diversified and resilient revenue base.

In 2020 the Bank started providing financial services for corporate customers (accounts, payment services, credits, etc.).

The Bank is committed to implementing appropriate strategies and processes that identify, analyze and manage the risks associated with its activities as a means of minimizing the impact of undesired and unexpected events on the Bank's business activities.

The Management Board holds overall responsibility for implementing the risk management strategy and risk policies and adhering to the risk appetite approved by the Supervisory Board.

Risk Management function is responsible for carrying out risk assessments, overall process of risk analysis and evaluation, recording findings, providing periodic reports to the management and initiating appropriate management actions in a timely manner.

Based on the Bank's current Business Plan and initial risk assessment, the following risks are distinguished as material:

- Credit risk
- Liquidity risk
- Money Laundering and Counter Terrorist Financing Risk
- Operational Risk
- Interest Rate Risk
- Compliance Risk
- Strategic Risk

ESG risks are assessed for transition and physical risks and the sectors with material transition and physical risk are monitored based on ESG Risk Management Policy.

The Bank manages its financial risks which outline the objectives of financial risk management, the measures applied to mitigate transaction risks, and the extent of credit and market risks within the Bank.

The Bank's financial risks are disclosed in the financial statements.

2024 Financial and Non-Financial Performance Analysis and Personnel Information

As of December 31, 2024, the loan portfolio granted to clients by the Bank amounted to EUR 36,418 thousand, while client deposits reached EUR 197,472 thousand, maintaining a growth trend driven by the attraction of new clients.

The Bank invests in digital and IT technologies to attract more clients, increase their satisfaction, and foster loyalty

In 2024, the Bank earned EUR 13,405 thousand in revenue and incurred EUR 12,345 thousand in expenses.

The 2024 result is 1 060 thousand EUR profit.

	2024	2023	Change
Operating income	13 405	10 820	24%
Operating expenses	(11 463)	(9 177)	25%
Profit before credit losses	**1 942**	**1 643**	**18%**
Net expected credit losses	(596)	(656)	(9%)
Operating profit	**1 346**	**987**	**%36**

The main measures and financial ratios:

	2024	2023	Change
Net profit	1 060	1 076	(1%)
Loans	36 418	35 962	1%
Deposits	197 472	133 762	48%
Return on Assets (RoA)*	0,63%	0,87%	(0,24) p.p.
Return on Equity (RoE)**	8,55%	9,60%	(1,05) p.p.
Capital Adequacy Ratio (CAR)	18,5%	17,6%	0,9 p.p.
Liquidity Coverage Ratio (LCR)	169,0%	155,9%	13,1 p.p.
Net Stable Funding Ratio (NSFR)	242,8%	221,0%	20,2 p.p.

*Calculated as Net profit for the year divided by average quarterly Assets for the year
**Calculated as Net profit for the year divided by average quarterly Equity for the year

The average number of employees in 2024 was 66 (2023 – 64).

Information on The Members of The Supervisory Board of The Bank:

Name, Surname	Workplace	Company code	Company address	Responsibilities
Ekmel Cilingir	European Merchant Bank Holdings, UAB	305756143	Gedimino ave. 35 Vilnius	CEO
Vygintas Bubnys	AB VERSMĖ	152814478	B. Sruogos g. 9, LT-59209 Birštonas	Chairman of the Board
Simona Grineviciene	EPSO - G	302826889	Laisves Ave. 10, LT-04215,Vilnius	Head of Organizational Development and Culture
Hakan Turkmen	Private Practicing Lawyer	37519446166	Esentepe Mah. Buyukdere Cad. Yonca Apt. B Blok No: 151/20 34394 Sisli/Istanbul/Turkey	Managing Partner-Legal Attorney

Information on The Members of The Board of The Bank:

Name, Surname	Workplace	Company code	Company address	Responsibilities
Sarp Demiray	European Merchant Bank UAB	304559043	Gedimino ave. 35, Vilnius, LT–01109 Business Center Merchants' Club	CEO
Semin Dulek	European Merchant Bank UAB	304559043	Gedimino ave. 35, Vilnius, LT–01109 Business Center Merchants' Club	Deputy CEO
Aurelijus Šveikauskas	European Merchant Bank UAB	304559043	Gedimino ave. 35, Vilnius, LT–01109 Business Center Merchants' Club	Deputy CEO
Mehmet Guven Aytas	European Merchant Bank UAB	304559043	Gedimino ave. 35, Vilnius, LT–01109 Business Center Merchants' Club	Head of Global Sales
Eugenijus Preikša	European Merchant Bank UAB	304559043	Gedimino ave. 35, Vilnius, LT–01109 Business Center Merchants' Club	CRO

*Aurelijus Šveikauskas resigned as of 28 February 2025.

BANK'S COMMITTEES

Audit Committee

The primary function of the Audit Committee is to assist the Supervisory Board of the Bank in fulfilling its oversight responsibilities for financial reporting processes, the effectiveness of internal controls, the internal audit process and monitoring of compliance with laws, regulations and the Bank's policies and procedures.

The Audit Committee maintains free and open communication with the Supervisory Board, Management Board, the independent auditors, internal audit, and any other party affected by the work of the Audit Committee.

Members:

- Ekmel Cilingir
- Vygintas Bubnys
- Simona Grinevičienė

Asset/Liability Committee (ALCO)

ALCO's primary duties and responsibilities are to assess the adequacy and monitor the implementation of the Bank's Asset, Liability, Risk, Liquidity and Fund Management Policy ensuring that assets and liabilities are appropriately managed to optimize profitability while minimizing risks. ALCO meets regularly every two weeks and additional meetings may be scheduled as needed based on circumstances.

Members:

- CEO
- CFO
- CRO
- Head of Global Sales
- Head of Local Sales
- Head of Financial Institutions

Risk Committee

The Supervisory Board of the Bank acts as – up until there is a separately established Risk Committee – the Risk Committee of the Bank.

The Supervisory Board, in the role of the Risk Committee:

- Monitors the Bank's overall actual and future risk appetite and strategy, considering all types of risks, to ensure that they are in line with the business strategy, objectives, corporate culture, and values of the institution.
- Oversees the implementation of the institution's risk strategy and the corresponding limits set.
- Oversees the implementation of the strategies for capital and liquidity management as well as for all other relevant risks of the Bank (including reputational risk), in order to assess their adequacy against the approved risk appetite and strategy.

Credit Committee

The Credit Committee meets at least once a month and may hold additional meetings as needed or appropriate.

Members:

- CEO
- Head of Local Sales /
  Head of Global Sales
- Legal Counsel
- Credits Manager
- CFO

The specific authority and responsibilities of the Credit Committee include the following:

- Approve credit proposals under the limit set to the Committee and make recommendations regarding credit proposals to the upper authorization level – Management Board and Supervisory Board of the Bank.
- Monitoring of overall credits concentration limits, including credits to one borrower, by industry, by product.
- Monitoring of the Bank's credit products, origination volumes, market area and credit facilities development.
- Monitoring the Bank's quality of both credits portfolio and individual credits, credits portfolio tendencies, expected credit losses, and collateral policy.
- Recommending to the Management Board for approval of Credit risk/Lending policies and procedures commensurate with the Bank's specific risk tolerances and strategic goals and monitoring the implementation of lending policies.
- Periodical review of the Bank's credits grading system and monitor the performance of the system, including a review of classification reports, external credit reviews and examination reports.
- Performing a periodic review of the Bank's high-risk and non-performing credits. Review collection practices and strategies, as appropriate.
- Preparing and making periodic reports to the Management Board.
- Annual review of this Charter and recommend changes to the Management Board as needed.

Nomination Committee

The Supervisory Board of the Bank acts as – up until there is a separately established Nomination Committee – the Nomination Committee of the Bank.

The Supervisory Board, in the role of the Nomination Committee, is mainly responsible to:

- Identify, recommend, and approve Management Board candidates.
- Dismiss Management Board members.
- Assess the balance of skills, knowledge, and experience in the bank's body and prepare a description of the functions and abilities required.
- For the specific position and assess the time required to perform the position
- At least annually evaluate the balance of knowledge, skills, diversity, and experience of the individual Management Board members (and the Head of Administration, where applicable) and Management Board collectively.
- Assess the structure, size, composition, and performance of the Management Board (and the Head of Administration, where applicable) and make recommendations with regard to any changes.

Information Security Committee (ISC)

The Information Security Committee's main duty is to provide recommendations to the Management Board of the Bank in relation to all information security efforts undertaken by the Bank. This committee also coordinates and communicates the direction, current state, and oversight of the information security program.

Members:

- CRO
- CISO
- CTO
- Head of Operations
- Compliance Manager
- DPO

The responsibilities of the Information Security Committee cover:

- Formulating, reviewing, and recommending the information security policy of the Bank.
- Review the effectiveness of policy implementations.
- Providing clear direction and visible management support for security initiatives.
- Initiating plans and programs to maintain information security awareness.
- Approving and monitoring major information security projects and the status of information security plans and budgets, establishing priorities, and approving procedures.
- Ensuring the security activities are executed in compliance with the policy.
- Identifying significant threat changes and vulnerabilities.
- Assessing the adequacy and coordinating the implementation of information security controls.
- Promoting information security, education, training, and awareness throughout the Bank.
- Educating the team and staff on ongoing legal, regulatory and compliance changes as well as industry news and trends.
- Reviewing the status of security awareness programs.
- Assessing new developments or issues relating to information security.
- Reporting to and or presenting to the Management Board on information security activities on at least a quarterly basis.

Detailed information regarding to Bank's remuneration policy is provided in a separate "Remuneration Policy" report published on https://em.bank/corporate-governance/.

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT

Items	Notes	2024	2023 Corrected
Interest income at effective interest rate	1	6 831	4 806
Interest expenses	1	(2 424)	(1 415)
Net interest income		**4 407**	**3 391**
Commission income	2	6 510	5 909
Commission expenses	2	(137)	(90)
Net commission income		**6 373**	**5 819**
Other income	3	55	101
Net currency exchange gain (loss)	4	9	(12)
Net gain (loss) on derivatives at fair value	5	(30)	4
Staff expenses	6	(4 664)	(4 182)
Administrative expenses	7	(3 428)	(2 921)
Depreciation and amortization expenses	11-13	(780)	(557)
Credit recoveries/loss allowances	10	(596)	(656)
Profit (loss) before tax		**1 346**	**987**
Tax expense	14	(286)	89
Profit (loss) for the year		**1 060**	**1 076**
Other comprehensive income		-	-
Total other comprehensive income		**1 060**	**1 076**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

Items	Notes	31 December 2024	31 December 2023 Corrected	1 January, 2023 Corrected
ASSETS				
Cash and cash equivalents	**8**	162 865	107 580	87 897
Bonds at amortized costs	**9**	8 236	415	-
Loans to customers	**10**	36 418	35 962	23 754
Derivatives	**11**	-	12	5
Intangible assets	**12**	1 699	1 477	1 163
Tangible assets	**13**	38	28	37
Right of use assets	**14**	566	50	188
Deferred tax asset	**15**	576	755	603
Trade and other receivables	**16**	177	136	222
Other assets	**17**	953	757	656
TOTAL ASSETS		**211 528**	**147 172**	**114 525**
LIABILITIES				
Deposits from financial institutions	**18**	122 513	75 063	60 309
Deposits from public	**19**	74 959	58 699	41 410
Lease liabilities	**14**	550	-	143
Provisions	**20**	16	-	-
Derivatives	**11**	7	-	-
Trade and other payables	**21**	96	312	313
Other liabilities	**22**	822	1 593	1 921
TOTAL LIABILITIES		**198 963**	**135 667**	**104 096**
Equity				
Capital	**23**	15 300	15 300	15 300
Retained earnings	**23**	(2 735)	(3 795)	(4 871)
TOTAL EQUITY		**12 565**	**11 505**	**10 429**
TOTAL EQUITY AND LIABILITIES		**211 528**	**147 172**	**114 525**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

Items	Capital	Retained earnings	Equity
Balance on January 1, 2023, before correction	**15 300**	**(4 418)**	**10 882**
Correction of material error	-	(453)	(453)
Balance on January 1, 2023, after correction	**15 300**	**(4 871)**	**10 429**
Profit (loss) for the year	-	1 076	1 076
Balance on December 31, 2023	**15 300**	**(3 795)**	**11 505**
Profit (loss) for the year	-	1 060	1 060
Balance on December 31, 2024	**15 300**	**(2 735)**	**12 565**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

STATEMENT OF CASH FLOWS

Article	Notes	2024	2023 Corrected
Operating activities			
Profit (loss) for the year		**1 060**	**1 076**
Adjustments:			
Credit recoveries/credit loss allowances		(24)	650
Interest income		(6 836)	(4 617)
Interest expense		2 424	1 259
Depreciation and amortization		780	556
Deferred tax assets		179	(152)
Other non- monetary transactions		(164)	36
Total adjustments:		**(3 641)**	**(2 268)**
Net change in loans to customer		(124)	(12 971)
Net change in other receivables		(225)	(22)
Net change in payables to customers and banks		63 674	31 491
Net change in right to use assets		-	3
Net change in other liabilities		(786)	(399)
Total adjustments to operating assets and liabilities		**62 539**	**18 102**
Interest received		6 438	4 740
Interest paid		(2 388)	(707)
Corporate tax paid		(30)	-
Cash flows from operating activities		**63 978**	**20 943**
Investing activities			
Acquisition of tangible and intangible fixed assets		(844)	(689)
Net change in bonds at amortized costs		(7 821)	(425)
Other increases in cash flow from investing activities		106	-
Cash flows from investing activities		**(8 559)**	**(1 114)**
Financial activities			
Premises rent payments have been paid		(134)	(146)
Cash flows from financial activities		**(134)**	**(146)**
Exchange rate difference on cash and cash equivalents		**-**	**-**
Net increase in cash and cash equivalents		**55 285**	**19 683**
Cash and cash equivalents at the beginning of the year		**107 580**	**87 897**
Cash and cash equivalents at the end of the year	**8**	**162 865**	**107 580**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

EXPLANATORY NOTES

GENERAL INFORMATION

European Merchant Bank UAB (hereinafter the Bank) – was registered as a joint stock company in the Enterprise Register of the Republic of Lithuania on June 28, 2017; the Bank's code is 304559043. The Head Office of the Bank is located at Gedimino Avenue 35, 01109, Vilnius.

Main activity of the Bank is provision of financial services.

December 14, 2018 the European Central Bank has issued a specialized bank license no.3 for the European Merchant Bank UAB. June 6, 2019 the Bank registered its Articles of Association in the Register of Legal Entities related to becoming a specialized Bank.

As of December 31, 2022, the capital of the Bank was 15 300 thousand EUR which is divided into 15 300 thousand ordinary registered shares with EUR 1 par value each.

The Bank's sole shareholder is EUROPEAN MERCHANT BANK HOLDINGS, UAB, Company code: 305756143, address Gedimino av. 35-2, Vilnius, Lithuania:

Shareholder	2024		2023	
	No of shares	Ownership	No of shares	Ownership
European Merchant Bank Holdings, UAB	15 300 000	100%	-	-
Akce Holding Malta Ltd.	-	-	15 300 000	100%
Total		**100%**		**100%**

*As of January 23, 2024, Akce Holding Malta Ltd. has sold all its' shares to European Merchant Bank Holdings, UAB.

The Bank does not hold its own shares.

European Merchant Bank UAB has no subsidiaries or associated companies. The Bank also has no branches or representative offices.

The average number of employees in 2024 was 66 (2023 – 64).

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Net interest income

Items	2024	2023
Interest income at effective interest rate	**6 831**	**4 806**
Interest income from loans	3 520	2 515
Interest income from banks	3 106	2 215
Interest income from securities	106	2
Correction of effective interest rate		
Contract fee income	101	57
Transaction costs	(22)	(24)
Other	20	41
Interest expenses	**(2 424)**	**(1 415)**
Interest expense for term deposits	(2 223)	(1 276)
Interest expense for IFRS 16	(25)	(5)
Correction of effective interest rate		
Transaction costs	(176)	(134)
Total	**4 407**	**3 391**

Note 2 Net commission income

Items	2024	2023
Commission income	**6 510**	**5 909**
Account maintenance fees	5 627	4 692
Payment services fees	805	1 156
Other	78	61
Commission expenses	**(137)**	**(90)**
Payment services costs	(70)	(38)
Account administration costs	(65)	(51)
Other	(2)	(1)
Total	**6 373**	**5 819**

Note 3 Other income

Items	2024	2023
Income from the sale of assets	8	5
Other	47	96
Total	**55**	**101**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Note 4 Net currency exchange gain (loss)

Items	2024	2023
Foreign currency revaluation net gain	47	100
Foreign currency revaluation net loss	(38)	(112)
Net currency exchange gain (loss)	**9**	**(12)**

Note 5 Net gain (loss) on derivatives at fair value

Items	2024	2023
Realized income (loss) from forward foreign exchange transactions	(11)	(8)
Unrealized income (loss) from forward foreign exchange transactions	(19)	12
Net gain (loss) on derivatives at fair value	**(30)**	**4**

Note 6 Staff expenses

Items	2024	2023
Payroll expenses	4 018	3 556
Bonus expenses	400	400
Social security contribution expenses	84	69
Other expenses	162	157
Staff expenses	**4 664**	**4 182**

Note 7 Administrative expenses

Items	2024	2023
IT expenses	1 197	884
Legal and consultancy expenses	354	371
Non-deductible VAT expenses	462	359
Advertising and public relation expenses	293	211
Business trip expenses	215	165
Representation expenses	80	120
Solidarity contribution expenses	83	105
Expenses related to the premises	79	93
Telecommunication expenses	70	68
Employees search and recruitment expenses	51	29
Training expenses	42	39
Memberships expenses	38	25
Financial statements audit expenses	27	22
Insurance expenses	11	10
Other expenses	426	420
Administrative expenses	**3 428**	**2 921**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Note 8 Cash and cash equivalents

Items	31 December, 2024	31 December, 2023	1 January, 2023
Money market placements (deposits) maturity date 2nd January 2025 at central bank	114 010	77 026	40 004
Cash at Central Bank	46 119	29 184	41 094
Cash at other banks	1 397	1 175	4 591
Cash at Lithuanian banks	1 341	199	2 243
Expected credit losses (-)	(2)	(4)	(35)
TOTAL:	**162 865**	**107 580**	**87 897**

Note 9 Bonds at amortized costs

Items	31 December, 2024	31 December, 2023	1 January, 2023
Acquisition costs	8 056	426	-
Accrued interest	192	1	-
Expected credit losses (-)	(12)	(12)	-
TOTAL:	**8 236**	**415**	**-**

Issuer	Issuer residency	Issue date	Maturity date	Interest rate	Coupon redemption frequency	Amortised costs
Government of Lithuania	Lithuania	13/02/2024	13/02/2034	%3.50	12 months	5 344
Government of Lithuania	Lithuania	22/10/2024	22/10/2035	%2.13	12 months	1 452
Modus Grupė	Lithuania	04/12/2023	04/12/2025	Euribor 6M + %7	6 months	426
AB Tewox	Lithuania	26/10/2024	06/10/2026	%8.50	6 months	505
UAB Miškų Fondas	Lithuania	29/01/2024	29/01/2027	%10	6 months	521
Expected credit losses						(12)
TOTAL:						**8 236**

Note 10 Loans to customers

Items	31 December, 2024	31 December, 2023	1 January, 2023
Loans to small and medium companies	32 243	27 617	18 511
Loans to corporates	3 565	6 694	2 909
Loans to financial institutions	1 272	2 408	2 408
Accrued interest	210	134	46
Transaction costs	28	37	28
Prepaid future income	(204)	(192)	(50)
Credit recoveries loss allowances (expected credit losses)	(696)	(736)	(98)
TOTAL:	**36 418**	**35 962**	**23 754**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

31-12-2024

Distribution of loans by overdue days	Gross loans	Expected credit loss			Deferred revenue and transaction costs	Amortized cost of loans	Impairment coverage, %
		Stage 1	Stage 2	Stage 3			
Not overdue	27 700	(82)	-	-	(176)	27 442	0,3
0-30 days	312	-	-	-	-	312	-
31-89 days	6 581	-	(280)	-	-	6 301	4,4
90 days and more	2 697	-	-	(334)	-	2 363	16,3
Total loans to customers	**37 290**	**(82)**	**(280)**	**(334)**	**(176)**	**36 418**	**1,9**

31-12-2023

Distribution of loans by overdue days	Gross loans	Expected credit loss			Deferred revenue and transaction costs	Amortized cost of loans	Impairment coverage, %
		Stage 1	Stage 2	Stage 3			
Not overdue	35 099	(152)	(3)	-	(155)	34 789	0,4
0-30 days	-	-	-	-	-	-	-
31-89 days	1 507	-	-	(549)	-	958	57,3
90 days and more	247	-	-	(32)	-	215	14,90
Total loans to customers	**36 853**	**(152)**	**(3)**	**(581)**	**(155)**	**35 962**	**2,0**

01-01-2023

Distribution of loans by overdue days	Gross loans	Expected credit loss			Deferred revenue and transaction costs	Amortized cost of loans	Impairment coverage, %
		Stage 1	Stage 2	Stage 3			
Not overdue	23 833	(77)	-	-	(22)	23 734	0,4
0-30 days	20	-	-	-	-	20	-
31-89 days	21	-	-	(21)	-	-	-
90 days and more	-	-	-	-	-	-	-
Total loans to customers	**23 874**	**(77)**	**-**	**(21)**	**(22)**	**23 754**	**0,4**

Movements in the expected credit losses for loan losses are as follows:

	31 December, 2024	31 December, 2023	1 January, 2023
Opening Balance	**736**	**98**	**93**
Increase in ECL	596	705	112
Collections	-	(47)	(68)
Write-offs	(636)	(20)	(39)
Closing Balance	**696**	**736**	**98**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Note 11 Derivatives

Items	31 December, 2024	31 December, 2023	1 January, 2023
Currency related contracts	**(7)**	**12**	**5**
Forward contracts*	(7)	12	5
TOTAL:	**(7)**	**12**	**5**

*The notional amount of the forward contract for 2024 is 350 thousand Eur (2023: 400 thousand Eur, Jan 1, 2023 : 400 thousand Eur).

Note 12 Intangible assets

Items	Financial year
Balance on January 1, 2023	**1 163**
a) Non-current intangible assets acquisition cost	
At January 1, 2023	2 176
Changes during the financial year:	
- Acquisition of assets	709
December 31, 2023	**2 885**
b) Amortization	
At January 1, 2023	**(1 014)**
Changes during the financial year:	
- Depreciation during the financial year	(394)
December 31, 2023	**(1 408)**
c) Balance at December 31, 2023 (a) - (b)	**1 477**

Items	Financial year
Balance on December 31, 2023	**1 477**
a) Non-current intangible assets acquisition cost	
At December 31, 2023	2 885
Changes during the financial year:	
- Acquisition of assets	818
December 31, 2024	**3 703**
b) Amortization	
At December 31, 2023	**(1 408)**
Changes during the financial year:	
- Depreciation during the financial year	(596)
December 31, 2024	**(2 004)**
c) Balance at December 31, 2024 (a) - (b)	**1 699**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Note 13 Tangible assets

Items	Computer equipment	Other equipment	Total
Balance at January 1, 2023	**37**	**-**	**37**
a) Non-current tangible assets acquisition cost At January 1, 2023 Changes during the financial year: - Acquisition of assets	 151 12	 2 3	 153 15
December 31, 2023	**163**	**5**	**168**
b) Amortization At January 1, 2023 Changes during the financial year: - Depreciation during the financial year	 **(114)** (24)	 **(2)** -	 **(116)** (24)
December 31, 2023	**(138)**	**(2)**	**(140)**
c) Balance at December 31, 2023 (a) - (b)	**25**	**3**	**28**

Items	Computer equipment	Other equipment	Total
Balance at December 31, 2023	**25**	**3**	**28**
a) Non-current tangible assets acquisition cost At December 31, 2023 Changes during the financial year: - Acquisition of assets	 163 23	 5 3	 168 26
December 31, 2024	**186**	**8**	**194**
b) Amortization At December 31, 2023 Changes during the financial year: - Depreciation during the financial year	 **(138)** (16)	 **(2)** -	 **(140)** (16)
December 31, 2024	**(154)**	**(2)**	**(156)**
c) Balance at December 31, 2024 (a) - (b)	**32**	**6**	**38**

Note 14 Right of use assets and lease liabilities

The value of the right to use assets is determined based on the discounted lease payments (liabilities) over the lease term planned by the management. The depreciation period for these assets corresponds to the lease term of the asset. The discount rate used to depend on the term of the lease is 4,5 percent.

Right of use asset	Balance on January 1, 2024	Additions / Increase	Depreciation	Balance on December 31, 2024
Premises*	50	684	(168)	566
Total	**50**	**684**	**(168)**	**566**

*Includes deposit payment amounting to 39 thousand Eur

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Lease liabilities	Balance on January 1, 2024	Additions / Increase	Payments	Balance on December 31, 2024
Premises	-	684	(134)	550
Total	**-**	**684**	**(134)**	**550**

Right of use asset	Balance on January 1, 2023	Additions / Increase	Depreciation	Balance on December 31, 2023
Premises*	188	-	(138)	50
Total	**188**	**-**	**(138)**	**50**

*Includes deposit payment amounting to 39 thousand Eur

Lease liabilities	Balance on January 1, 2023	Additions / Increase	Payments	Balance on December 31, 2023
Premises	143	-	(143)	-
Total	**143**	**-**	**(143)**	**-**

Note 15 Deferred tax asset

Items	31 December, 2024	31 December, 2023	1 January, 2023
Accrued tax loses	497	736	826
Right of use asset	-	(21)	(19)
Expected credit losses (Stage 1 & 2)	(4)	11	9
Differences between the useful lives of intangible fixed assets and financial and tax accounting	83	9	(247)
Lease liability	-	20	22
Other	-	-	12
Total	**576**	**755**	**603**

Note 16 Trade and other receivables

Items	31 December, 2024	31 December, 2023	1 January, 2023
Receivables from customers for fee payments	141	132	147
Receivables from customers for onboarding	36	4	75
Total	**177**	**136**	**222**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Note 17 Trade and other receivables

Items	31 December, 2024	31 December, 2023	1 January, 2023
Prepaid expenses	503	425	351
Collateral given (Given to credit card issuer companies)	312	282	282
Assets held for sale	77	-	-
Other assets	61	50	23
Total	**953**	**757**	**656**

Note 18 Deposits from financial institutions

Items	31 December, 2024	31 December, 2023	1 January, 2023
Demand deposits	122 513	75 063	60 309
Total	**122 513**	**75 063**	**60 390**

Note 19 Deposits from public

Items	31 December, 2024	31 December, 2023	1 January, 2023
Term deposits	49 165	48 890	32 171
Demand deposits	25 088	9 105	9 101
Accrued interest	761	767	193
Transaction costs	(55)	(63)	(55)
TOTAL:	**74 959**	**58 699**	**41 410**

*Average rate of interest on time deposits in 2024 year was 3.52% (2023 – 3.83%).

Note 20 Provisions

Items	31 December, 2024	31 December, 2023	1 January, 2023
Provisions for off-balance sheet liabilities	16	-	-
Total	**16**	**-**	**-**

Note 21 Trade and other payables

Items	31 December, 2024	31 December, 2023	1 January, 2023
Payables to suppliers	96	312	313
Total	**96**	**312**	**313**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Note 22 Other liabilities

Items	31 December, 2024	31 December, 2023	1 January, 2023
Accrued bonuses	400	400	-
Accrued vacation reserve	207	43	79
CIT payable	65	63	97
Accrued expenses	58	238	86
VAT payable	40	117	47
Solidarity tax	13	32	-
Other*	39	700	1 612
Total	**822**	**1 593**	**1 921**

*Other includes payment transactions that have not been recognized to customer accounts according to ongoing AML controls.

Note 23 Capital

Share capital

As of December 31, 2024, the Bank's share capital was equal to 15 300 thousand EUR (as of December 31, 2023 – 15 300 thousand EUR, January 1 , 2023 – 15 300 thousand EUR). The share capital is divided into 15 300 thousand ordinary registered shares with EUR 1 par value each.

All shares as of December 31, 2024 and December 31, 2023 are fully paid-up. The Bank does not have any other types of shares except the ordinary shares as referred to above.

Mandatory reserve

As of December 31, 2024, the Bank did not have reserves. According to Law on Companies of the Republic of Lithuania, mandatory reserve is compulsory under the Lithuanian regulatory legislation. Annual transfers of 5% of net result are required until the reserve reaches 10% of share capital.

Profit distribution project

No.	Items	
1	Retained earnings (loss) at the beginning of the financial year	(3 795)
2	Current financial year net profit (loss)	1 060
3	Profit (loss) for distribution (1+2)	(2 735)
4	Profit (loss) transfer to the compulsory reserve or emergency (reserve) capital	-
5	Profit (loss) transfer to the reserve	-
6	Retain profit (loss) at the end of the financial year (3-4-5)	(2 735)

Note 24 Financial risk management

The Bank defines risk as a potential negative impact on the value of the Bank that may arise from current internal processes or from internal and external future events. The concept of risk combines the probability of an event occurring with the impact that event would have on profit and loss, equity, and the value of the Bank. The company shall make appropriate efforts to minimize expected losses through ensuring sound Enterprise Risk Framework and internal controls.

This Note to the financial statements includes information about the impact of the risks on the company, its objectives, policy, and processes related to risk assessment and management, also the information about the capital management. The quantitative disclosures are presented in other Notes to the financial statements.

The Supervisory Board of the Bank has the overall responsibility for ensuring that risks associated with the Bank's operations and strategy are satisfactorily managed and controlled. The Policy on Enterprise Risk Management contains the Bank's Risk Strategy, including fundamental principles that shall apply for the Bank on Risk Management, and provides guidance on their implementation. Furthermore, it defines and communicates the Bank's Risk Strategy and Risk Appetite, provides a complete and overarching description of how the Bank manages risks and how roles and responsibilities are allocated in the Risk Management process as well as to define the foundation of a sound Risk Culture and Risk Awareness. The risk management framework and the risk management systems are revised on a regular basis to reflect the developments in the market conditions and the operations of the Bank.

Credit Risk

Credit risk means the risk that a counterparty fails to meet its obligations to the Bank and the risk that the pledged collateral does not cover the claims. The Bank uses several measures designed to continuously ensure that transactions are executed with reliable customers and the transaction amounts do not exceed the approved credit risk limit. The Bank does not grant any guarantees in respect of the obligations of other parties. The largest credit risk is represented by the carrying value of each unit of financial assets, including the derivative financial instruments in the statement of the financial position, if any. As a result, the Bank's management believes that the maximum risk is equal to the amounts receivable less the recognized impairment loss as of the statement of the financial position date.

Loans to the clients

The following tables present loans to the public and credit institutions at amortized cost by industry sectors, also representing the concentration of loans on which credit risk is managed.

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

31-12-2024	Stage 1			Stage 2			Stage 3			Total
Distribution of loans by sector/industry	**Gross Carrying Amount**	**Expected credit loss**	**Amortised Costs**	**Gross Carrying Amount**	**Expected credit loss**	**Amortised Costs**	**Gross Carrying Amount**	**Expected credit loss**	**Amortised Costs**	**Amortised costs**
Real estate activities	8 989	(23)	8 966	2 828	(140)	2 688	-	-	-	**11 654**
Wholesale and retail trade	4 829	(9)	4 820	-	-	-	454	-	454	**5 274**
Transport and storage	4 419	(6)	4 413	413	(2)	411	-	-	-	**4 824**
Manufacturing	2 024	(4)	2 020	1 047	(3)	1 044	-	-	-	**3 064**
Financial institutions	795	(10)	785	-	-	-	-	-	-	**785**
Agriculture, forestry, and fishing	-	-	-	-	-	-	2 243	(334)	1 909	**1 909**
Administrative and support service act.	4 570	(18)	4 552	234	(2)	232	-	-	-	**4 784**
Construction	987	(1)	986	-	-	-	-	-	-	**986**
Human health services and social work activities	260	-	260	101	-	101	-	-	-	**361**
Professional, scientific, and technical act.	-	-	-	150	-	150	-	-	-	**150**
Arts, entertainment, and recreation	-	-	-	1 808	(133)	1 675	-	-	-	**1 675**
Information and communication	217	(1)	216	-	-	-	-	-	-	**216**
Financial and insurance activities	345	(10)	335	-	-	-	-	-	-	**335**
Electricity, gas, steam and air conditioning supply	577	-	577	-	-	-	-	-	-	**577**
Transaction costs	28	-	28	-	-	-	-	-	-	**28**
Prepaid future income	(204)	-	(204)	-	-	-	-	-	-	**(204)**
TOTAL	**27 836**	**(82)**	**27 754**	**6 581**	**(280)**	**6 301**	**2 697**	**(334)**	**2 363**	**36 418**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

31-12-2023	Stage 1			Stage 2			Stage 3			Total
Distribution of loans by sector/industry	**Gross Carrying Amount**	**Expected credit loss**	**Amortised Costs**	**Gross Carrying Amount**	**Expected credit loss**	**Amortised Costs**	**Gross Carrying Amount**	**Expected credit loss**	**Amortised Costs**	**Amortised costs**
Real estate activities	9 260	(57)	9 203	-	-	-	-	-	-	**9 203**
Wholesale and retail trade	5 846	(17)	5 829	1 302	(3)	1 299	-	-	-	**7 128**
Transport and storage	5 022	(21)	5 001	-	-	-	1 507	(549)	958	**5 959**
Manufacturing	4 064	(12)	4 052	-	-	-	-	-	-	**4 052**
Financial institutions	2 415	(28)	2 387	-	-	-	-	-	-	**2 387**
Agriculture, forestry, and fishing	2 014	(5)	2 009	-	-	-	247	(32)	215	**2 224**
Administrative and support service act.	1 837	(7)	1 830	-	-	-	-	-	-	**1 830**
Construction	780	(1)	779	-	-	-	-	-	-	**779**
Human health services and social work activities	411	-	411	-	-	-	-	-	-	**411**
Professional, scientific, and technical act.	163	-	163	-	-	-	-	-	-	**163**
Arts, entertainment, and recreation	1 985	(4)	1 981	-	-	-	-	-	-	**1 981**
Transaction costs	37	-	37	-	-	-	-	-	-	**37**
Prepaid future income	(192)	-	(192)	-	-	-	-	-	-	**(192)**
TOTAL	**33 642**	**(152)**	**33 490**	**1 302**	**(3)**	**1 299**	**1 754**	**(581)**	**1 173**	**35 962**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Maximum credit risk exposure
The following tables present the Bank's maximum credit risk exposure before taking account of any collateral held. For financial assets recognized on the statement of financial positi7on, the maximum exposure to credit risk equals their carrying amount; for financial guarantees and similar contracts granted, it is the maximum amount that would have to be paid if the guarantees were called upon. For loan commitments and other credit–related commitments, it is generally the full amount of the committed facilities.

	2024	2023
Assets		
Cash and cash equivalents	162 865	107 580
Investment securities	8 236	415
Loans to customers by type of collateral	36 418	35 962
Real Estate Residential	2 986	3 161
Real Estate Commercial	21 230	21 138
Movable property	8 407	3 911
Other collateral	3 182	3 358
Unsecured	613	4 394
Derivatives	-	12
Trade and other receivables	177	136
Contingent liabilities and commitments		
Guarantees	-	-
Commitments	4 714	3 633
Maximum credit risk exposure	**212 410**	**147 738**

Distribution by internal credit risk rating
The tables below show the credit quality of financial instruments that are subject to the IFRS 9 impairment requirements. The gross carrying amounts are distributed by internal credit risk rating and stage.

Internal credit risk rating (Moody's)	PD	Financial year			
		Stage 1	Stage 2	Stage 3	Total
Aaa	< 0,02 %	-	-	-	**-**
Aa1 - Aa3	0,02 % - 0,09 %	-	-	-	**-**
A1 - A3	0,09 % - 0,27 %	-	-	-	**-**
Baa1 -Baa3	0,27 % - 1,1 %	2 940	101	-	**3 041**
Ba1 - Ba3	1,1 % - 3,7 %	16 621	3 310	-	**19 931**
B1 - B3	3,7 % - 8,5 %	8 275	3 170	-	**11 445**
Caa/C	100%	-	-	2 697	**2 697**
Total		**27 836**	**6 581**	**2 697**	**37 114**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Internal credit risk rating (Moody's)	PD	Previous financial year			
		Stage 1	Stage 2	Stage 3	Total
Aaa	< 0,02 %	-	-	-	**-**
Aa1 - Aa3	0,02 % - 0,09 %	-	-	-	**-**
A1 - A3	0,09 % - 0,27 %	-	-	-	**-**
Baa1 -Baa3	0,27 % - 1,1 %	160	-	-	**160**
Ba1 - Ba3	1,1 % - 3,7 %	19 738	1 038	-	**20 777**
B1 - B3	3,7 % - 8,5 %	13 744	264	-	**14 008**
Caa/C	100%	-	-	1 754	**1 754**
Total		**33 642**	**1 302**	**1 754**	**36 698**

Reconciliations of gross carrying amount and credit loss allowances
The table below provides a reconciliation of the gross carrying amount and credit loss allowances for loans to the public at amortized cost where the line Increase/Decrease in volume refers to loan contractual amount increase, increase in overdraft and loan amortization, decrease in overdraft. New financial assets present newly originated loan contracts and purchased loans, whereas the line Derecognized financial assets present fully repaid loans or write-offs. These movements impact ECL changes which are also presented separately, namely, for derecognized and new financial assets and for changes in risk factors (EAD, PD, LGD) which are directly impacted by loan contractual amount increase, increase in overdraft and loan amortization, decrease in overdraft.

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

	Financial year			Previous financial year		
	Non credit-impaired		Credit-impaired	Non credit-impaired		Credit-impaired
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying amount						
Opening Balance	**33 642**	**1 302**	**1 754**	**23 783**	**20**	**21**
Increases due to origination	13 066	480	-	16 520	1 282	1 773
Derecognised financial assets	(8 646)	(553)	(1 507)	(4 623)	-	-
Increase/ Decrease in volume	(10 226)	5 352	2 450	(2 038)	-	-
Non-performing loan sales	-	-	-	-	-	(40)
Closing Balance	**27 836**	**6 581**	**2 697**	**33 642**	**1 302**	**1 754**
Credit loss allowances	**152**	**3**	**581**	**77**	**-**	**-**
Increases due to origination and acquisition	46	1	-	63	3	569
Derecognised financial assets	(45)	(2)	(549)	(37)	-	-
Changes on risk factors (EAD, PD, LGD)	(62)	278	17	48	-	-
Stage transfers	(9)	-	285	1	-	32
from stage 1 to stage 2	(9)	-	-	1	-	-
from stage 1 to stage 3	-	-	237	-	-	32
from stage 2 to stage 1	-	-	-	-	-	-
from stage 2 to stage 3	-	-	48	-	-	-
from stage 3 to stage 1	-	-	-	-	-	-
from stage 3 to stage 2	-	-	-	-	-	-
Other*	-	-	-	-	-	(20)
Closing Balance	**82**	**280**	**334**	**152**	**3**	**581**
Opening Balance	**33 490**	**1 299**	**1 173**	**23 706**	**20**	**21**
Closing Balance	**27 754**	**6 301**	**2 363**	**33 490**	**1 299**	**1 173**

*Includes write-offs / NPL Sales

Forborne loans

Forborne loans refer to loans where the contractual terms have been changed due to the customer's financial difficulties. The purpose of the forbearance measure is to enable the borrower to make full payments again or to avoid foreclosure, or when this is not considered possible, to maximize the repayment of outstanding loans. Changes in contractual terms include various forms of concessions such as amortization suspensions, reductions in interest rates to below market rates, forgiveness of all or part of the loan, or issuance of new loans to pay overdue amounts. Depending on when the forbearance measures are taken and the severity of the financial difficulties of the borrower, the forborne loan could either be treated as a performing forborne loan or a non-performing forborne loan. The following table shows the gross amounts of forborne loans.

	Financial year	**Previous financial year**
Stage 1	-	-
Stage 2	1 561	-
Stage 3	-	-
Total	**1 561**	**-**

Liquidity risk

The liquidity risk means the risk of not being able to meet payment obligations when they fall due without incurring considerable additional costs for obtaining funds or losses due to asset urgent sale. For liquidity risk management, the Bank's aims at maintaining a strong liquidity buffer and sufficient counter balancing capacity to enable the Bank to fulfil its obligations under ordinary or complex conditions without incurring unacceptable loss or risk to the Bank's reputation.

The following table discloses the Bank's main items used in the calculation of Liquidity Coverage Ratio of December 31, 2024:

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

	Market value	Applicable weight	Value
Liquidity Buffer	**51 298**		**51 298**
Withdrawable central bank reserves	44 766	1,00	44 766
Sovereign bonds	6 532	1,00	6 532
Retail deposits	**49 473**		**4 921**
deposits exempted from the calculation of outflows	44 439	0,00	-
deposits where the payout has been agreed within the following 30 days	4 893	1,00	4 893
Other retail deposits	142	0,20	28
Operational deposits	**25 818**		**6 407**
maintained for clearing, custody, cash management or other comparable services in the context of an established operational relationship	25 818		6 407
covered by Deposit Guarantee Scheme	239	0,05	12
not covered by Deposit Guarantee Scheme	25 579	0,25	6 395
Excess operational deposits	**116 716**		**103 673**
deposits by financial customers	95 384	1,00	95 384
deposits by other customers	21 332		8 289
covered by Deposit Guarantee Scheme	1 217	0,20	243
not covered by Deposit Guarantee Scheme	20 115	0,40	8 046
Non-operational deposits	**5 530**		**5 417**
correspondent banking and provisions of prime brokerage deposits	3 901	1,00	3 901
deposits by financial customers	1 475	1,00	1 475
deposits by other customers	154		41
covered by Deposit Guarantee Scheme	101	0,20	20
not covered by Deposit Guarantee Scheme	53	0,40	21
Committed facilities	**5 037**		**1 000**
credit facilities	5 037		1 000
to non-financial customers other than retail customers	3 382	0,10	338
to credit institutions	1 655	0,40	662
Other liabilities	**1 643**		**-**
liabilities resulting from operating expenses	1 643	0,00	-
Total Outflows	**204 217**		**121 419**
Inflows Subject to 75% Cap	**117 440**		**117 125**
Reduction for Inflows Subject to 75% Cap			91 064
NET LIQUIDITY OUTFLOW			**30 355**
LIQUIDITY COVERAGE RATIO (%)			**169,0%**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Interest rate risk

As per the December 31, 2024 financial figures, the company has calculated parallel shocks +/- 200 bps on the Economic value of equity (EVE) and Net Interest Income in EUR. The results show that the Bank operates within defined risk appetite.

Net interest income 12 months	Change	Financial year	Previous financial year
Increased interest rates	+1 % point	499	143
Decreased interest rates	-1 % point	(505)	(143)

Time buckets in EVE calculation as per the Interest Rate Risk Report dated 2024.12.31

	Demand	Overnight	up to 1 month	from 1 to 3 months	from 3 to 6 months	from 6 months to 1 year	from 1 year to 2 years	from 2 years to 3 years	from 3 years to 4 years	from 4 years to 5 years	from 5 years to 7 years	>7 years
Total Assets	46 120	114 000	7 616	8 587	15 336	1 224	925	883	1 130	387	-	-
Total Liabilities	121 705	13 605	-	5 146	20 813	21 679	3 298	3 175	3 175	3 175	-	-
Total Gap	**(75 585)**	**100 395**	**7 616**	**3 441**	**(5 477)**	**(20 455)**	**(2 373)**	**(2 292)**	**(2 045)**	**(2 788)**	**-**	**-**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

	Financial year					
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Cash and cash equivalents	114 010	-	-	-	48 855	162 865
Investment securities	-	1 452	-	6 784	-	8 236
Loans to customers*	8 335	25 453	800	-	1 830	36 418
Derivatives	-	-	-	-	-	-
Intangible assets	-	-	-	-	1 699	1 699
Tangible assets	-	-	-	-	38	38
Right of use assets	-	-	-	-	566	566
Deferred tax asset	-	-	-	-	576	576
Trade and other receivables	-	-	-	-	177	177
Other assets	-	-	-	-	953	953
Total Assets	**122 345**	**26 905**	**800**	**6 784**	**54 694**	**211 528**
Deposits from financial institutions	3 901	-	-	-	118 612	122 513
Deposits from public	496	49 199	232	-	25 032	74 959
Lease liabilities	-	-	-	-	550	550
Provisions	-	-	-	-	16	16
Derivatives	-	-	-	-	7	7
Trade and other payables	-	-	-	-	96	96
Other liabilities	-	-	-	-	822	822
Total Liabilities	**4 397**	**49 199**	**232**	**-**	**145 135**	**198 963**
Net Repricing Gap as of financial year	**117 948**	**(22 294)**	**568**	**6 784**	**(90 441)**	**12 565**
Off-balance sheet derivative instruments net notional position	**350**	**-**	**-**	**-**	**-**	**350**

*Total impairments and non-performing loans are presented “No maturity” column.

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

	Previous financial year					
	Up to 3 months	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Cash and cash equivalents	77 026	-	-	-	30 554	107 580
Investment securities	-	415	-	-	-	415
Loans to customers*	23 320	9 786	1 795	-	1 061	35 962
Derivatives	-	-	-	-	12	12
Intangible assets	-	-	-	-	1 477	1 477
Tangible assets	-	-	-	-	28	28
Right of use assets	-	-	-	-	50	50
Deferred tax asset	-	-	-	-	755	755
Trade and other receivables	-	-	-	-	136	136
Other assets	-	-	-	-	757	757
Total Assets	**100 346**	**10 201**	**1 795**	**-**	**34 830**	**147 172**
Deposits from financial institutions	21 475	-	-	-	53 588	75 063
Deposits from public	1 391	23 773	24 494	-	9 041	58 699
Lease liabilities	-	-	-	-	-	-
Trade and other payables	-	-	-	-	312	312
Other liabilities	-	-	-	-	1 593	1 593
Total Liabilities	**22 866**	**23 773**	**24 494**	**-**	**64 534**	**135 667**
Net Repricing Gap as of financial year	**77 480**	**(13 572)**	**(22 699)**	**-**	**(29 704)**	**11 505**
Off-balance sheet derivative instruments net notional position	**400**	**-**	**-**	**-**	**-**	**400**

*Total impairments and non-performing loans are presented “No maturity” column.

IBOR Reform

The International Accounting Standards Board (IASB) has introduced changes to the Interbank Offered Rate (IBOR) methodology which may impact the bank’s financial instruments in the future.

The bank has carefully reviewed the potential impact of the IBOR reform on its operations and financial statements. At present, the bank has not identified any material impact on its financial statements resulting from the reform.

The bank has been closely monitoring the IBOR reform and will continue to assess the impact of the IBOR reform on an ongoing basis and will provide additional disclosures in its financial statements as necessary to ensure that kept informed of any material impacts.

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Market Risk

Market risk is the risk to value, earnings or capital arising from the movements of risk factors in financial markets. The purpose of market risk management is to minimize market risk.

Currency Risk

Currency risk is the risk to value, earnings or capital arising from movements of currencies and volatilities or correlations. The currency risk arising from banking operations is managed using financial derivatives, namely foreign exchange forwards.

The Bank's monetary assets and monetary liabilities in different currencies on December 31, 2024 and 2023 were as follows:

	Financial year					
	USD	GBP	TRY	Other	EUR	Total
Cash and cash equivalents	29	6	5	-	162 825	162 865
Investment securities	-	-	-	-	8 236	8 236
Loans to customers	-	-	-	-	36 418	36 418
Intangible assets	-	-	-	-	1 699	1 699
Tangible assets	-	-	-	-	38	38
Right of use assets	-	-	-	-	566	566
Deferred tax asset	-	-	-	-	576	576
Trade and other receivables	-	-	-	-	177	177
Other assets	313	-	-	-	640	953
Total Assets	**642**	**6**	**5**	**-**	**211 175**	**211 528**
Deposits from financial institutions	1	1	-	-	122 511	122 513
Deposits from public	-	-	-	-	74 959	74 959
Lease liabilities	-	-	-	-	550	550
Provisions	-	-	-	-	16	16
Trade and other payables	-	-	-	-	96	96
Other liabilities	-	-	-	-	829	829
Total Equity	-	-	-	-	12 565	12 565
Total Equity And Liabilities	**1**	**1**	**-**	**-**	**211 526**	**211 528**
Net balance sheet position	**341**	**5**	**5**	**-**	**(351)**	**-**
Net off-balance sheet position	**(350)**	**-**	**-**	**-**	**350**	**-**

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

	Previous financial year					
	USD	**GBP**	**TRY**	**Other**	**EUR**	**Total**
Cash and cash equivalents	109	-	-	-	107 471	107 580
Investment securities	-	-	-	-	415	415
Loans to customers	-	-	-	-	35 962	35 962
Intangible assets	-	-	-	-	1 477	1 477
Tangible assets	-	-	-	-	28	28
Right of use assets	-	-	-	-	50	50
Deferred tax asset	-	-	-	-	755	755
Trade and other receivables	-	-	-	-	136	136
Other assets	282	-	-	-	487	769
Total Assets	**391**	**-**	**-**	**-**	**146 781**	**147 172**
Deposits from financial institutions	8	7	-	-	75 048	75 063
Deposits from public	-	-	-	-	58 699	58 699
Lease liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Trade and other payables	-		-	-	312	312
Other liabilities	-	-	-	-	1 593	1 593
Total Equity	-	-	-	-	11 505	11 505
Total Equity And Liabilities	**8**	**7**	**-**	**-**	**147 157**	**147 172**
Net balance sheet position	**383**	**(7)**	**-**	**-**	**(376)**	**-**
Net off-balance sheet position	**(400)**	**-**	**-**	**-**	**400**	**-**

ESG Risk

The Bank continues to improve its ESG risk management framework in line with the expectations of the regulatory authority.

Note 25 Prudential requirements

Capital Adequacy

The Bank must comply with the prudential regulatory capital requirements determined by the Bank of Lithuania, including capital adequacy ratio.

In addition, the Bank has the following:

- Ensuring the Bank's ability to comply with the capital adequacy requirements
- Ensuring the ability to maintain an optimal capital level in order to ensure the growth of the investment portfolio and to protect against potential risks

(Amounts expressed in thousands amount of EUR, unless otherwise stated)

Information on Compliance With All Prudential Requirements of The Bank

The Bank has complied with all prudential requirements as of December 31, 2024:

CET1 Capital ratio - 9,29%	18,5%
T1 Capital ratio – 11,19%	18,5%
Total capital ratio – 13,79%	18,5%
Capital conservation buffer	2,5%
Institution specific countercyclical capital buffer	0,91%
Leverage ratio - shall be more than 3%	4,9%
Liquidity requirement - liquidity coverage ratio shall not be less than 130%	169,0%
Liquidity requirement - net stable funding ratio shall not be less than 100%	242,8%
Large exposure requirement for non-institutions- shall not exceed 25% of bank' s T1 capital	19,4%
Large exposure requirement for institutions- shall not exceed 100% of bank' s T1 capital	7,2%

Note 26 Transactions with related parties

The Bank's related parties are considered to be its shareholders, employees, Members of the Board, their close family members or entities that they directly or indirectly, through one or several intermediaries control or are controlled by, or are managed jointly with the Bank, and this relation enables one of the parties to exercise control or significant influence upon the other party in making financial or operating decisions.

2024-12-31

Related parties name	Acquisitions from related parties during 2024	Liabilities 2024-12-31	Income from related parties during 2024	Operating expense to related parties during 2024
Shareholder	-	-	-	-
Associated companies	-	14 235	250	71
Total	**-**	**14 235**	**250**	**71**

2023-12-31

Related parties name	Acquisitions from related parties during 2023	Liabilities 2023-12-31	Income from related parties during 2023	Operating expense to related parties during 2023
Shareholder	-	-	-	-
Associated companies	-	69	145	78
Total	**-**	**69**	**145**	**78**

Financial relationships with the Bank's management are presented below:

Items	Financial year	Previous financial year
Amounts paid to Companies management and related parties:		
- Amounts related to employment relationships (Management Board)	741	661
- Allowance for work at the Supervisory Board	526	454
- Free of charge granted assets or services	-	-
- Other significant amounts	-	-