



# **European Merchant Bank UAB**

## **Risk Management and Capital Adequacy Report Pillar 3 Annual Report 2024**

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## 1. Introduction

European Merchants Bank's (The Bank) Risk Management and Capital Adequacy Report - 2024 is prepared in accordance with the following regulatory texts:

- The requirements of Regulation (EU) No 575/2013 of the European Parliament and of the Council (the "CRR") and the Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 laying down the technical standards regarding public disclosures by institutions of the information referred to in Titles II and III of Part Eight of the Regulation (EU) No 575/2013, and repealing Commission Implementing Regulation (EU) 2021/637
- Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 EBA/GL/2016/11, 09/06/17
- Recommended voluntary ESG disclosures (Sustainability Disclosure of Information Recommendations, BoL, January 2023)

The Bank is a specialized Bank established in Lithuania and focuses on innovative international financial services. The Bank's mission is to provide its customers with payment-related products, and to allow underfunded SMEs to access the real mid-market interest rates any time they need on a customer-friendly platform. The lending targets of the Bank include the development of micro, small and medium sized business entities.

This document has not been audited and does not form part of the Bank's audited financial statements. It has been attested by the Management Board of the Bank.

The disclosures presented below are based on 2024.12.31 financial figures.

## 2. Risk Management Approach

### EU OVA - Institution risk management approach

Point (f) Article 435(1) CRR	(a)	<ul style="list-style-type: none"><li>• The Bank's Enterprise Risk Management (ERM) framework is governed by the Bank's Enterprise Risk Management Policy, Risk Taxonomy, Risk Appetite Statement Policy, and Policy on Risk Organization (Overarching Risk Policies) that were approved by the Supervisory Board on June 13th, 2023. These overarching risk policies are supported by individual risk policies for each risk in the Risk Taxonomy. The Bank's Risk Appetite Statement Policy specifies the risk appetite for the Bank based on its risk capacity and key risk indicators per risk type as a quantitative measure or a qualitative statement depending on the risk type, which is further implemented through the risk limit framework regulated by the Limits &amp; Key Risk Indicators Policy.</li></ul>
Point (b) of Article 435(1) CRR	(b)	<ul style="list-style-type: none"><li>• The Bank's Enterprise Risk Management (ERM) framework is jointly owned by the Chief Risk Officer and Compliance Officer. (This report covers the Chief Risk Officer's scope only.)</li><li>• The Bank's Enterprise Risk Management (ERM) framework and governance structure are based on the Three Lines of Defence model with clearly defined roles and responsibilities of each level in the organization.</li></ul>

		<div>Business operations</div> <div>I Line of defence</div> <ul style="list-style-type: none"> <li>Ensure that there are appropriate processes and internal control structures in place that aim to ensure that risks are identified, assessed, managed, monitored, reported and kept within the boundaries of the Bank's Risk Appetite and in accordance with the Risk Management Framework</li> <li>Add additional key risk indicators and internal rules if needed</li> <li>Establish a relevant governance structure and to secure those activities comply with internal and external supervisory requirements.</li> </ul>	<div>Risk control function</div> <div>II Line of defence</div> <ul style="list-style-type: none"> <li>Define the Risk Management Framework, covering all material risks which the Bank faces.</li> <li>Monitor and assess whether the First Line of Defence has adequate and effective Risk Management process and controls in place</li> <li>Develop and maintain the risk limit and key risk indicator framework structure and definitions</li> <li>Provide independent risk reporting to the Management Board and the Supervisory Council of the Bank</li> <li>Be involved in the evaluation of the impact of material changes and exceptional transactions</li> <li>Provide guidance and training on risk management processes</li> </ul>	<div>Internal Audit</div> <div>III Line of defence</div> <ul style="list-style-type: none"> <li>Independent assurance of the effectiveness of the first two lines of defence</li> <li>Independent reporting to the Board and Audit committee</li> <li>Advisory role in order to improve the process.</li> </ul>
Point (b) of Article 435(1) CRR	(b)	<ul style="list-style-type: none"> <li>The Bank has a two-tiered board structure: Supervisory Board consists of four members and Management Board consists of five members. Selection of members of the Supervisory Board and Management Board is based on their actual knowledge, skills, and expertise.</li> <li>The Supervisory Board approves and oversees the implementation of the Overarching Risk Policies. The Management Board implements the Policies according to powers delegated by the Supervisory Board. The position of risk takers consists of Supervisory Board members, Management Board members, Credit Committee and Asset and Liability Committee (ALCO) members. Also, the following positions are risk takers regardless of being a member of above boards &amp; committees: Chief Executive Officer, Deputy Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Head of Internal Audit, Compliance Manager, Chief Operations Officer.</li> </ul>		
Point (e) of Article 435(1) CRR	(c)	<ul style="list-style-type: none"> <li>Risk declaration: European Merchant Bank has established a solid and well-structured risk management framework to ensure that the Bank's risks are kept within the established risk strategy and risk appetite.</li> </ul>		
Point (c) of Article 435(1) CRR	(d) (e)	<ul style="list-style-type: none"> <li>Second Line of Defense Risk function conducts daily and monthly risk monitoring reporting to Management Board and ALCO, and quarterly to Supervisory Board with respect to the risk profile of the Bank in terms of the material risks defined in its Risk Taxonomy and revised annually as per to Strategic Planning lifecycle.</li> </ul>		
Point (a) of Article 435(1) CRR	(f)	<ul style="list-style-type: none"> <li>The Bank through its Strategic Planning process governed by Strategic Management Guidelines and Strategic Risk Management Policy continually assesses the market and organizational developments related to its business model, evaluates the related existing and emerging risks and annually revises its Risk Appetite Statement with respect to its material risks.</li> <li>Business Lines as First Line of Defense are responsible for effective management of their relevant risks and the Key Risk Indicators under their ownership. Risk culture in the Bank is fostered through risk conscious strategic planning and continuous risk trainings by the Second Line of Defense Risk function.</li> </ul>		
Points (a) and (d) of Article 435(1) CRR	(g)	<ul style="list-style-type: none"> <li>The performance of the Bank and its resulting risk profile is continuously monitored vis-a-vie the defined risk appetite per risk type by means of Key Risk Indicators and Limits (KRI). KRIs are reported daily and monthly to the Management Board, quarterly to the Supervisory Board.</li> </ul>		

## EU OVB - Disclosure on governance arrangements

Point (a) Article 435(2) CRR	(a)	<ul style="list-style-type: none"><li>The Bank's Management Board consists of five members: CEO, CRO, Deputy CEO, Head of Local Sales, and Head of Global Sales.</li></ul>
Point (b) Article 435(2) CRR	(b)	<ul style="list-style-type: none"><li>Members of the Management Board are selected as per the Recruitment and Suitability Assessment Policy.</li></ul>
Point (c) Article 435(2) CRR	(c)	<ul style="list-style-type: none"><li>The Bank applies Diversity and Inclusion Policy to ensure that diversity and inclusion are given serious consideration in the succession planning, selection, nomination, operation and evaluation of the Management Board and the Supervisory Board.</li></ul>
Point (d) Article 435(2) CRR	(d)	<ul style="list-style-type: none"><li>The Bank does not have separate Risk Committee; Risk Committee functions are carried out under Audit Committee.</li></ul>
Point (e) Article 435(2) CRR	(e)	<ul style="list-style-type: none"><li>Information flow on risk to the Management Board and Supervisory Board is performed by the Chief Risk Officer.</li></ul>

The Management Board attests that the Bank has made disclosures in scope of requirements under Part Eight of CRR and internal Policy on Pillar 3 Regulatory Disclosures as per the Article 431 (3) of the CRR.

### 3. Remuneration Policy

The Bank's remuneration scheme consists of the following:

- Fixed remuneration component (fixed salaries)
- Additional benefits
- Variable remuneration component (annual variable remuneration and one-time bonuses). Guaranteed variable remuneration is not applicable.

Employees are subject to an equal pay system, without discrimination based on gender, age, nationality, race, social status, religion, social orientation, etc.

An employee's total remuneration package is determined based on the role and position of the individual employee, professional experience, seniority, education, responsibility, job complexity, market conditions, the results of the business unit in which the employee is employed, the individual's performance, the remuneration range applicable to the job position level.

#### Bank's Fixed Salary Principles

Fixed salary is the monthly salary determined in the employment contract which in each case reflects the level of the employee's professional experience, role, responsibilities set by the job description and role charter, principle of remuneration, specific knowledge, skills and competences, the salary budget opportunities, and the remuneration range applicable to the job position level.

#### Additional Benefits

On an initiative of the Bank benefits may be granted to employees as long-term or short-term benefits or allowances that may be received by the employees (e.g., health insurance, additional leave days, etc.). Benefits are intended to encourage employee's involvement, loyalty, forming the employer's distinctiveness, increasing its attractiveness, helping to achieve better performance and to provide a competitive overall reward package. Benefits apply regardless of the individual performance of the employees without providing an incentive to take risks, and therefore they are not considered to be a remuneration for the work or functions performed. Benefits are irrevocable for the validity of the benefits provided term of office and / or as long as the employee occupies a certain role to which the specific benefit is assigned.

### **Performance Based Variable Remuneration**

The portion of remuneration consists of an immediate portion and a deferred portion (when applicable) to promote trustworthy and effective risk management.

The Bank does not offer guaranteed variable remuneration. Variable remuneration fund is formed only after assessing the Bank's performance, considering current and future risks, costs of the capital employed and liquidity support needs. The variable remuneration fund and its size must not limit the ability of the Bank to strengthen its capital base.

Variable remuneration is paid by linking the employee's individual performance goals with the Bank's long-term interests. Variable remuneration shall be paid in cash - in full at once or deferred in parts (when applicable).

### **One-time Bonuses**

One – time bonus is paid to all employees regardless of their seniority level, work experience within the Bank and (or) other aspects of the employment relationship between the Bank and the employee. One-time bonus is paid to all employees as an equal percentage of the monthly salary of each employee.

### **Deferred Payments**

When deferral is applicable, the actual payment to the employee for that year and deferral amounts & schedules should be followed under the following scheme:

- Up to the amount equivalent to 25% of the employee's annual fixed remuneration is paid in cash as variable remuneration in Year 1 (reporting year).
- The amount (if applicable) equivalent to between 25% - 40% of employee's annual fixed remuneration is deferred to Year 2 to be paid in cash as variable remuneration.
- The amount (if applicable) equivalent to over 40% of employee's annual fixed remuneration is deferred to Year 3 to be paid in cash as variable remuneration.

Detailed information regarding the Remuneration is provided in a separate Remuneration Policy and published on em.bank –(<https://em.bank/corporate-governance/>)

As of 31 December 2024, EMBank has 20 risk-takers. The average salary of the risk takers is gross EUR 8 729 (eight thousand, seven hundred, twenty- nine euros) as of the end of year.

**EU REM1 - Remuneration awarded for the financial year**

			<b>Supervisory Function</b>	<b>Management Function</b>	<b>Other Senior Management</b>	<b>Other Identified Staff</b>
1	<b>Fixed Remuneration</b>	No of identified staff	4	5	8	3
2		Total Fixed Remuneration	<b>526</b>	<b>736</b>	<b>563</b>	<b>114</b>
3		Of which cash based	526	736	563	114
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
6		(Not applicable in the EU)				
7		Of which: other forms				
8		(Not applicable in the EU)				
9	<b>Variable Remuneration</b>	No of identified staff	4	5	8	3
10		Total Variable Remuneration*	<b>0</b>	<b>124</b>	<b>83</b>	<b>14</b>
11		Of which cash-based	0	124	83	14
12		Of which: deferred				
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		Of which: deferred				
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	Total Remuneration (2+10)		<b>526</b>	<b>860</b>	<b>646</b>	<b>128</b>

*Total Variable Remuneration \* : This payment was made on April 2025.*



## EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile

		Management Body Remuneration			Business Areas						Total
		MB Supervisory Function	MB Management Function	Total MB	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Independent Control Functions	All Other	
1	Total No of Identified Staff										20
2	Of which: members of the MB	4	5	9							
3	Of which: other senior management				0	0	0	0	2	6	
4	Of which: other identified staff				0	0	0	0	1	2	
5	Total remuneration of identified staff	526	860	1 386	0	0	0	0	210	564	
6	Of which: variable remuneration*	0	124	124	0	0	0	0	22	75	
7	Of which: fixed remuneration	526	736	1 262	0	0	0	0	188	489	

*Of which: variable remuneration \* : This payment was made on April 2025.*

## 4. Position

### EU OV1 - Overview of risk weighted exposure amounts.

		Total risk exposure amounts (TREA)		Total own funds requirements
		2024.12.31	2023.12.31	2024.12.31
1	<b>Credit risk (excluding CCR)</b>	215,234	149,660	38,834
2	Of which the standardised approach	215,234	149,660	38,834
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU 4a	Of which equities under the simple riskweighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	<b>Counterparty credit risk - CCR</b>			
7	Of which the standardised approach			
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA			
9	Of which other CCR			
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	<b>Settlement risk</b>			
16	<b>Securitisation exposures in the non-trading book (after the cap)</b>			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU 19a	Of which 1250% / deduction			
20	<b>Position, foreign exchange and commodities risks (Market risk)</b>			
21	Of which the standardised approach			
22	Of which IMA			
EU 22a	Large exposures			
23	<b>Operational risk</b>	1,334	1,008	16,679
EU 23a	Of which basic indicator approach	1,334	1,008	16,679
EU 23b	Of which standardised approach			
EU 23c	Of which advanced measurement approach			
24	<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>			
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	<b>Total</b>	<b>216,568</b>	<b>150,668</b>	<b>55,513</b>

## EU KM1 - Key metrics

		2024.12.31	2024.09.30	2024.06.30	2024.03.31	2023.12.31
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	10,293	9,199	9,319	9,300	9,274
2	Tier 1 capital	10,293	9,199	9,319	9,300	9,274
3	Total capital	10,293	9,199	9,319	9,300	9,274
<b>Risk-weighted exposure amounts</b>						
4	Total risk exposure amount	55,513	55,405	54,502	51,958	52,718
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	18.5%	16.6%	17.1%	17.9%	17.6%
6	Tier 1 ratio (%)	18.5%	16.6%	17.1%	17.9%	17.6%
7	Total capital ratio (%)	18.5%	16.6%	17.1%	17.9%	17.6%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)					
EU 7b	of which: to be made up of CET1 capital (percentage points)					
EU 7c	of which: to be made up of Tier 1 capital (percentage points)					
EU 7d	Total SREP own funds requirements (%)	2.3%	2.3%	2.3%	2.3%	2.3%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
9	Institution specific countercyclical capital buffer (%)	0.91%	0.98%	0.85%	0.83%	0.74%
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer (%)					
11	Combined buffer requirement (%)	10.5%	10.5%	10.5%	10.5%	10.5%
EU 11a	Overall capital requirements (%)	13.71%	13.78%	13.65%	13.63%	13.54%
12	CET1 available after meeting the total SREP own funds					
<b>Leverage ratio</b>						
13	Total exposure measure	211,943	123,057	129,408	103,030	146,165
14	Leverage ratio (%)	4.9%	6.9%	6.6%	8.2%	6.3%
<b>Additional own funds requirements to address the risk of excessive leverage</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)					
EU 14b	of which: to be made up of CET1 capital (percentage points)					
EU 14c	Total SREP leverage ratio requirements (%)	3%	3%	3%	3%	3%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	3%	3%	3%	3%	3%
EU 14e	Overall leverage ratio requirement (%)	3%	3%	3%	3%	3%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	51,298	39,307	29,616	25,679	28,109
EU 16a	Cash outflows - Total weighted value	121,419	98,709	69,287	66,071	72,117
EU 16b	Cash inflows - Total weighted value	91,064	74,031	78,068	70,736	54,088
16	Total net cash outflows (adjusted value)	30,355	24,677	17,322	16,518	18,029
17	Liquidity coverage ratio (%)	169.0%	159.3%	171.0%	155.5%	155.9%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	78,470	61,915	65,083	46,737	65,887
19	Total required stable funding	32,317	27,627	27,851	22,160	29,856
20	NSFR ratio (%)	242.8%	222.6%	232.3%	208.9%	220.7%

## EU OVC - Internal Capital Adequacy Assessment Process CRR Article 438 (a,c)

ICAAP is the Bank's internal process to assess its overall capital adequacy in relation to its risk profile and strategy to maintain capital at sound levels. The Bank's ICAAP and ILAAP processes are based on a normative approach. The normative perspective is a multi-year assessment of the Bank's ability to fulfil all its capital-related quantitative regulatory and supervisory requirements and demands, and to cope with other external financial constraints, on an ongoing basis. The normative perspective is expected to consider all material risks affecting the relevant regulatory ratios, including own funds and risk exposure amounts, over the 3-year planning period. Therefore, although its outcomes are expressed in regulatory metrics, the normative perspective is not limited to the economic environment and business strategy but continuity of the Bank, adequate capital (ICAAP), adequate liquidity (ILAAP) and competitive position. The Bank's capital management policies and practices support its business strategy and ensure that it is sufficiently capitalized to withstand adverse market and bank-specific developments.

## EU CC1 - Composition of regulatory own funds

		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts		
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	- 2,732	a
3	Accumulated other comprehensive income (and other reserves)	-	
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend		
6	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>15,300</b>	<b>b</b>
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)		
8	Intangible assets (net of related tax liability) (negative amount)	- 1,699	c
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	- 576	d
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitised assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)		
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitisation positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments		
28	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>- 2,275</b>	<b>c+d</b>
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>10,293</b>	<b>b-a-c-d</b>

<b>Additional Tier 1 (AT1) capital: instruments</b>		
30	Capital instruments and the related share premium accounts	
31	of which: classified as equity under applicable accounting standards	
32	of which: classified as liabilities under applicable accounting standards	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	
35	of which: instruments issued by subsidiaries subject to phase out	
36	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	
41	Not applicable	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	
42a	Other regulatory adjustments to AT1 capital	
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	
44	<b>Additional Tier 1 (AT1) capital</b>	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>10,293</b>
<b>Tier 2 (T2) capital: instruments</b>		
46	Capital instruments and the related share premium accounts	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Credit risk adjustments	
51	<b>Tier 2 (T2) capital before regulatory adjustments</b>	<b>10,293</b>
<b>Tier 2 (T2) capital: regulatory adjustments</b>		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	
54a	Not applicable	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	
56	Not applicable	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	
EU-56b	Other regulatory adjustments to T2 capital	
57	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	
58	<b>Tier 2 (T2) capital</b>	
59	<b>Total capital (TC = T1 + T2)</b>	<b>10,293</b>
60	<b>Total Risk exposure amount</b>	<b>55,513</b>

Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	10,293
62	Tier 1 capital	10,293
63	Total capital	10,293
64	Institution CET1 overall capital requirements	13.7%
65	of which: capital conservation buffer requirement	2.5%
66	of which: countercyclical capital buffer requirement	
67	of which: systemic risk buffer requirement	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	
68	<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	10,293
National minima (if different from Basel III)		
69	Not applicable	
70	Not applicable	
71	Not applicable	
Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	
74	Not applicable	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	
Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

## EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	2024.12.31	2023.12.31	Reference
<b>Assets</b>			
Cash and cash equivalents	162,865	107,580	
Bonds at amortized cost	8,236	415	
Loans to customers	36,418	35,962	
Derivatives	-	12	
Intangible assets	1,699	1,477	c
Tangible assets	38	28	
Right of use assets	566	50	
Deferred tax asset	576	755	d
Trade and other receivables	177	136	
Other assets	953	757	
<b>Total Assets</b>	<b>211,528</b>	<b>147,172</b>	
<b>Liabilities</b>			
Deposits from financial institutions	122,513	75,063	
Deposits from public	74,959	58,699	
Lease liabilities	550	-	
Provisions	16	-	
Derivatives	7	-	
Trade and other payables	96	312	
Other liabilities	822	1,593	
<b>Total Liabilities</b>	<b>198,963</b>	<b>135,667</b>	
<b>Equity</b>			
Capital	15,300	15,300	b
Retained earnings (loss)	- 2,735	- 3,795	a
<b>Total Equity</b>	<b>12,565</b>	<b>11,505</b>	
<b>Total Equity and Liabilities</b>	<b>211,528</b>	<b>147,172</b>	

## EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

<b>1</b>	<b>Issuer</b>	<b>European Merchant Bank, UAB 304559043</b>
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
2a	Public or private placement	N/A
3	Governing law(s) of the instrument	Lithuanian Republic law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
	<i>Regulatory treatment</i>	N/A
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting d	15,3 million EUR
9	Nominal amount of instrument	15,3 million EUR
EU-9a	Issue price	The nominal value of a share is 1 euro
EU-9b	Redemption price	N/A
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	N/A
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A N/A
16	Subsequent call dates, if applicable	N/A



<i>Coupons / dividends</i>		N/A
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	No
EU-34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

## EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

Breakdown by country	General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures - Exposure value for non-trading book	Total exposure value	Own funds requirements			Total (Own fund requirements)	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit risk exposures - Market risk	Relevant credit exposures – Securitisation positions in the non-trading book				
Lithuania	208,058					208,058	208,058			2,828	35,348	91.02%	1.00%
Türkiye	2,004					2,004	2,004			240	3,006	7.72%	0.00%
Uzbekistan	44					44	44			4	44	0.13%	0.00%
United Kingdom	30					30	30			2	30	0.06%	2.00%
Spain	789					789	789			13	158	0.42%	0.00%
Germany	1,018					1,018	1,018			20	248	0.64%	0.75%
<b>Total</b>	<b>211,943</b>					<b>211,943</b>	<b>211,943</b>			<b>3,107</b>	<b>38,834</b>	<b>100%</b>	

## EU CCyB2 - Amount of institution-specific countercyclical capital buffer

Total risk exposure amount	55,513
Institution specific countercyclical capital buffer rate	0.91%
Institution specific countercyclical capital buffer requirement	505

## EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

	Applicable amount
1 Total assets as per published financial statements	211,528
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	
3 (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
4 (Adjustment for temporary exemption of exposures to central banks (if applicable))	
5 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	
6 Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
7 Adjustment for eligible cash pooling transactions	
8 Adjustment for derivative financial instruments	20
9 Adjustment for securities financing transactions (SFTs)	
10 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	215
11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	- 2,274
EU-11a (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	44
EU-11b (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	2,410
12 Other adjustments	
13 Total exposure measure	211,943

## EU LR2 - LRCom: Leverage ratio common disclosure

	CRR leverage ratio exposures	
	2024.12.31	2023.12.31
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
1 On-balance sheet items (excluding derivatives, SFTs, but including collateral)	209,381	146,761
2 Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4 (Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5 (General credit risk adjustments to on-balance sheet items)		
6 (Asset amounts deducted in determining Tier 1 capital)	- 2,274	- 2,700
7 Total on-balance sheet exposures (excluding derivatives and SFTs)	207,107	144,061
<b>Derivative exposures</b>		
8 Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)		
EU-8a Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9 Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	20	41
EU-9a Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b Exposure determined under Original Exposure Method	20	41
10 (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b (Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11 Adjusted effective notional amount of written credit derivatives		
12 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13 Total derivatives exposures	20	41
<b>Securities financing transaction (SFT) exposures</b>		
14 Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		
15 (Netted amounts of cash payables and cash receivables of gross SFT assets)		
16 Counterparty credit risk exposure for SFT assets		
EU-16a Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17 Agent transaction exposures		
EU-17a (Exempted CCP leg of client-cleared SFT exposure)		
18 Total securities financing transaction exposures		

<b>Other off-balance sheet exposures</b>		
19	Off-balance sheet exposures at gross notional amount	2,453 890
20	(Adjustments for conversion to credit equivalent amounts)	
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	
22	<b>Off-balance sheet exposures</b>	<b>2,453 890</b>
<b>Excluded exposures</b>		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units) )	
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	
EU-22g	(Excluded excess collateral deposited at triparty agents)	
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	
EU-22k	<b>(Total exempted exposures)</b>	
<b>Capital and total exposure measure</b>		
23	<b>Tier 1 capital</b>	10,293 9,274
24	<b>Total exposure measure</b>	<b>211,943 146,165</b>
<b>Leverage ratio</b>		
25	Leverage ratio (%)	4.9% 6.3%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	
26	Regulatory minimum leverage ratio requirement (%)	3% 3%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	
EU-26b	of which: to be made up of CET1 capital	
27	Leverage ratio buffer requirement (%)	3% 3%
EU-27a	Overall leverage ratio requirement (%)	3% 3%
<b>Choice on transitional arrangements and relevant exposures</b>		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	
<b>Disclosure of mean values</b>		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	

### EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	209,381
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	209,381
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	166,922
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	
EU-7	Institutions	3,343
EU-8	Secured by mortgages of immovable properties	409
EU-9	Retail exposures	
EU-10	Corporates	34,649
EU-11	Exposures in default	
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	4,058

### EU LRA - Disclosure of LR qualitative information

European Merchant Bank takes the risk of excessive leverage into account in the capital planning processes both in ICAAP and budget preparation. Monitoring of concentration KRIs and unexpected flows are the main mitigating mechanisms on daily basis. There was no significant factor present to have an impact for the disclosure period over the leverage ratio.

## 5. Liquidity Risk

Liquidity risk is defined as the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due or from being unable to do so at a sustainable cost. Liquidity risk is governed through Risk Appetite Statement Policy, and Liquidity Management Strategy and Policy. The purpose of the Bank's Liquidity portfolio is to provide buffer of high-quality liquid, marketable and unencumbered assets.

The Bank recognizes that its deposit base consists of predominantly financial customers. Concentration, transactional behaviour, and maturity are continuously monitored bi-weekly at ALCO meetings and by KRIs in daily and monthly Risk reports. Intraday liquidity is managed through the usage of funds deposited in the Bank of Lithuania.

The Bank monitors short and long-term liquidity ratios and deposit concentration limits i.e., Liquidity Coverage Ratio, Net Stable Funding Ratio, Survival Period, single and top 3 largest deposit concentrations treat liquidity risk.

Liquidity reporting is performed on monthly and quarterly basis to the Bank of Lithuania including Liquidity Coverage Ratio, Additional Liquidity Monitoring Matrix, Net Stable Funding Ratio. Daily and monthly monitoring are performed to ensure compliance with prudential requirements.

The Bank uses stress testing in ICAAP&ILAAP and Recovery and Resolution Planning to determine potential vulnerabilities in liquidity planning. Contingency funding plan is updated annually in line with the ICAAP / ILAAP outcomes.

## EU LIQ1 - Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYYY)	2024.12.31	2024.09.30	2024.06.30	2024.03.31	2024.12.31	2024.09.30	2024.06.30	2024.03.31
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					33,285	31,075	31,835	32,285
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	49,158	44,839	44,739	44,647	6,429	5,836	5,963	5,577
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	49,158	44,839	44,739	44,647	6,429	5,836	5,963	5,577
5	Unsecured wholesale funding	-	-	-	-	-	-	-	-
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	93,304	87,789	89,485	90,830	67,601	63,750	65,224	66,480
7	Non-operational deposits (all counterparties)	5,717	5,114	5,232	5,095	5,547	4,945	5,050	4,899
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding	-	-	-	-	-	-	-	-
10	Additional requirements	-	-	-	-	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	2,732	2,347	2,272	2,327	397	359	362	377
14	Other contractual funding obligations	1,898	1,778	1,839	1,817	-	-	-	-
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					79,974	74,892	76,598	77,333
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	85,276	79,166	79,877	80,557	84,628	78,586	79,274	79,928
19	Other cash inflows	-	-	-	-	-	-	-	-
EU-19a	(Difference between total weighted inflows and total weighted outflows arising					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	85,276	79,166	79,877	80,557	84,628	78,586	79,274	79,928
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	79,975	74,891	76,599	77,334	59,981	56,169	57,449	58,000
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					33,285	31,075	31,835	32,285
22	TOTAL NET CASH OUTFLOWS					19,994	18,723	19,150	19,333
23	LIQUIDITY COVERAGE RATIO					166%	166%	166%	167%
						167%	153%	153%	153%

## EU LIQB on qualitative information on LCR, which complements template EU LIQ1 in accordance with Article 451a (2) CRR.

LCR measures the short-term resilience of a bank's liquidity risk profile by ensuring that a bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash easily and immediately in private markets to meet its liquidity needs in case of a 30-calendar day liquidity stress scenario. In 2024, the Bank purchased Lithuanian sovereign bonds at an amount EUR 6m nominal to diversify and efficiently use its liquidity buffer.

The Bank monitors LCR daily. LCR follows a stable pattern. The Bank's business strategy to work with financial customers (Electronic Money Institutions/Payment Institutions) constitutes a vital part of the Business Strategy. Correspondent banking services are rather limited. Concentration on funding sources results mostly from financial clients' demand deposits and retail term deposits. To compensate the high outflow rates, the Bank keeps its liquidity buffer in the Bank of Lithuania account. More than three fourths of the total assets in the portfolio are of high quality. The Bank has only insignificant amount of foreign exchange derivatives to hedge foreign currency positions. The Bank's currency position is relatively unimportant and mainly concentrated on USD, GBP, and TRY. Therefore, LCR is not calculated for other currencies.

## EU LIQ2 - Net Stable Funding Ratio

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments				10,293	10,293
2	Own funds				10,293	10,293
3	Other capital instruments					
4	Retail deposits		49,472			44,525
5	Stable deposits					
6	Less stable deposits		49,472			44,525
7	Wholesale funding:		148,064			23,652
8	Operational deposits		25,818			12,909
9	Other wholesale funding		122,246			10,743
10	Interdependent liabilities					
11	Other liabilities:		1,643	-	-	-
12	NSFR derivative liabilities					
13	All other liabilities and capital instruments not included in the above					
14	Total available stable funding (ASF)					78,470
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					0
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:					
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut					
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions					
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		5,323	1,845	28,076	27,449
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
22	Performing residential mortgages, of which:					
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		2,783	-	750	1,028
25	Interdependent assets					
26	Other assets:		3,829			892
27	Physical traded commodities					
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted					
31	All other assets not included in the above categories					
32	Off-balance sheet items		-	-	5,037	252
33	Total RSF					29,620
34	Net Stable Funding Ratio (%)					243%

## 6. Credit Risk

Credit risk is defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Loans are treated at Chief Executive Officer, Credit Committee, Management Board, and Supervisory Board authorization levels in compliance with the Credit Decision Making and Authorization Policy.

### 6.1. Credit Quality

#### EU CRA: General qualitative information about credit risk

The Bank aims to keep its credit risk appetite in line with the risk appetite definition that was approved by the Supervisory Board as medium risk and manages with a relevant set of KRIs including the total credit exposure to corporate clients with risk grades corresponding PD threshold levels and higher as a % of total corporate loan portfolio. Another metric that is applied as a KRI is the total non-EU country corporate exposure as % of total corporate loan portfolio exposure which is tracked regularly and under management scrutiny by monthly risk reports.

While managing the loan portfolio, main consideration is having a balanced portfolio among industries in order not to be overexposed to specific industry segments. This is balanced by two sets of KRIs which limit the ratio allocated to each segment within total loan portfolio.

In 2024, the Bank continued to use Moody's RiskCalc and Impairment Studio to calculate probability of default, loss given default, and impairment amounts. RiskCalc application produces forward-looking default probabilities, Expected Default Frequency (EDF) credit measures, by combining financial statement and equity market information into a highly predictive measurement of stand-alone credit risk. Impairment Studio calculates impairment amounts based on IFRS9. Main industry segments of the Bank are real estate, transporting and storage, wholesale and retail trade, administrative and support service activities, and manufacturing. In its expansion plans, Bank favours innovation and digitalization, sustainability and SME competitiveness in line with its growth strategy.

#### **EU CRB: Additional disclosure related to the credit quality of assets**

The Bank has two impaired loans with the gross amount of 1.754 K Euros and provision was calculated for 581K Euros.

Following IFRS9 loans are classified by stages: Impairment of loans is recognized on an individual basis in three stages under IFRS 9: Stage 1, Stage 2, Stage 3.

- Stage 1: when a loan is originated, Expected Credit Losses<sup>1</sup> (ECL) resulting from default events that are possible within the next 12 months are recognised (12-month ECL) and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing loans with no significant increase in credit risk since their initial recognition. Interest revenue is calculated on the loan's gross carrying amount (that is, without deduction for ECLs). In determining whether a significant increase in credit risk has occurred since initial recognition, a Bank is to assess the change, if any, in the risk of default over the expected life of the loan.
- Stage2: if a loan's credit risk has increased significantly since initial recognition and is not considered low, lifetime ECLs are recognised. The calculation of interest revenue is the same as for Stage 1.
- Stage3: if the loan's credit risk increases to the point where it is considered credit-impaired, interest revenue is calculated same as for Stage 1 and Stage 2. Lifetime ECLs are recognized, as in Stage 2.

12-month ECL is the portion of lifetime ECLs associated with the possibility of a loan defaulting in the next 12 months. It is not the expected cash shortfalls over the next 12 months but the effect of the entire credit loss on a loan over its lifetime, weighted by the probability that this loss will occur in the next 12 months. It is also not the credit losses on loans that are forecast to default in the next 12 months. If the Bank can identify such loans or a portfolio of such loans that are expected to have increased significantly in credit risk since initial recognition, lifetime ECLs are recognized.

According to Credit Monitoring and Administration Procedure, if the customers do not pay the principal or interest or commitment fee (or more than one of them) they are obliged to pay to the Bank on time, they are deemed to be in delay and the loan called "*past due loan*" from the 1st delay day. Customers who are in delay are monitored daily through delay lists and actions to be taken are determined with Credits, Sales. Bank actions are specified in the procedures in accordance with the banking legislation.

<b>Days</b>	<b>Obligatory Actions</b>
3 – 30 days	Relationship Manager calls to the customer to clarify the situation. If the customer indicates concrete day of covering the debt but the overdue is not covered on by that day, the Relationship Manager calls this day and clarifies reasons of the overdue. Sending reminder letter to the customer.
30 – 60 days	Repeated call, an analysis on reasons of overdue and possible credit restructuring. Sending reminder letter to the customer. An active cooperation with the customer regarding search for solution.



60 – 90 days	Sending warning letter if no other written agreements for debt payment were signed with the customer.
>90 days	Initiating enforcement procedures.

When an Early Warning Indicator has been triggered for closer monitoring and further investigation (whether the customer is past due or not) immediate action shall be taken in accordance with the credit risk policies and procedures of the Bank. The designated functions shall perform an analysis to assess the severity of the triggered event and to propose suitable action and follow-up. This analysis shall, without undue delay, be presented to the relevant credit decision-makers designated in the Credit Decision Making and Authorisation Policy. Relevant credit decision-makers should, based on the abovementioned analysis and other relevant accessible information, decide on the appropriate next steps. The decision should be documented and should be communicated to relevant parts of the Bank for action and follow-up. In any case above 30+ past due loans are taken into a Watch List.

Past due more than 30 days of any customer's financial instrument is also taken into stage 2. And after 90 days it transferred to stage 3.

In accordance with the EBA Guidelines on credit risk management practices and accounting for expected credit losses (EBA/GL/2017/06), non-collectability is recognised in the appropriate period through loss allowances or write-offs. When the Bank has no reasonable expectation of recovering contractual cash flow of the exposure it leads to a partial or full write-off of the exposure (IFRS 9.B3.2.16.r).

## EU CR1 - Performing and non-performing exposures and related provisions

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	49,227	49,227		-			-	2	-	2		-			
010	Loans and advances	34,593	34,593		2,697			2,697	-	373	-	95	-	278	-	334
020	Central banks	-			-			-					-			
030	General governments	-			-			-					-			
040	Credit institutions	1,140	1,140		-			-	18	-	18		-			
050	Other financial corporations	-			-			-					-			
060	Non-financial corporations	33,453	33,453		2,697			2,697	-	355	-	76	-	278	-	334
070	Of which SMEs	30,261	30,261		-			-	-	73	-	73		-		-
080	Households	-			-			-					-			
090	Debt securities	1,445	1,445		-			-	12	-	12		-			
100	Central banks	-			-			-					-			
110	General governments	-			-			-					-			
120	Credit institutions	-			-			-					-			
130	Other financial corporations	-			-			-					-			
140	Non-financial corporations	1,445	1,445		-			-	12	-	12		-			
150	Off-balance-sheet exposures	1,655	1,655		-			-		-			-			
160	Central banks	-			-			-					-			
170	General governments	-			-			-					-			
180	Credit institutions	1,655	1,655		-			-					-			
190	Other financial corporations	-			-			-					-			
200	Non-financial corporations				-			-					-			
210	Households	-			-			-					-			
220	Total	86,920	86,920	-	2,697	-	2,697	-	386	-	108	-278	-334	0	-334	0
															0	0

## EU CR1-A - Maturity of exposures

	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Loans and advances		8 508	27 471	2 755		38 735
Debt securities		438	1 007	6 355		
<b>Total</b>		8 946	28 478	9 110		38 735

## EU CR2: Changes in the stock of non-performing loans and advances

	Gross carrying amount
<b>010 Initial stock of non-performing loans and advances</b>	<b>1,754</b>
020 Inflows to non-performing portfolios	2,500
030 Outflows from non-performing portfolios	1,557
040 Outflows due to write-offs	636
050 Outflow due to other situations	921
<b>060 Final stock of non-performing loans and advances</b>	<b>2,697</b>

## EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries

	a	b
	Gross carrying amount	Related net accumulated recoveries
<b>010 Initial stock of non-performing loans and advances</b>	<b>1 754</b>	
020 Inflows to non-performing portfolios	2 500	
030 Outflows from non-performing portfolios	1 557	
040 Outflow to performing portfolio		
050 Outflow due to loan repayment, partial or total		
060 Outflow due to collateral liquidations	921	921
070 Outflow due to taking possession of collateral		
080 Outflow due to sale of instruments		
090 Outflow due to risk transfers		
100 Outflows due to write-offs	636	
110 Outflow due to other situations		
120 Outflow due to reclassification as held for sale		
<b>130 Final stock of non-performing loans and advances</b>	<b>2 697</b>	

## EU CQ1: Credit quality of forborne exposures

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures			
			Of which defaulted	Of which impaired					
005	Cash balances at central banks and other demand deposits								
010	Loans and advances	1 561	0	0	0	-5	0	1 561	0
020	Central banks								
030	General governments								
040	Credit institutions								
050	Other financial corporations								
060	Non-financial corporations	1 561	0	0	0	-5	0	1 561	0
070	Households								
080	Debt Securities								
090	Loan commitments given								
100	Total	1 561	0	0	0	-5	0	1 561	0

**EU CQ2: Quality of forbearance**

Gross carrying amount of forborne exposures	
010	Loans and advances that have been forborne more than twice
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria

### EU CQ3: Credit quality of performing and non-performing exposures by past due days

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
<b>005 Cash balances at central banks and other demand deposits</b>	<b>49,227</b>	<b>49,227</b>	-	-	-	-	-	-	-	-	-	-
<b>010 Loans and advances</b>	<b>34,593</b>	<b>34,593</b>	<b>12,604</b>	<b>2,364</b>	<b>2,258</b>	-	-	<b>106</b>	-	-	-	-
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-	-	-	-	-
040 Credit institutions	1,140	1,140	-	-	-	-	-	-	-	-	-	-
050 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
060 Non-financial corporations	33,453	27,151	6,302	2,364	2,258	-	-	<b>106</b>	-	-	-	-
070 Of which SMEs	30,261	23,959	6,302	2,364	2,258	-	-	<b>106</b>	-	-	-	-
080 Households	-	-	-	-	-	-	-	-	-	-	-	-
<b>090 Debt securities</b>	<b>1,445</b>	<b>1,445</b>	-	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	-	-	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	1,445	1,445	-	-	-	-	-	-	-	-	-	-
<b>150 Off-balance-sheet exposures</b>	<b>1,655</b>											
160 Central banks	-											
170 General governments	-											
180 Credit institutions	1,655											
190 Other financial corporations	-											
200 Non-financial corporations	-											
210 Households	-											
<b>220 Total</b>	<b>86,920</b>	<b>85,265</b>		<b>2,364</b>	<b>2,258</b>	-	-	<b>106</b>	-	-	-	-

## EU CQ4: Quality of non-performing exposures by geography

	a	b	c	d	e	f	g
	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Of which non-performing		Of which subject to impairment				
		Of which defaulted					
010 On-balance-sheet exposures	2 697	2 697	2 697	2 697	-334		
020 Lithuania	2 697	2 697	2 697	2 697	-334		
070 Other countries							
080 Off-balance-sheet exposures	-						
090 Lithuania							
140 Other countries							
150 Total	2 697	2 697	2 697	2 697	-334		

## EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry

	a	b	c	d	e	f
	Gross carrying amount	Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010 Agriculture, forestry and fishing	2,243	-	-	-	334	
020 Mining and quarrying						
030 Manufacturing	3,067			-	7	
040 Electricity, gas, steam and air conditioning supply	577				-	
050 Water supply						
060 Construction	987			-	1	
070 Wholesale and retail trade	5,285			-	11	
080 Transport and storage	4,833	-	-	-	8	
090 Accommodation and food service activities						
100 Information and communication	217			-	1	
110 Financial and insurance activities						
120 Real estate activities	11,818			-	161	
130 Professional, scientific and technical activities	150				-	
140 Administrative and support service activities	4,803			-	21	
150 Public administration and defense, compulsory social security						
160 Education						
170 Human health services and social work activities	361				-	
180 Arts, entertainment and recreation	1,808			-	132	
190 Other services						
200 Total	36,150	-	-	- -	676	-

## EU CQ6 - Collateral valuation - loans and advances

	Loans and advances										
		Performing		Non-performing							
		Of which past due > 30 days ≤ 90 days	Of which past due > 90 days ≤ 180 days	Of which past due > 180 days ≤ 1 year	Of which past due > 1 year ≤ 2 years	Of which past due > 2 years ≤ 5 years	Of which past due > 5 years ≤ 7 years	Of which past due > 7 years	Of which past due > 7 years	Of which past due > 7 years	Of which past due > 7 years
010 Gross carrying amount	23 579	21 548	22 168	2 031	-	2 031	2 016	-	15	-	-
020 Of which secured	24 222	21 858	22 168	2 364	-	2 364	2 258	-	106	-	-
030 Of which secured with immovable property	24 865	22 168	22 168	2 697	-	2 697	2 500	-	197	-	-
040 Of which instruments with LTV higher than 60% and lower or equal to 80%	16 645	16 448		197							
050 Of which instruments with LTV higher than 80% and lower or equal to 100%	1 533	1 533									
060 Of which instruments with LTV higher than 100%	-	-									
070 Accumulated impairment for secured assets	-	643	-	310	-	333	-242		-91		
080 Collateral											
090 Of which value capped at the value of exposure											
100 Of which immovable property											
110 Of which value above the cap											
120 Of which immovable property											
130 Financial guarantees received											
140 Accumulated partial write-off											

## EU CQ7: Collateral obtained by taking possession and execution processes

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)		
020	Other than PP&E	77	
030	Residential immovable property		
040	Commercial Immovable property	77	
050	Movable property (auto, shipping, etc.)		
060	Equity and debt instruments		
070	Other collateral		
080	Total	77	

## EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown

		Debt balance reduction		Total collateral obtained by taking possession									
				Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale			
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E												
020	Collateral obtained by taking possession other than that classified as PP&E	77		77		77						77	
030	Residential immovable property												
040	Commercial immovable property	77		77		77						77	
050	Movable property (auto, shipping, etc.)												
060	Equity and debt instruments												
070	Other collateral												
080	Total	77		77		77						77	

## 6.2. Credit Risk Standardised Approach

### EU CRD - Qualitative disclosure requirements related to standardised approach

Disclosure of the use of the standardised approach

The Bank adopts the standardized approach to calculate the capital requirements for credit risk. The Bank nominates three external credit assessment institutions (ECAIs): Standard & Poor's, Moody's, and Fitch. Exposures classes for which each ECAIs used are exposures to institutions and exposures to corporates.

#### Standardised Approach: Mapping of ECAIs' credit assessments to credit quality steps

Long term mapping

Credit Quality Step	Fitch's assessments	Moody's assessments	S&P assessments	Corporate	Institution (includes banks)			Sovereign
					Sovereign method	Credit method	Assessment	
						Maturity > 3 months	Maturity 3 months or less	
1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%	20%	20%	20%	0%
2	A+ to A-	A1 to A3	A+ to A-	50%	50%	50%	20%	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	100%	100%	50%	20%	50%
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	100%	100%	100%	50%	100%
5	B+ to B-	B1 to B3	B+ to B-	150%	100%	100%	50%	100%
6	CCC+ and below	Caa1 and below	CCC+ and below	150%	150%	150%	150%	150%

## EU CR4 - Standardised approach - Credit risk exposure and CRM effects

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
Central governments or central banks	166 922	-	166 922	-	-	0%
Regional government or local authorities						
Public sector entities						
Multilateral development banks						
International organisations						
Institutions	3 353	-	3 344	-	2 415	72%
Corporates	33 225	5 037	33 011	2 453	28 572	81%
Retail						
Secured by mortgages on immovable property	409	-	409	-	205	50%
Exposures in default			2 363		3 545	150%
Exposures associated with particularly high risk	1 789	-	1 660	-	2 490	150%
Covered bonds						
Institutions and corporates with a short-term credit assessment						
Collective investment undertakings						
Equity						
Other items	1 783	-	1 783	-	1 609	90%
<b>TOTAL</b>	<b>207 481</b>	<b>5 037</b>	<b>209 492</b>	<b>2 453</b>	<b>38 835</b>	<b>18%</b>



## EU CR5 - Standardised approach risk weight distribution

Exposure classes	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
Central governments or central banks	166 922															166 922	-
Regional government or local authorities																-	
Public sector entities																-	
Multilateral development banks																-	
International organisations																-	
Institutions	-	-	-	-	2 554	-	-	-	-	44	5	741	-	-		3 344	878
Corporates	-	-	-	-	-	-	149	-	-	33 314	1 999	-	-	-		35 462	35 462
Retail exposures																-	-
Exposures secured by mortgages on immovable property	-	-	-	-	-	-	409	-	-	-	-	-	-	-		409	409
Exposures in default											2 363					2 363	2 363
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	1 660	-	-	-		1 660	1 660
Covered bonds																-	-
Exposures to institutions and corporates with a short-term credit assessment																-	-
Units or shares in collective investment undertakings																-	-
Equity exposures																-	-
Other items	-	-	-	-	99	-	190	-	-	1 494	-	-	-	-		1 783	1 783
<b>TOTAL</b>	<b>166 922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 653</b>	<b>-</b>	<b>748</b>	<b>-</b>	<b>-</b>	<b>34 852</b>	<b>6 027</b>	<b>741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211 943</b>	<b>42 555</b>

## 6.3 Counterparty Credit Risk

### EU CCRA - Qualitative disclosure related to CCR

Counterparty credit risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. The Bank applies "Original exposure method" as per CRR Article 282. The Bank performs forward transactions to hedge foreign exchange risk. Counterparty credit risk is calculated in line with CRR Article 282 (3)(b) and (4)(b)(iii).

### EU CCR1 - Analysis of CCR exposure by approach

		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	14	14		14	20	20	20	20
EU-2	EU - Simplified SA-CCR (for derivatives)				14				
1	SA-CCR (for derivatives)				14				
2	ILMM (for derivatives and SFTs)								
2a	<i>CF which securities financing transactions netting sets</i>								
2b	<i>CF which derivatives and long settlement transactions netting sets</i>								
2c	<i>CF which from contractual cross-product netting sets</i>								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)								
5	VaR for SFTs								
6	<b>Total</b>					20	20	20	20

### EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights

	Exposure classes	Risk weight											Total exposure value
		a	b	c	d	e	f	g	h	i	j	k	
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks												
2	Regional government or local authorities												
3	Public sector entities												
4	Multilateral development banks												
5	International organisations												
6	Institutions												
7	Corporates									20			20
8	Retail												
9	Institutions and corporates with a short-term credit assessment												
10	Other items												
11	<b>Total exposure value</b>									20			20

## EU CCR8 - Exposures to CCPs

		a	b
		Exposure value	RWEA
1	<b>Exposures to QCCPs (total)</b>		
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3	(i) OTC derivatives		
4	(ii) Exchange-traded derivatives		
5	(iii) SFTs		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Prefunded default fund contributions		
10	Unfunded default fund contributions		
11	<b>Exposures to non-QCCPs (total)</b>		<b>20</b>
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	20	20
13	(i) OTC derivatives	20	20
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

## 7. Market Risk

Market risk is defined as the risk of losses arising from movements in market prices. The Bank is not involved in trading activities on its behalf. Market risk in practice corresponds to foreign exchange risk, which is monitored daily. The Bank applies CRR Article 351 and calculates own funds requirement for foreign exchange risk when its open position exceeds 2% of its total own funds namely CET 1 capital. Bank does not exceed 2% and allocate capital for market risk by the end of year.

### EU MR1 - Market risk under the standardised approach

		a
		RWEAs
	<b>Outright products</b>	
1	Interest rate risk (general and specific)	
2	Equity risk (general and specific)	
3	Foreign exchange risk	23
4	Commodity risk	
	<b>Options</b>	
5	Simplified approach	
6	Delta-plus approach	
7	Scenario approach	
8	Securitisation (specific risk)	
9	<b>Total</b>	<b>23</b>

## 8. Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect the Bank's banking book positions. When interest rates change, the present value and timing of future cash flows change. This in turn changes the underlying value of a bank's assets, liabilities, and off-balance sheet items and hence its economic value. Management Board retains the responsibility of effective management of IRRBB. Bank generates Interest

Rate Gap report regularly in compliance with regulations. Economic Value of Equity (EVE) and Net Interest Income (NII) are monthly calculated and informed to the Management. Detailed stress and scenario analysis are performed in ICAAP/ILAAP process.

In 2024, the Bank continued to use Moody's Risk Confidence Module (RCO). The below table represents the comparison of two end of year results from RCO of 2024 and previous report of 2023. New IRRBB reporting data is also generated by RCO module. Both behavioural and contractual repricing cash flows are reflected in prudential reports. Run-off rates (i.e., behavioural assumptions) for non-maturing & non-financial demand deposits are updated regularly to align with the behaviour of deposits. Vostro accounts and accounts owned by financial institutions were assumed to mature over-night. Safeguard accounts and Corporate current accounts are distributed to maturity buckets by percentage. In addition, the Bank applies assumptions over the early repayments of term deposits and delay in loan payments.

The Bank carries downside NII risk and mitigates this risk by means of balance sheet maturity management. EVE risk is significant under parallel up scenario, where liabilities reprice earlier than the assets. The Bank mitigates this risk by aligning asset maturity buckets of assets and liabilities.

#### EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		2024.12.31	2023.12.31	2024.12.31	2023.12.31
1	Parallel up	-520	32	997	831
2	Parallel down	773	-58	-1010	-843
3	Steeper	343	-47		
4	Flattener	-373	30		
5	Short rates up	-494	38		
6	Short rates down	734	-72		

## 9. Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The Bank does not want to be exposed to Operational Risk. However, this is inevitable since Operational Risk is inherent in all banking products, processes, services, models, functions, and IT-systems. The Bank risk appetite for Operational Risk is low, this applies on Risk Type level as well as for all Operational Risk Subtypes. A low-risk appetite means that the Bank shall manage Operational Risk to be resilient and not experience disruptions, reputational impact, and operational losses in accordance with the principles set in this Policy. Operational Risk management shall be conducted according to a sound practice.

The Bank uses Basic Indicator Approach (BIA) to treat operational risk from a capital adequacy perspective.

## EU OR1 - Operational Risk Measurement

Banking activities		Relevant indicator			Own funds requirements	Risk exposure amount
		2022.12.31	2023.12.31	2024.12.31		
1	Banking activities subject to basic indicator approach (BIA)	6 569	9 304	10 813	1 334	16 679
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
3	<u>Subject to TSA:</u>					
4	<u>Subject to ASA:</u>					
5	Banking activities subject to advanced measurement approaches AMA					

## 10.ESG Risk Disclosures

In 2024 the Bank continued developing its ESG framework.

Sustainability has become an integral part of the decision-making regarding loan approvals. As an avid follower of EU regulations and strategy on ESG, the assessments reflect on the EGS risks and readiness of specific industries, while we also evaluate companies' status individually. The Bank 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.

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.

In 2024, previous two ESG Key Risk Indicators are updated and six new KRIs are introduced. The new KRIs are designed to reflect the energy efficiency structure of the loan portfolio. Results are monitored and presented to the Management Board monthly.

## 11. Disclosure of Encumbered and Unencumbered Assets

### EU AE1 - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
<b>010</b>	<b>Assets of the disclosing institution</b>					211,527	44,766		
030	Equity instruments								
040	Debt securities					8,236	6,532	8,236	6,532
050	of which: covered bonds								
060	of which: securitisations								
070	of which: issued by general governments					6,794	6,532	6,794	6,532
080	of which: issued by financial corporations								
090	of which: issued by non-financial corporations					1,442	-	1,442	-
120	Other assets					3,832			