REPORT ON RISK AND CAPITAL MANAGEMENT
PILLAR3 OF THE BASEL
FOR THE YEAR ENDED 31 DECEMBER 2023

DISCLOSURE OF INFORMATION UNDER PART EIGHT OF REGULATION (EU) No 575/2013

CONTENTS

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

This report was approved by the Management Board of the Bank on 27 March 2024.

INTRODUCTION

This document provides additional unaudited information in accordance with Commission Implementing Regulation (EU) 2021/637; Guideline EBA / GL / 2020/12 of the European Banking Authority (EBA) amending Guideline EBA / GL / 2018/01 on uniform disclosure in accordance with Regulation (EU) No 1095/2010 Article 473a of Regulation (EU) No 575/2013, taking into account the transitional provisions aimed at mitigating the impact of the adoption of IFRS 9 on own funds; Commission Implementing Regulation (EU) 2022/2453 amending the technical implementation standards set out in Implementing Regulation (EU) 2021/637 regarding the disclosure of information on environmental, social and governance risks.

The annual report of Šiaulių Bankas AB discloses information related to risk, its management and capital. This document provides additional information, which is published together with the Independent Auditor's Report, Financial Statements and Annual Report. This document discloses only such information that is relevant, non-confidential and not considered as commercial secret.

This document presents the own funds of Šiaulių Bankas Financial Group, its internal capital indicators, the main features of capital instruments, justifies the appropriateness of risk management and describes the overall risk profile of an organization, taking into account the business strategy.

The document discloses consolidated information as of 31 December 2023.

REPRESENTATION REGARDING SUITABILITY OF RISK MANAGEMENT MEASURES

The risk management systems applicable by Šiaulių Bankas AB are appropriate taking into account the size, nature of activities and strategy of the Bank and its subsidiaries (the Group - together with the Bank).

DISCLOSURE OF KEY PARAMETERS

Template EU OV1 - Overview of total risk exposure amounts

		Total risk exposure amounts (TREA)		Total own funds requirements
		31-12-2023	**30-09-2023**	**31-12-2023**
1	Credit risk (excluding CCR)	2,080,536	2,114,283	166,443
2	Of which the standardised approach	2,080,536	2,114,283	166,443
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU 4a	Of which equities under the simple risk weighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	Counterparty credit risk - CCR	17,667	13,819	1,413
7	Of which the standardised approach	4,993	3,870	399
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP			
EU 8b	Of which credit valuation adjustment - CVA	50	13	4

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

9	Of which other CCR	12,624	9,936	1,010
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)	44,055	42,975	3,524
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach	44,055	42,975	3,524
EU 19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk)	23,082	29,246	1,847
21	Of which the standardised approach	23,082	29,246	1,847
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	273,992	221,464	21,919
EU 23a	Of which basic indicator approach	273,992	221,464	21,919
EU 23b	Of which standardised approach			
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	**Total**	2,439,333	2,421,787	195,147

Template EU KM1 - Key metrics template

		a	b	c	d	e
		31-12-2023	**30-09-2023**	**30-06-2023**	**31-03-2023**	**31-12-2022**
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	485,311	455,880	415,624	418,407	439,170
2	Tier 1 capital	485,311	455,880	415,624	418,407	439,170
3	Total capital	546,599	516,727	476,649	438,407	459,170
	Risk-weighted exposure amounts					
4	Total risk exposure amount	2,439,333	2,421,787	2,430,251	2 418 651	2,421,361
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	19.90%	18.82%	17.10%	17.30%	18.14%
6	Tier 1 ratio (%)	19.90%	18.82%	17.10%	17.30%	18.14%
7	Total capital ratio (%)	22.41%	21.34%	19.61%	18.13%	18.96%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.05%	2.05%	2.05%	2.05%	1.60%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.012	0.012	0.012	0.012	0.009
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.015	0.015	0.015	0.015	0.012
EU 7d	Total SREP own funds requirements (%)	10.05%	15.51%	15.51%	15.49%	15.03%

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

	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.99%	0.02%	0.02%	0.01%	0.01%
EU 9a	Systemic risk buffer (%)	0.20%	0.19%	0.19%	0.18%	0.17%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	1.00%	1.00%	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	4.69%	3.71%	3.71%	3.69%	3.68%
EU 11a	Overall capital requirements (%)	14.74%	13.76%	13.76%	13.74%	13.28%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.36%	11.29%	9.56%	8.08%	9.36%
	Leverage ratio					
13	Total exposure measure	5,081,739	4,912,200	4,715,718	4,804,920	4,673,509
14	Leverage ratio (%)	9.55%	9.28%	8.81%	8.71%	9.40%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0000	0.0000	0.0000	0.0000	0.0000
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
EU 14e	Overall leverage ratio requirement (%)	3%	3%	3%	3%	3%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	570,809	451,117	440,233	534,242	680,586
EU 16a	Cash outflows - Total weighted value	486,284	474,839	483,283	508,600	524,760
EU 16b	Cash inflows - Total weighted value	228,271	266,306	258,327	201,564	145,591
16	Total net cash outflows (adjusted value)	258,013	208,532	224,956	307,036	379,170
17	Liquidity coverage ratio (%)	236.08%	227.72%	206.10%	186.09%	177.71%
	Net Stable Funding Ratio					
18	Total available stable funding	3,933,910	3,812,960	3,656,657	3,512,041	3,664,932
19	Total required stable funding	2,613,299	2,621,431	2,726,304	2,650,745	2,663,430
20	NSFR ratio (%)	150.53%	145.45%	134.13%	132.49%	137.60%

Template TFAS 9-FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

		31-12-2023	30-09-2023	30-06-2023	31-03-2023	31-12-2022
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1) capital	485,311	455,880	415,624	418,407	439,170
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	469,738	444,079	404,937	408,289	420,243
3	Tier 1 capital	485,311	455,880	415,624	418,407	439,170
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	469,738	444,079	404,937	408,289	420,243
5	Total capital	546,599	516,727	476,649	438,407	459,170
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	531,026	504,926	465,963	428,289	440,243
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	2,439,333	2,421,787	2,430,251	2,418,651	2,421,361

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

8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2,423,760	2,409,986	2,419,565	2,408,534	2,402,434
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount	19.90%	18.82%	17.10%	17.30%	18.14%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.38%	18.43%	16.74%	16.95%	17.49%
11	Tier 1 (as a percentage of risk exposure amount)	19.90%	18.82%	17.10%	17.30%	18.14%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.38%	18.43%	16.74%	16.95%	17.49%
13	Total capital (as a percentage of risk exposure amount)	22.41%	21.34%	19.61%	18.13%	18.96%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	21.91%	20.95%	19.26%	17.78%	18.32%
	Leverage ratio					
15	Leverage ratio total exposure measure	5,081,739	4,912,200	4,715,718	4,804,920	4,673,509
16	Leverage ratio	9.55%	9.28%	8.81%	8.71%	9.40%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.27%	9.06%	8.61%	8.52%	9.03%

As of 1 January 2018, Šiaulių Bankas AB transitioned to the application of IFRS 9 and exercised the option provided for in Article 473a (1) of CRR to apply transitional measures to institutions to mitigate the impact of the introduction of IFRS 9 on own funds and chose to apply Article 473a (4) of CRR , it is a dynamic component. The bank did not change its initial decision made in 2018. The bank shall assign a 100% risk weight to the amount of ABSA referred to in point (a) of the second subparagraph of Article 473a (1) of Regulation 2020/873.

Template EU INS1 - Insurance participations

		a	b
		Exposure value	Risk exposure amount
1	Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	32,528	81,320

Table EU OVC - ICAAP information

One of the main buffers against potential losses is a strong capital base, so the aim is to maintain a sufficient capital buffer to cover the increased level of risk. A sound, effective and comprehensive Internal Capital Adequacy Assessment Process (ICAAP) contributes to a clear assessment of the risk capital and goes hand in hand with risk management and management communication processes, based on a thorough risk strategy that produces an effective prudential framework.

The purpose of the Bank's ICAAP is to carry out processes to ensure that the Bank Group's capital requirements are sufficient to cover the risks of the appropriate nature and level arising or likely to arise from the banking activities and to ensure the continuity of the business, and that the Bank's capital base is adequately developed.

The Board of the Bank, based on the results of the ICAAP and all other relevant information, approves the Bank's capital adequacy assessment in the form of a Capital Adequacy Statement.

The ICAAP includes the Bank's self-assessment, testing and determination of internal capital requirements. The internal self-assessment identifies the risks inherent in the Group's activities and assesses them using selected assessment methods. The risk level is determined by assessing the impact of the risk on the Group's earnings and capital. Once the Bank's self-assessment has identified the risk structure and levels of individual risks, testing is performed to assess the potential impact on the Group's financial position, economic and regulatory capital and liquidity in the event of an adverse event and/or changes in the financial or economic environment. The main objective of the stress test is to determine whether the Group's capital is sufficient to cover potential losses arising from adverse macroeconomic and financial conditions.

For ICAAP purposes, the Group carries out stress tests to determine whether the level of capital is sufficient for this scenario. The scenarios for the stress testing of the Bank Group as at end-2023 have been selected taking into account external factors that may affect the Bank's activities: macroeconomic factors: the emergence of upside risks in inflation dynamics, increased geopolitical threats affecting energy, transportation, and other commodity markets, performance in high interest rates conditions and risk arising from expected changes of interest rates.

The internal capital requirement is defined as the results of the baseline scenario. The results are assessed from both a normative and an economic perspective. The internal capital requirement is calculated for those risks for which the normative and economic capital requirement calculated in the testing was higher than the regulatory requirement.

The results of the 2023 ICAAP show that the Bank Group has a capital buffer that ensures that the mandatory total capital requirement is met, both in a baseline and in an adverse scenario with severe economic stress.

DISCLOSURE OF RISK MANAGEMENT OBJECTIVES

Table EU OVA - Institution risk management approach

OPERATIONAL RISK MANAGEMENT

A full disclosure of all material risks faced by the Bank Group is provided in the Explanatory Notes to the 2023 Financial Statements under "Financial Risk Management" (page 26).

The Group analyses, assesses, assumes and manages the risks or groups of risks it faces in its operations. The purpose of risk management is to ensure a sufficient return on equity by managing risks conservatively. In implementing its risk management strategy, the Bank Group aims not only to minimise potential risks, but also to ensure an optimal risk-return ratio and efficient allocation of capital.

Risk assessment is a continuous, ongoing process, involving both the ongoing analysis of existing risks and the identification of new or emerging risks in the process of introducing new products and in the event of external or intra-group changes. The ICAAP includes, at least annually, an overall assessment of the risks specific to the Bank Group.

The main risks of the Bank Group are credit and liquidity risks. Other risks to which the Group is exposed include market, concentration, operational, IT, model, compliance, interest rates on the banking book and ESG (environmental, social and governance) risks. Market risk includes foreign exchange rate, interest rate and security price risks. The Bank Group improves a framework for qualitative assessment parameters for ESG risks (which include the risks of climate change), which is integrated into processes and the Group's governance system. Other risks are considered to be insignificant and are therefore not assessed.

Risk management is a structured, coordinated and continuous process at all levels of the Group, with the following objectives: to align business strategy and risk tolerance; to find solutions in response to risk; to reduce operating losses; to increase business opportunities and competitiveness; to identify multiple overlapping risks, either separately or in an integrated way; and to improve the capital allocation.

The Bank Group manages operational risk using a multi-tier management system that enables informed decision-making. Risk is assessed from the bottom up and from the top down throughout the management chain, as well as across all business lines, using consistent terminology and methodologies across the Group.

To avoid conflicts of interest, the units performing risk control functions are separated from the units whose direct activities are related to the exposure to the various risks of banking activities:

- the first line of defence, which includes the Group's business units directly serving customers or indirectly involved in the provision of services to the Group's customers, is responsible for the ongoing and active management of risk in its business unit through the establishment and monitoring of risk limits and compliance with these limits, and through the implementation of controls and processes to establish, monitor and report the established risk limits and/or thresholds;
- internal risk control functions are performed by the second line of defence units of the Risk Management Division and Compliance, which are responsible for controlling the Bank Group's operational risks;
- The third line of defence is the Internal Audit Division, which provides a comprehensive, independent and objective assessment of risk management and the effectiveness and adequacy of the Bank's internal control system.

GENERAL DESCRIPTION OF THE RISK MANAGEMENT SYSTEM

The Bank's Board has approved the Group's Risk Strategy, which covers the main principles of risk management and the allocation of roles and responsibilities in the risk management process. The risk management system includes processes to ensure that the Group identifies, assesses (and, where possible, measures), manages, monitors risks and reports on them. These processes cover all identified material risks. The Group's risk management system includes:

- risk appetite and risk management strategy;
- remuneration policy that is consistent with and encourages effective risk management;
- internal capital and liquidity adequacy assessment processes (ICAAP, ILAAP);
- identifying significant risks and developing measures to manage them;
- internal control over risk management, the main principles of which are set out in the Regulations for the Organisation of Internal Control;
- internal audit, which regularly assesses the effectiveness of risk management processes.

To ensure that the Bank Group operates in an acceptable risk environment in its current and future activities, the Board of the Bank has established an overall risk appetite. Risk appetite is defined as the nature and level of risk that the Group is willing to accept in the conduct of its business. Based on risk appetite, individual risk limits have been set for risks, which are a means of monitoring and controlling the magnitude and concentration of the risks assumed. Risk limits and indicators provide early warning of changes in risk and are closely monitored to ensure that risks are kept within the risk appetite.

DISCLOSURE OF A CONCISE RISK REPORT APPROVED BY THE MANAGEMENT BODY

The Group seeks to manage its business so as to avoid excessive losses and depletion of capital in the normal course of business and accepts risk in a conscious and controlled manner.

The Bank Group maintains a capital buffer in excess of the required minimum capital adequacy, ensuring the smooth operation of the Group and increasing the Group's ability to neutralise unfavourable business scenarios and shocks. The risk appetite for capital is determined taking into account the internal assessment of capital requirements and the Group's current and future capital requirements and regulatory capital buffers. At the end of 2023, the CET1 capital ratio was 19.90 % and the total capital ratio – 22.41 %. Capital ratios are well above both regulatory requirements and target capital. A leverage ratio of 9.55 % indicates a healthy buffer up to the minimum leverage ratio requirement of 3 %.

To ensure sufficient level of protection for the Group's creditors, the Bank seeks to ensure compliance with the established intermediate levels of the minimum requirement for own funds and eligible liabilities (MREL).

The Group aims to have a high-quality credit portfolio by implementing a credit risk culture based on long-term customer relationships, focusing on knowing the customer, understanding the economic feasibility of the financing transaction and the customer's ability to meet its obligations.

Liquidity risk appetite of the Bank Group is formed in such a way that the Group is able to fulfil its obligations to customers and legal obligations to partners under both normal and disrupted financial market conditions during the given survival period. Risk appetite is constrained by regulatory Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

The Bank Group maintains a high-quality liquidity buffer to ensure that the Group can operate and continue its core business in the face of unexpected shocks. Maintaining a liquidity buffer, together with funding planning and risk identification, are key tools to ensure that liquidity risk does not exceed appetite and supports the Group's strategic objectives. In 2023, the Bank Group's liquidity ratios exceed regulatory requirements.

Credit risk accounts for 87.8% of RWA, i.e., the most significant risk exposure. During 2023, the Group's gross loans to customers increased by 11% and the finance lease receivables portfolio increased by 18%. The Group's total impairment of loans to customers amounts to EUR 51 million or 1.71% of the corresponding portfolio (1.41% in 2022). The Group's loan portfolio is of medium risk and well diversified. 97 % of the gross value of the loans are classified as standard and non-high-risk loans. Stage 3 loans represent 2.6 % of the total value of loans. The customer base of the loan portfolio consists mainly of small and medium-sized enterprises and private individuals operating in Lithuania. The concentration of the loan portfolio in terms of borrowers is low and the number of customers in the portfolio is high. The volume of the loan portfolio at the Group level in gross value grew mainly due to housing and other financing, but the overall growth curve of the loan portfolio (12 months) flattened from Q2 2023, especially in the business financing segment.

Market risk represents 0.95% of the total risk exposure amount (RWA). The Bank works with relatively low trading volumes, i.e., is engaged in relatively small trading book business; therefore, it assumes limited market risk.

In the interest rate banking book, risk appetite is expressed as the negative impact on economic value and net interest income from adverse interest rate risk scenarios.

Operational risk losses in 2023 amounted to EUR 732 thousand. The Bank Group may be exposed to various operational risks inherent to its business: performance or process errors, internal and external fraud, loss of human resources, commercial disputes, non-compliance with the established processes and procedures. The Group seeks to ensure proper business continuity in crisis situations. The Group aims to ensure that continuity plans are up-to-date and identify potential material threats.

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

STATEMENT ON THE ADEQUACY OF RISK MANAGEMENT MEASURES APPROVED BY THE MANAGEMENT BODY

Risks arising from the Group's activities are managed through appropriate risk mitigation measures, taking into account the Group's business strategy and the complexity of its products. The improvement of risk management measures is an ongoing process performed in line with the requirements of the European Union and supervisory authorities and in accordance with the Bank's operational risk management strategy. Establishing an appropriate risk management system, continuously improving it and applying its measures in day-to-day operations are some of the most important prerequisites for the Group's success in the long term.

The Group, operating in an environment of uncertainty arising from the Russian-Ukrainian war that started in early 2022, carefully monitors and assesses the potential impact of potential risks on the Group's operations and takes preventive actions to manage the risks.

Table EU OVB - Disclosure on governance arrangements

Organizational management structure, management bodies, structure and functions of the committees, etc. are disclosed in the Consolidated Annual Report for 2023:

- The composition of the management bodies and the principles for the appointment of their members, as well as information on the competencies of each member of the management body and the positions of directors in charge, are disclosed in the chapter "Management of the Bank" of the consolidated annual report 2023 (page 141) and in the Report on the Bank's corporate governance for 2023 (page 160);
- Information on the diversity policy applied in the selection of the members of the management body is disclosed in the section "Management of the Bank" of the consolidated annual report 2023 (page 141) and in the Report on the Bank's corporate governance for 2023 (page 160);
- The structure, functions and composition of the committees are disclosed in the section "Committees formed in the Bank, their areas of activity" (page 143) and in the Report on the Bank's corporate governance for 2023 (page 160).

DISCLOSURE OF THE SCOPE OF APPLICATION

Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

		a	b	c	d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
	Breakdown by asset classes according to the balance sheet in the published financial statements							
1	Cash and cash equivalents	751,499	743,733	743,733				
2	Securities in the trading book	207,677	20,522	-			20,522	
3	Due from other banks	3,013	3,013	3,013				
4	Derivative financial instruments	251	241	63	178			
5	Loans to customers	2,645,104	2,645,104	2,621,279	20,617	3,208		

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

6	Finance lease receivables	286,533	286,533	286,533				
7	Investment securities at fair value	74,500	74,500	74,500				
8	Investment securities held to collect cash flows	751,227	739,869	739,869				
9	Investments in subsidiaries and associates	100	32,628	32,628				
10	Intangible assets	45,138	41,919	-				41,919
11	Property, plant and equipment	15,781	15,116	15,116				
12	Investment property	993	993	993				
13	Current income tax prepayment	35	9	9				
14	Deferred income tax asset	7,577	7,575	7,367				208
15	Other non-financial assets	19,752	19,864	19,864				
16	Assets classified as held for sale	150	150	150				
17	**Total assets**	4,809,330	4,631,769	4,545,117	20,795	3,208	20,522	42,127
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Due to other banks and financial institutions	569,994	571,750					571,750
2	Derivative financial instruments	1,041	1,041		1,041			(0)
3	Due to customers	3,162,657	3,163,157	5,458				3,157,699
4	Debt securities in issue	276,480	276,480					276,480
5	Special and lending funds	15,718	15,718					15,718
6	Current income tax liabilities	6,412	6,412					6,412
7	Deferred income tax liabilities	6,125	6,125					6,125
8	Liabilities related to insurance activities	179,327	-					-
9	Other non-financial liabilities	48,448	46,603					46,603
10	**Total liabilities**	4,266,202	4,087,286	5,458	1,041	-	-	4,080,787

Template EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	4,589,642	4,545,117	3,208	20,795	20,522
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	4,087,286	5,458		1,041	
3	**Total net amount under the scope of prudential consolidation**	502,356	4,539,659	3,208	19,754	20,522
4	**Off-balance-sheet amounts**	528,031	528,031			
5	*Differences in valuations*	(128)				
6	*Differences due to different netting rules, other than those already included in row 2*					
7	*Differences due to consideration of provisions*	52,442	52,442			

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

8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	21,300	21,300			
9	*Differences due to credit conversion factors*	288,435	(288,435)			
10	*Differences due to Securitisation with risk transfer*					
11	*Other differences*	15,573	15,573			
12	**Exposure amounts considered for regulatory purposes**	5,082,014	5,061,796		20,218	20,522

Template EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Šiaulių bankas AB	Full consolidation	X					Credit institution
Šiaulių banko lizingas UAB	Full consolidation	X					Finance leases (leasing) and operating lease services
SB Asset management UAB	Full consolidation	X					Fund management
SB Turto Fondas UAB	Full consolidation	X					Real estate management
SB lizingas UAB	Full consolidation	X					Finance lease, consumer credits
SB Draudimas UAB	Full consolidation			X			Life insurance
SB Modernizavimo fondas UAB	not consolidated in accordance with IFRS 10				X		Multi-apartment renovation financing

Table EU LIA - Explanations of differences between accounting and regulatory exposure amounts

Any differences between the amounts in columns (a) and (b) of the EU LI1 form are due to the different scope of consolidation. The Bank's consolidated financial statements consolidate all of the Bank's subsidiaries (except for the SB Modernisation Fund UAB, which is accounted for at fair value through profit or loss in accordance with the provisions of IFRS 9 applicable to linked financial instruments) with all of their respective balances of assets and liabilities, including transactions with the Bank and other Bank subsidiaries. Within the scope of prudential consolidation, the Bank does not consolidate its subsidiaries SB Draudimas UAB, but it is accounted for using the equity method.

Table EU LIB - Other qualitative information on the scope of application

The Bank Group has not identified any impediments to the prompt transfer of own funds or the settlement of the Group's liabilities. The actual own funds of all non-consolidated subsidiaries are not less than the required amount. The derogation provided for in Article 7 of the CRR or the individual consolidation method provided for in Article 9 of the CRR have not been applied.

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

DISCLOSURE OF OWN FUNDS

Template EU CC1 - Composition of regulatory own funds

		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	217,803	{EU CC2, r29, b)} + {EU CC2, r30, b)}
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		
2	Retained earnings	188,181	{EU CC1, r36, b)}
3	Accumulated other comprehensive income (and other reserves)	16,933	{EU CC1, r31, b)} + {EU CC1, r33, b)}+{EU CC1, r34, b)}+{EU CC1, r35, b)}
EU-3a	Funds for general banking risk	60,882	{EU CC1, r32, b)}
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	30,089	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	513,888	The sum of rows 1-5a
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(100)	
8	Intangible assets (net of related tax liability) (negative amount)	(41,919)	{EU CC1, r10, b)}
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)	(208)	
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)	(1,748)	
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		

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

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	15,398	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(28,577)	Sum of rows 7-20a, 21, 22 and 25a-27a
29	**Common Equity Tier 1 (CET1) capital**	485,311	The sum of rows 6 and 28
	Additional Tier 1 (AT1) capital: instruments		
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	**Additional Tier 1 (AT1) capital before regulatory adjustments**		Sum of rows 30, 33 and 34
	Additional Tier 1 (AT1) capital: regulatory adjustments		
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		

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

42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	Sum of rows 37 to 42
44	**Additional Tier 1 (AT1) capital**	-	max(0, [row 36 minus row 43])
45	**Tier 1 capital (T1 = CET1 + AT1)**	485,311	Sum of rows 29 and r44
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	70,000	From {EU CC1, r22, b)} minus {EU CC1, r22a, b)}
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	**Tier 2 (T2) capital before regulatory adjustments**	70,000	Sum of rows 46, 47, 47a, 47b 48 and 50
	Tier 2 (T2) capital: regulatory adjustments		
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	(8,712)	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	(8,712)	Sum of rows 52-56b
58	**Tier 2 (T2) capital**	61,288	max(0, [51 row minus 57 row])
59	**Total capital (TC = T1 + T2)**	546,599	Sum of rows 45 and 58
60	**Total Risk exposure amount**	2,439,333	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	19.90%	
62	Tier 1 capital	19.90%	
63	Total capita	22.41%	
64	Institution CET1 overall capital requirements	10.35%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.99%	
67	of which: systemic risk buffer requirement	0.20%	

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

EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1.00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.15%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	12.36%	{C 03.00, r0220, c0010} / {C 02.00, r0010, c0010}
	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)		

Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		31-12-2023	**31-12-2023**	
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and cash equivalents	751,499	743,733	
2	Securities in the trading book	207,677	20,522	
3	Due from other banks	3,013	3,013	

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

4	Derivative financial instruments	251	241	
5	Loans to customers	2,645,104	2,645,104	
6	Finance lease receivables	286,533	286,533	
7	Investment securities at fair value	74,500	74,500	
8	Investment securities held to collect cash flows	751,227	739,869	
9	Investments in subsidiaries and associates	100	32,628	
10	Intangible assets	45,138	41,919	{EU CC1, r8, a)}
11	Property, plant and equipment	15,781	15,116	
12	Investment property	993	993	
13	Current income tax prepayment	35	9	
14	Deferred income tax asset	7,577	7,575	
15	Assets classified as held for sale	150	150	
16	Other assets	19,752	19,864	
17	**Total assets**	4,809,330	4,631,769	
Liabilities - *Breakdown by liability classes according to the balance sheet in the published financial statements*				
18	Due to other banks and financial institutions	569,994	571,750	
19	Derivative financial instruments	1,041	1,041	
20	Due to customers	3,162,657	3,163,157	
21	Debt securities in issue	276,480	276,480	
21a	of which: subordinated debt securities	70,000	70,000	{EU CC1, r46, a)}
22	Special and lending funds	15,718	15,718	
23	Current income tax liabilities	6,412	6,412	
24	Deferred income tax liabilities	6,125	6,125	
25	Liabilities related to insurance activities	179,327	-	
26	Other liabilities	48,448	46,603	
27	Liabilities related to assets classified as held for sale	-	-	
28	**Total liabilities**	4,266,202	4,087,286	
Shareholders' Equity				
29	Share capital	192,269	192,269	{EU CC1, r1, a)}
30	Share premium	25,534	25,534	{EU CC1, r1, a)}
31	Treasury shares (-)	(1,500)	(1,500)	{EU CC1, r16, a)}
32	Reserve capital	756	756	{EU CC1, r3, a)}
33	Statutory reserve	47,803	47,682	{EU CC1, rEU-3a, a)}
34	Reserve for acquisition of own shares	20,000	20,000	{EU CC1, r3, a)}
35	Accumulated other comprehensive income	(5,426)	(5,426)	{EU CC1, r3, a)}
36	Other equity	1,697	1,603	{EU CC1, r3, a)}
37	Previous years retained earnings	186,620	188,181	{EU CC1, r2, a)}
38	Profit for the current year	75,375	75,384	
39	**Total shareholders' equity**	**543,128**	**544,483**	

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

		a			
		Qualitative or quantitative information - Free format			
1	Issuer	Šiaulių bankas AB	Šiaulių bankas AB	Šiaulių bankas AB	Šiaulių bankas AB
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	LT0000102253	LT0000404287	LT0000407751	LT0000405771
2a	Public or private placement	Public	Public	Public	Public
3	Governing law(s) of the instrument	The Republic of Lithuania	The Republic of Lithuania	The Republic of Lithuania	The Republic of Lithuania

3a	Contractual recognition of write down and conversion powers of resolution authorities	No	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	Common equity tier 1 capital	Tier 2 capital	Tier 2 capital	N/A
5	Post-transitional CRR rules	Common equity tier 1 capital	Tier 2 capital	Tier 2 capital	Eligible liabilities
6	Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated	solo & (sub-) consolidated	solo & (sub-) consolidated	solo & (sub-) consolidated	solo & (sub-) consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary registered shares	Subordinated debt securities (CRR Article 62 (a))	Subordinated debt securities (CRR Article 62 (a))	Restricted senior bonds (CRR Article 72a (1) (a))
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 192.27	EUR 20.00	EUR 50.00	EUR 206.45
9	Nominal amount of instrument	EUR 192,269,027.34	EUR 20,000,000.00	EUR 50,000,000.00	EUR 210,000,000.00
EU-9a	Issue price	EUR 0.29	EUR 10,000.00	EUR 1,000.00	EUR 983.11
EU-9b	Redemption price	N/A	EUR 10,000.00	EUR 1,000.00	EUR 1,000.00
10	Accounting classification	Equity	Liability - amortized cost	Liability - amortized cost	Liability - amortized cost
11	Original date of issuance	29-11-1994	23-12-2019	22-06-2023	07-10-2021
12	Perpetual or dated	Perpetua	Fixed term	Fixed term	Fixed term
13	Original maturity date	No maturity	23-12-2019	22-06-2033	07-10-2021
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	From 23/12/2024 at nominal value	From 22/06/2028 at nominal value	2024-10-07
16	Subsequent call dates, if applicable	N/A	From 23/12/2024 at nominal value with 30 days' notice	From 22/06/2028 at nominal value with 30 days' notice	N/A
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed, which will be replaced floating format
18	Coupon rate and any related index	N/A	6.15%	10.75%; after 22/06/2028 5 year Mid-Swap Rate + 750 bps	1.047%; after 07/10/2024 Bloomberg EUSA1 + 140 bps
19	Existence of a dividend stopper	No	Ne	Ne	Ne
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing))	Partially discretionary	Mandatory	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	N/A	N/A	N/A	N/A
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	N/A	Deterioration of the bank's financial condition in order to maintain the stability of the financial sector. May be initiated by the supervisory authority. A contractual approach	Deterioration of the bank's financial condition in order to maintain the stability of the financial sector. May be initiated by the supervisory authority. A contractual approach	Deterioration of the bank's financial condition in order to maintain the stability of the financial sector. May be initiated by the supervisory authority. A statutory approach and a contractual approach
25	If convertible, fully or partially	N/A	Fully or partially	Fully or partially	Fully or partially
26	If convertible, conversion rate	N/A	Not specified in emission conditions	Not specified in emission conditions	Not specified in emission conditions

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

27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1; Additional Tier 1; Tier 2
29	If convertible, specify issuer of instrument it converts into	N/A	Šiaulių bankas AB	Šiaulių bankas AB	Šiaulių bankas AB
30	Write-down features	No	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	N/A	Deterioration of the bank's financial condition in order to maintain the stability of the financial sector. May be initiated by the supervisory authority. A contractual approach	Deterioration of the bank's financial condition in order to maintain the stability of the financial sector. May be initiated by the supervisory authority. A contractual approach	Deterioration of the bank's financial condition in order to maintain the stability of the financial sector. May be initiated by the supervisory authority. A statutory approach and a contractual approach
32	If write-down, full or partial	N/A	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	N/A	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	[Statutory] if the instrument meets the requirements set out in point (d)(ii) of Article 72b(2) CRR	[Contractual] if the instrument meets the requirements set out in point (d)(i) of Article 72b(2) CRR	[Contractual] if the instrument meets the requirements set out in point (d)(i) of Article 72b(2) CRR	[Contractual] if the instrument meets the requirements set out in point (d)(i) of Article 72b(2) CRR
EU-34b	Ranking of the instrument in normal insolvency proceedings	1	3	3	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated	Other	Other	Dep-ISME
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://nasdaqbaltic.com/statistics/lt/instrument/LT0000102253/company?date=2022-02-03	https://nasdaqbaltic.com/statistics/lt/instrument/LT0000404287/company?date=2024-02-02	https://nasdaqbaltic.com/statistics/lt/instrument/LT0000404287/company?date=2024-02-02	https://nasdaqbaltic.com/statistics/lt/instrument/LT0000404287/company?date=2024-02-02
	(1) Insert 'N/A' if the question is not applicable.				

COUNTERCYCLICAL CAPITAL BUFFERS

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

		a	b	c	d	e	f
		General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value
		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		
010	Lithuania	2,200,766		17,011		42,975	2,260,753
011	France	10,513		0			10,513
012	USA	10,109					10,109
013	Sweden	5,168					5,168
014	Luxembourg	5,000					5,000
015	Great Britain	4,692					4,692
016	Germany	4,042					4,042

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

017	Italy	3,198					3,198
018	Finland	2,012					2,012
019	Latvia	1,432		24			1,456
020	Other	4,401		641			5,042
021	Total	2,251,333		17,677		42,975	2,311,985

(continued)		g	h	i	j	k	l	m
		Own fund requirements						
		Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
010	Lithuania	176,061	1,454	3,438	180,953	282,594	97.76%	1.00%
011	France	841	0		841	1,314	0.45%	0.50%
012	USA	809			809	1,264	0.44%	0.00%
013	Sweden	413			413	646	0.22%	2.00%
014	Luxembourg	400			400	625	0.22%	0.50%
015	Great Britain	375			375	587	0.20%	2.00%
016	Germany	323			323	505	0.17%	0.75%
017	Italy	256			256	400	0.14%	0.00%
018	Finland	161			161	252	0.09%	0.00%
019	Latvia	115	24		139	182	0.07%	0.00%
021	Other	352	86		438	630	0.24%	0.00%
022	Total	180,107	1,564	3,438	185,108	288,998	100%	

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

		a
010	Total risk exposure amount	2,439,333
020	Institution specific countercyclical capital buffer rate	0.9930%
030	Institution specific countercyclical capital buffer requirement	24,223

LEVERAGE RATIO

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

		a
		Applicable amount
1	Total assets as per published financial statements	4,809,330
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(177,561)
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))	

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

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	7,066
9	Adjustment for securities financing transactions (SFTs)	(7,643)
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	528,031
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	(77,484)
13	**Total exposure measure**	5,081,739

Template EU LR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		31-12-2023	**30-06-2023**
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	4,560,319	4,127,518
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)	(26,829)	(7,364)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	4,533,490	4,120,154
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. 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		
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	7,244	5,813
EU-9b	Exposure determined under Original Exposure Method		
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**	7,244	5,813
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	20,617	16,979
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(7,643)	(6,682)
16	Counterparty credit risk exposure for SFT assets		

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

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**	12,974	10,297
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	528,031	579,439
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	**Off-balance sheet exposures**	528,031	579,439
	Excluded exposures		
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	**(Total exempted exposures)**		
	Capital and total exposure measure		
23	**Tier 1 capital**	485,311	415,624
24	**Total exposure measure**	5,081,739	4,715,703
	Leverage ratio		
25	Leverage ratio (%)	9.55%	8.81%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.55%	8.81%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.55%	8.81%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
	Disclosure of mean values		
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	21,090	19,857
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	12,974	10,297
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)	5,089,855	4,725,278
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)	5,089,855	4,725,278

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

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)	9.53%	8.80%
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)	9.53%	8.80%

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

		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	4,560,319
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	4,560,319
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	1,411,394
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	
EU-7	Institutions	67,515
EU-8	Secured by mortgages of immovable properties	1,793,838
EU-9	Retail exposures	710,280
EU-10	Corporates	318,540
EU-11	Exposures in default	65,218
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	193,534

Table EU LRA: Disclosure of LR qualitative information

In 2023 there were no significant factors that influenced the leverage ratio.

DISCLOSURE OF LIQUIDITY REQUIREMENTS

Table EU LIQA - Liquidity risk management

One of the Bank Group's priority objectives is to maintain acceptable liquidity adequacy. Liquidity adequacy ensures that the Group meets its payment obligations at all times, under both normal and stressed conditions. The main strategy for managing liquidity risk is to maintain a conservative liquidity risk profile and an adequate liquidity buffer. The financing strategy is to ensure sufficient and stable funding for core activities through external financing.

ILAAP is an integral part of the overall governance system, ensuring sound processes and systems for identifying, assessing, managing and monitoring liquidity risk over appropriate time periods, including intraday, thereby ensuring that the Group has an adequate liquidity buffer. ILAAP is integrated into the Group's risk management system. Liquidity risk management is divided into long-term (over one year), short-term (up to one year) and daily liquidity management. Liquidity risk is managed through three lines of defence. The first line of defence consists of the treasury and the business. The Risk Department acts as the second line of defence and is responsible for monitoring liquidity risk. The third line of defence includes Internal Audit, which is responsible for independent monitoring of the first and second lines of defence.

The Group is not dependent on market sources of funding. One of the Group's strengths is its stable retail deposit base, which forms the basis of the Group's funding. In addition, the Group has the potential to finance itself by raising subordinated loans or issuing debt securities. Diversification of funding across investor types, products and instruments is important to ensure stable liquidity. The Bank Group aims to attract minimum requirement for own funds and eligible liabilities (MREL) eligible liabilities to achieve partial diversification of funding sources.

The Risk Department is responsible for ILAAP and the design and effective functioning of the liquidity risk management system at the Group level, and on the basis of the results of ILAAP and all other relevant information, the Risk Department annually provides an assessment of the Group's liquidity adequacy in the liquidity adequacy statement. The Supervisory Board approves the liquidity risk strategy and the liquidity risk appetite set out in the Risk Appetite Statement and the Risk Strategy. The Bank's Board is responsible for approving the overall ILAAP and the following components: the liquidity management system; the liquidity adequacy statement; the methodology used to assess liquidity adequacy (including the stress testing system and the clearly articulated definition of liquidity adequacy); the ILAAP report. The Risk Management Committee is responsible for developing methodologies for the quantification of liquidity risk, including the key assumptions and parameters (e.g., time horizon, confidence levels and maturity structure) for the calculation of the risk, based on reliable data and sound data systems. The Asset Liability Management Committee (ALMC) monitors the effectiveness of liquidity management and makes recommendations to the Bank's business units on its effectiveness.

The Bank is the main influencer and manager of the Group's liquidity profile and the subsidiaries do not have a significant impact on the Group's overall liquidity. The monitoring system in place ensures that when liquidity-relevant factors arise in subsidiaries, they are taken into account in liquidity management decisions.

Liquidity risk management is based on:

- monitoring and controlling liquidity risk using liquidity adequacy ratios;
- balancing cash inflows and outflows;
- ensuring compliance with liquidity risk limits;
- stress testing.

The Group actively manages liquidity risk by monitoring liquidity adequacy ratios at various points in time, including intraday, in order to identify and assess potential threats in a timely manner, to draw practical conclusions and to take preventive action to ensure that the Bank Group's internal liquidity buffer is sufficient. The Group uses a system of liquidity indicators and limits to assess liquidity risk. Indicators are defined in terms of target (green), warning (yellow) and danger (red) zones. The limits of the limit zones are set in accordance with the Bank's overall strategy, the liquidity risk appetite and actual trends, and the results of the testing, which allows for an effective limitation of risks and losses and the maintenance of a liquidity adequacy acceptable to the Group. A clearly regulated system for setting, monitoring and controlling limits and other restrictions ensures that liquidity risk is appropriately managed in line with the level of liquidity risk borne by the Group and taking into account current and expected future activities.

CRO is responsible for the timely reporting of ILAAP results to supervisory authorities in accordance with the regulator's procedures.

In line with the strategic plan, the Bank Group will continue to maintain a conservative liquidity risk profile and a sufficient liquidity buffer consisting of high-quality assets. In line with its strategic direction, the Group sees diversification of funding sources and avoidance of concentration as the main focus of liquidity management.

Liquidity risk management includes contingency liquidity measures (i.e., a liquidity plan) that can be taken, including the amount of contingency liquidity that could be collected in the event of adverse conditions; the time frame over which the measures would be implemented; the potential negative impact (on the profit and loss account, reputation, etc.); and the likelihood of the measures being fully implemented in the event of adverse conditions. The mechanism for resolving liquidity problems in the event of stress is regulated by the Business Continuity Plan in the Event of a Liquidity Crisis (Liquidity Plan) of Šiaulių Bankas, which is an integral part of the Bank's Business Continuity Plan. The Liquidity Plan defines the liquidity ratios and details the conditions for possible activation of the plan. The monitoring and analysis of these ratios and the constant provision of information to the Risk Management Committee allow the identification of a potential adverse liquidity event before it becomes a liquidity crisis.

Regular stress testing must ensure the adequacy of liquidity in the event of adverse circumstances. Liquidity testing provides insight into the impact of adverse events on liquidity adequacy, the quantitative and qualitative adequacy of available liquid assets, and the adequacy of liquidity buffers to cover the risks that may arise under various types of stress scenarios.

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

Liquidity risk testing assesses:

- Financing risk – the actual or foreseeable risk arising from the inability of the Group to meet its obligations to depositors without incurring unacceptable losses;
- Market risk – the risk that the Group will not be able to easily offset or sell an existing position without affecting the market price and will incur significant losses due to market imbalances.

Liquidity risk may be assessed under the following three scenarios: a Bank Group-exclusive scenario, a market-wide scenario, and a combination of the two, and may be subject to reverse testing with a significant negative result. The extent and frequency of stress testing depends on the Group's current level of liquidity risk and the economic environment.

Template EU LIQ1 - Quantitative information of LCR

Scope of consolidation (consolidated)

		Total unweighted value (average)			
EU 1a	Quarter ending on (31 December 2023)	**31-12-2023**	**30-09-2023**	**30-06-2023**	**31-03-2023**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)				
CASH – OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	2,379,930	2,297,351	2,228,339	2,168,717
3	*Stable deposits*	1,074,436	1,091,394	1,112,614	1,123,676
4	*Less stable deposits*	731,241	732,301	743,206	741,800
5	Unsecured wholesale funding	529,494	533,040	535,762	536,399
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*				
7	*Non-operational deposits (all counterparties)*	529,494	533,040	535,762	536,399
8	*Unsecured debt*				
9	Secured wholesale funding				
10	Additional requirements	377,358	389,065	393,159	387,628
11	*Outflows related to derivative exposures and other collateral requirements*	,607	2,752	2,438	1,708
12	*Outflows related to loss of funding on debt products*				
13	*Credit and liquidity facilities*	374,750	386,313	390,721	385,920
14	Other contractual funding obligations	25,550	22,843	30,666	55,908
15	Other contingent funding obligations	166,917	154,216	131,217	100,412
16	**TOTAL CASH OUTFLOWS**				
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	17,373	18,505	18,626	18,499
18	Inflows from fully performing exposures	95,753	129,940	158,107	158,046
19	Other cash inflows	164,180	165,136	127,467	69,920
ES-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
ES-19b	(Excess inflows from a related specialised credit institution)				
20	**TOTAL CASH INFLOWS**	277,306	313,581	304,200	246,465
ES-20a	***Fully exempt inflows***	-	-	-	-
ES-20b	***Inflows subject to 90% cap***	-	-	-	-

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

ES-20c	***Inflows subject to 75% cap***	277,306	313,581	304,200	246,465
TOTAL ADJUSTED VALUE					
21	**LIQUIDITY BUFFER**				
22	**TOTAL NET CASH OUTFLOWS**				
23	**LIQUIDITY COVERAGE RATIO (%)**				

(continued)

		Total weighted value (average)			
EU 1a	Quarter ending on (31 December 2023)	**31-12-2023**	**30-09-2023**	**30-06-2023**	**31-03-2023**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	570,809	451,117	440,233	534,242
CASH – OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	187,776	178,584	179,896	180,309
3	*Stable deposits*	53,722	54,570	55,631	56,184
4	*Less stable deposits*	94,397	94,614	96,073	95,729
5	Unsecured wholesale funding	227,672	227,175	227,226	229,720
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*				
7	*Non-operational deposits (all counterparties)*	227,672	227,175	227,226	229,720
8	*Unsecured debt*				
9	Secured wholesale funding				
10	Additional requirements	36,939	38,527	38,935	37,643
11	*Outflows related to derivative exposures and other collateral requirements*	2,607	2,752	2,438	1,708
12	*Outflows related to loss of funding on debt products*				
13	*Credit and liquidity facilities*	34,332	35,775	36,497	35,935
14	Other contractual funding obligations	25,550	22,843	30,666	55,908
15	Other contingent funding obligations	8,346	7,711	6,561	5,021
16	**TOTAL CASH OUTFLOWS**	486,284	474,839	483,283	508,600
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	3,167	4,298	4,419	4,323
18	Inflows from fully performing exposures	60,924	96,872	126,441	127,321
19	Other cash inflows	164,180	165,136	127,467	69,920
ES-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
ES-19b	(Excess inflows from a related specialised credit institution)				
20	**TOTAL CASH INFLOWS**	228,271	266,306	258,327	201,564
ES-20a	***Fully exempt inflows***				
ES-20b	***Inflows subject to 90% cap***				
ES-20c	***Inflows subject to 75% cap***	228,271	266,306	258,327	201,564
TOTAL ADJUSTED VALUE					
21	**LIQUIDITY BUFFER**	570 809	451 117	440 233	534 242
22	**TOTAL NET CASH OUTFLOWS**	258 013	208 532	224 956	307 036
23	**LIQUIDITY COVERAGE RATIO (%)**	236.08%	227.72%	206.10%	186.09%

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

Table EU LIQB on qualitative information on LCR, which complements template EU LIQ1

The main factors influencing the Group's LCR are changes in the liquidity buffer, which is largely made up of highly liquid government securities and funds held with the central bank, and cash outflows, primarily related to unsecured wholesale funding.

The Financial Group uses Retail deposits as the main source of financing. More detailed information on the concentration of funding sources in notes 20 to 23 to the Financial Statements for the year ended 31 December 2023.

Liquidity buffer is formed of high-quality assets that can easily be converted into cash without any restrictions and with minimal losses. Due to that fact the Financial Group possesses a significant debt securities portfolio, which is highly liquid.

The Group has insignificant derivative positions consisting of forward foreign exchange contracts and derivatives linked to the prices of financial instruments. Their share of total assets is 0.47%.

The Financial Group's 99% of assets are accounted for in euro and 98 % of liabilities. Therefore it not gives rise to an inherent risk of currency mismatch in the LCR.

Template EU LIQ2: Net Stable Funding Ratio

Scope of consolidation consolidated Quarter ending on 31 December 2023		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to <	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	485,311				546,599
2	*Own funds*	485,311			61,288	546,599
3	*Other capital instruments*					
4	Retail deposits		2,070,206	300,081	173,410	2,384,984
5	*Stable deposits*		1,343,952	222,357	149,537	1,637,531
6	*Less stable deposits*		726,254	77,724	23,873	747,453
7	Wholesale funding:		579,447	551,899	16,829	553,063
8	*Operational deposits*					
9	*Other wholesale funding*		579,447	551,899	16,829	553,063
10	Interdependent liabilities					
11	Other liabilities:	1,041	76,238	225,488	132,930	245,674
12	*NSFR derivative liabilities*	1,041				
13	*All other liabilities and capital instruments not included in the above categories*		76,238	225,488	132,930	245,674
14	**Total available stable funding (ASF)**					**3,730,319**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					197,008
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		222,469	167,821	2,674,251	2,315,989
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*					

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

19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		44,799	3,269	1,383	6,912
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		162,287	150,344	1,811,203	1,695,838
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:*		97	59	781,045	525,765
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		16	37	691,004	449,179
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*		15,286	14,149	80,620	87,474
25	Interdependent assets					
26	Other assets:		9,925	5,228	70,475	78,064
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*				241	12
31	*All other assets not included in the above categories*		9,925	5,228	70,475	78,052
32	Off-balance sheet items		62,722	75,316	212,157	17,828
33	**Total RSF**					**2,608,889**
34	**Net Stable Funding Ratio (%)**					**142.98%**

Scope of consolidation consolidated Quarter ending on 30 September 2023		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	455,880				516,727
2	*Own funds*	455,880			60,847	516,727
3	*Other capital instruments*					
4	Retail deposits		1,928,896	338,096	170,060	2,285,487
5	*Stable deposits*		1,256,722	245,965	151,446	1,578,999
6	*Less stable deposits*		672,174	92,131	18,614	706,489
7	Wholesale funding:		578,629	46,230	492,392	770,361
8	*Operational deposits*					
9	*Other wholesale funding*		578,629	46,230	492,392	770,361
10	Interdependent liabilities					
11	Other liabilities:	120	62,774	27,652	226,559	240,385
12	*NSFR derivative liabilities*	120				
13	*All other liabilities and capital instruments not included in the above categories*		62,774	27,652	226,559	240,385
14	**Total available stable funding (ASF)**					**3,812,960**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					279,135

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

EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		272,446	183,166	2,596,673	2,276,679
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*		67,407	688	4,338	10,859
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		185,873	156,227	1,764,030	1,670,476
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:*		96	64	755,782	508,711
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		15	53	668,918	434,831
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*		19,070	26,187	72,523	86,634
25	Interdependent assets					
26	Other assets:		11,143	276	41,488	47,240
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*				852	43
31	*All other assets not included in the above categories*		11,143	276	41,488	47,198
32	Off-balance sheet items		87,464	58,236	219,496	18,376
33	**Total RSF**					**2,621,431**
34	**Net Stable Funding Ratio (%)**					**145.45%**

Scope of consolidation consolidated Quarter ending on 30 June 2023		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	415,623				476,649
2	*Own funds*	415,623			61,026	476,649
3	*Other capital instruments*					
4	Retail deposits		1,860,784	295,516	164,416	2,177,497
5	*Stable deposits*		1,229,143	219,077	143,906	1,519,715
6	*Less stable deposits*		631,641	76,439	20,510	657,782
7	Wholesale funding:		531,630	31,438	488,879	749,614
8	*Operational deposits*					
9	*Other wholesale funding*		531,630	31,438	488,879	749,614
10	Interdependent liabilities					
11	Other liabilities:	579	64,770	12,249	244,974	251,099
12	*NSFR derivative liabilities*	579				

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

13	*All other liabilities and capital instruments not included in the above categories*		64,770	12,249	244,974	251,099
14	**Total available stable funding (ASF)**					**3,654,859**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					424,284
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		389,954	197,098	2,534,176	2,238,921
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*		209,927	11,239	2,170	28,782
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		157,365	166,094	1,709,103	1,614,467
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:*		101	62	734,001	494,591
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		20	37	646,955	420,549
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*		22,561	19,703	88,902	101,080
25	Interdependent assets					
26	Other assets:		9,081	223	38,926	43,597
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*				389	19
31	*All other assets not included in the above categories*		9,081	223	38,926	43,578
32	Off-balance sheet items		71,230	67,452	246,882	19,502
33	**Total RSF**					**2,726,304**
34	**Net Stable Funding Ratio (%)**					**134.06%**

Scope of consolidation consolidated Quarter ending on 31 March 2023		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	418,407				438,407
2	*Own funds*	418,407			20,000	438,407
3	*Other capital instruments*					
4	Retail deposits		1,936,140	190,983	136,377	2,119,982
5	*Stable deposits*		1,242,390	141,489	111,559	1,426,244
6	*Less stable deposits*		693,750	49,494	24,818	693,738
7	Wholesale funding:		694,449	9,955	485,830	740,585

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

8	*Operational deposits*					
9	*Other wholesale funding*		694,449	9,955	485,830	740,585
10	Interdependent liabilities					
11	Other liabilities:	2,038	78,336	10,897	207,619	213,068
12	*NSFR derivative liabilities*	2,038				
13	*All other liabilities and capital instruments not included in the above categories*		78,336	10,897	207,619	213,068
14	**Total available stable funding (ASF)**					**3,512,041**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					413,471
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		402,915	190,794	2,460,319	2,176,480
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*		240,752	532	2,748	26,679
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		135,426	173,081	1,664,621	1,569,181
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:*		229	91	697,379	469,994
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		148	48	614,690	399,647
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*		26,508	17,090	95,571	110,626
25	Interdependent assets					
26	Other assets:		9,472	262	35,419	40,327
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*				818	41
31	*All other assets not included in the above categories*		9,472	262	35,419	40,286
32	Off-balance sheet items		52,140	86,814	264,186	20,467
33	**Total RSF**					**2,650,745**
34	**Net Stable Funding Ratio (%)**					**132.49%**

CREDIT RISK AND CREDIT QUALITY

Table EU CRA: General qualitative information about credit risk

For general qualitative information on credit risk, see Note 1 “Financial Risk Management” in the Explanatory Notes to the Financial Statements, section 1 “Credit Risk” (page 26).

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

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

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

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

Risk appetite and risk tolerance are set by Bank Risk Appetite Statements and related documents defining the minimum level of the risk expressed in key ratios and qualitative statements the organization could accept to maintain risk profile associated with business strategy. The Risk Appetite Statement is approved by the Supervisory Council of the Bank and cascaded further through the risk management procedures.

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

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

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

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

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

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

The Bank applies credit risk management measures, which could be divided into two types:

- Measures that help to avoid decisions to grant loans with higher risk potential;
- Measures ensuring the effective monitoring system of the Bank's asset quality.

Measures that help to avoid decisions to grant loans with higher risk potential:

- Multi-stage decision-making and its approval system;
- Defined credit risk appetite, credit risk indicators and risk allocation among structural levels – limit establishment;
- Customer risk assessment requirements set by internal procedures;
- Credit standards and acceptable credit risk criteria for separate products;
- Security measures for credit repayment (collateral).

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

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

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

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

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

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

The credit risk management and control function is the part of independent risk management function in the second line of defence. It is independent from credit granting function. The credit risk control responsibilities lay within risk management division and insures independent control of credit risk management practices and processes.

Debt securities

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

Credit-related commitments

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

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

For accounting and regulatory purposes, the recording of delinquency based on deviation from the contractual payment schedule, the identification of impaired positions and the methods for determining general and specific credit risk adjustments are described in the Explanatory Notes to the 2023 Financial Statements, see Note "Accounting Principles", section "Impairment of Financial Assets" (page 20), and Note "Financial Risk Management", section 1.3 "Impairments and Provisioning Principles" (page 30). The definition of default is in line with the EBA Guidelines on the definition of credit defaults.

Template EU CR1: Performing and non-performing exposures and related provisions

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount							
		Performing exposures				Non-performing exposures			
			Of which stage 1	Of which stage 2	of which: purchased or originated credit-impaired financial assets		Of which stage 2	Of which stage 3	of which: purchased or originated credit-impaired financial assets
005	Cash balances at central banks and other demand deposits	672,090	672,090						
010	Loans and advances	2,909,324	2,689,473	218,417	1,434	85,355	1	85,229	125
020	*Central banks*								
030	*General governments*	64,317	60,056	4,261		114		114	

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

040	*Credit institutions*	6,128	6,128						
050	*Other financial corporations*	110,780	110,757	23		3		3	
060	*Non-financial corporations*	1,492,948	1,326,814	164,770	1,364	58,691	1	58,582	108
070	*Of which SMEs*	1,364,469	1,207,634	155,471	1,364	39,225		39,117	108
080	*Households*	1,235,151	1,185,718	49,363	70	26,547		26,530	17
090	Debt securities	811,830	808,861	2,969					
100	*Central banks*								
110	*General governments*	711,400	711,400						
120	*Credit institutions*	2,268	2,268						
130	*Other financial corporations*	31,473	30,506	967					
140	*Non-financial corporations*	66,689	64,687	2,002					
150	Off-balance-sheet exposures	541,472	535,358	6,114		309		309	
160	*Central banks*								
170	*General governments*	6,417	6,417						
180	*Credit institutions*	2,018	2,018						
190	*Other financial corporations*	35,889	35,889						
200	*Non-financial corporations*	429,984	424,182	5,802		245		245	
210	*Households*	67,164	66,852	312		64		64	
220	**Total**	4,934,716	4,705,782	227,500	1,434	85,664	1	85,538	125

(continued)		i	j	k	l	m	n	o	p	q	r	s
		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 – 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: purchased or originated credit-impaired financial assets		Of which stage 2	Of which stage 3	of which: purchased or originated credit-impaired financial assets			
005	Cash balances at central banks and other demand deposits	(46)	(46)									
010	Loans and advances	(32,650)	(25,287)	(7,353)	(10)	(19, 599)		(19,495)	(104)		2,226,596	57,165
020	*Central banks*											
030	*General governments*	(174)	(163)	(11)		(1)		(1)			7,644	89
040	*Credit institutions*											
050	*Other financial corporations*	(1,743)	(1, 742)	(1)		(3)		(3)			72,291	
060	*Non-financial corporations*	(18,118)	(15,010)	(3,098)	(10)	(10,910)		(10,824)	(86)		1,313,003	45,217
070	*Of which SMEs*	(15,697)	(13,077)	(2,610)	(10)	(9,500)		(9,414)	(86)		1,215,683	27,363

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

080	*Households*	(12,615)	(8,372)	(4,243)		(8,685)		(8,667)	(18)		833,658	11,859
090	Debt securities	(221)	(75)	(146)								
100	*Central banks*											
110	*General governments*	(6)	(6)									
120	*Credit institutions*	(3)	(3)									
130	*Other financial corporations*	(90)	(19)	(71)								
140	*Non-financial corporations*	(122)	(47)	(75)								
150	Off-balance-sheet exposures	183	183									
160	*Central banks*											
170	*General governments*											
180	*Credit institutions*											
190	*Other financial corporations*											
200	*Non-financial corporations*	183	183									
210	*Households*											
220	**Total**	(32,734)	(25,225)	(7,499)	(10)	(19,599)		(19,495)	(104)		2,226,596	57,165

Template 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	No stated maturity
1	Loans and advances		2,445,628	581,299	587,185	360	3,614,474
2	Debt securities		350,253	449,170	12,186		811,609
3	**Total**		2,795,882	1,030,469	599,372	360	4,426,083

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

		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	74,737
020	Inflows to non-performing portfolios	49,602
030	Outflows from non-performing portfolios	(38,984)
040	Outflows due to write-offs	(275)
050	Outflow due to other situations	(38,709)
060	**Final stock of non-performing loans and advances**	85,355

Template 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
010	**Initial stock of non-performing loans and advances**	74,737	
020	Inflows to non-performing portfolios	49,602	
030	Outflows from non-performing portfolios	(38,984)	

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

040	Outflow to performing portfolio	(15,839)	
050	Outflow due to loan repayment, partial or total	(13,018)	
060	Outflow due to collateral liquidations	(2,402)	2,402
070	Outflow due to taking possession of collateral	(26)	26
080	Outflow due to sale of instruments	(5,841)	5,841
090	Outflow due to risk transfers		
100	Outflows due to write-offs	(275)	
110	Outflow due to other situations	(1,583)	
120	Outflow due to reclassification as held for sale		
130	**Final stock of non-performing loans and advances**	85,355	

Template EU CQ1: Credit quality of forborne exposures

		a	b	c	d	e	f	g	h
		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 performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	59,498	44,373	44,373	44,373	(408)	(9,619)	89,529	33,360
010	Loans and advances								
020	*Central banks*								
030	*General governments*								
040	*Credit institutions*								
050	*Other financial corporations*	57,538	39,049	39,049	39,049	(399)	(7,491)	86,306	31,230
060	*Non-financial corporations*	1,960	5,324	5,324	5,324	(9)	(2,128)	3,223	2,130
070	*Households*								
080	Debt Securities	1,022	15						
090	Loan commitments given	60,520	44,388	44,373	44,373	(408)	(9,619)	89,529	33,360
100	**Total**	59,498	44,373	44,373	44,373	(408)	(9,619)	89,529	33,360

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

Template EU CQ2: Quality of forbearance

	a
	Gross carrying amount of forborne exposures
Loans and advances that have been forborne more than twice	450
Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	32,872

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

		a	b	c	d	e	f	g
		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
005	Cash balances at central banks and other demand deposits	672,090	672,090					
010	Loans and advances	2,906,116	2,885,844	20,272	85,355	48,742	16,007	7,770
020	*Central banks*							
030	*General governments*	64,317	64,244	73	114		114	
040	*Credit institutions*	6,128	6,128					
050	*Other financial corporations*	107,572	107,572		3	3		
060	*Non-financial corporations*	1,492,948	1,485,928	7,020	58,691	36,812	9,756	3,957
070	*Of which SMEs*	1,364,469	1,358,261	6,208	39,225	19,316	9,634	2,185
080	*Households*	1,235,151	1,221,972	13,179	26,547	11,927	6,137	3,813
090	Debt securities	811,830	811,830					
100	*Central banks*							
110	*General governments*	711,400	711,400					
120	*Credit institutions*	2,268	2,268					
130	*Other financial corporations*	31,473	31,473					
140	*Non-financial corporations*	66,689	66,689					
150	Off-balance-sheet exposures	541,472			309			
160	*Central banks*							
170	*General governments*	6,417						
180	*Credit institutions*	2,018						
190	*Other financial corporations*	35,889						
200	*Non-financial corporations*	429,984			245			
210	*Households*	67,164			64			
220	***Total***	4,259,418	3,697,674	20,272	85,664	48,742	16,007	7,770

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

(continued)

		h	i	j	k	l
		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
005	Cash balances at central banks and other demand deposits					
010	Loans and advances	6,442	3,250	322	2,822	85,353
020	*Central banks*					
030	*General governments*					114
040	*Credit institutions*					
050	*Other financial corporations*					3
060	*Non-financial corporations*	5,185	932	37	2,012	58,690
070	*Of which SMEs*	5,123	918	37	2,012	39,225
080	*Households*	1,257	2,318	285	810	26,546
090	Debt securities					
100	*Central banks*					
110	*General governments*					
120	*Credit institutions*					
130	*Other financial corporations*					
140	*Non-financial corporations*					
150	Off-balance-sheet exposures					309
160	*Central banks*					
170	*General governments*					
180	*Credit institutions*					
190	*Other financial corporations*					
200	*Non-financial corporations*					245
210	*Households*					64
220	***Total***	6,442	3,250	322	2,822	85,662

Template 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	3,806,509	85,355	85,353	3,801,139	(52,471)		
020	Lithuania	3,589,579	85,352	85,350	3,586,371	(52,407)		
030	Latvia	106,160			106,160	(6)		
040	Other countries	110,770	3	3	108,608	(58)		
050	Off-balance-sheet exposures	541,781	309	309			183	
060	Lithuania	539,761	309	309			183	
070	Other countries	2,020						
080	**Total**	4,348,290	85,664	85,662	3,801,139	(52,471)	183	

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

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

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	48,094	860	860	48,094	(257)	
020	Mining and quarrying	8,506			8,506	(116)	
030	Manufacturing	187,902	23,996	23,996	187,902	(3,676)	
040	Electricity, gas, steam and air conditioning supply	66,979	1,369	1,369	66,979	(1,781)	
050	Water supply	26,693	720	720	26,693	(196)	
060	Construction	148,699	3,528	3,528	148,699	(4,058)	
070	Wholesale and retail trade	164,987	4,454	4,454	164,987	(1,868)	
080	Transport and storage	108,307	389	389	108,307	(1,083)	
090	Accommodation and food service activities	43,467	95	95	43,467	(990)	
100	Information and communication	10,811	14	14	10,811	(55)	
110	Financial and insurance activities	1,850	1	1	1,850	(17)	
120	Real estate activities	473,038	17,893	17,893	473,038	(9,779)	
130	Professional, scientific and technical activities	59,231	1,150	1,149	59,231	(1,273)	
140	Administrative and support service activities	156,744	2,408	2,408	156,744	(2,236)	
150	Public administration and defence, compulsory social security	1			1		
160	Education	3,114	6	6	3,114	(12)	
170	Human health services and social work activities	27,312	1,654	1,654	27,312	(435)	
180	Arts, entertainment and recreation	9,550	-	-	9,550	(27)	
190	Other services	6,354	154	154	6,354	(1,169)	
200	**Total**	1,551,639	58,691	58,690	1,551,639	(29,028)	

Template EU CQ6: Collateral valuation - loans and advances

		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing								
						Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
				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 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
010	Gross carrying amount	2,994,679	2,909,324	20,272	85,355	48,742	36,613	16,007	7,770	6,442	3,250	322	2,822
020	Of which secured	2,317,100	2,240,754	16,212	76,345	44,979	36,479	13,697	6,393	5,775	3,167	316	2,020
030	Of which secured with	2,031,474	1,973,729	7,247	57,745	37,600	20,145	10,950	2,683	2,586	2,389		1,537

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

	immovable property												
040	Of which instruments with LTV higher than 60% and lower or equal to 80%	361,483	355,912		5,571	2,617	2,954						
050	Of which instruments with LTV higher than 80% and lower or equal to 100%	206,093	202,655		3,438	2,036	1,402						
060	Of which instruments with LTV higher than 100%	32,495	30,858		1,637	369	1,269						
070	Accumulated impairment for secured assets	(35,325)	(19,617)	(1,856)	(15,709)	(6,442)	(9,267)	(2,521)	(469)	(1,733)	(1,786)	(152)	(2,606)
080	Collateral												
090	Of which value capped at the value of exposure	2,142,004	2,094	8,369	47,738	32,296	15,442	8,923	3,021	2,495	632	157	214
100	Of which immovable property	1,808,496	1,765,661	6,993	42,835	30,278	12,557	8,497	2,065	1,427	376		192
110	Of which value above the cap	7,267,700	6,809,046	9,955	458,654	338,109	120,545						
120	Of which immovable property	3,511,684	3,344,747	7,851	166,937	123,010	43,927						
130	Financial guarantees received	141,757	132,330	5,735	9,427	3,932	5,495	1,647	2,094	1,553	192	7	2
140	Accumulated partial write-off												

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

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Accumulated negative changes		
020	Other than PP&E	164	
030	*Residential immovable property*		
040	*Commercial Immovable property*		
050	*Movable property (auto, shipping, etc.)*	164	
060	*Equity and debt instruments*		
070	*Other collateral*		
080	**Total**	164	

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

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

		a	b	c	d	e	f	g	h	i	j	k	l
		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	168		168		168							
030	*Residential immovable property*												
040	*Commercial immovable property*												
050	*Movable property (auto, shipping, etc.)*	168		168		168							
060	*Equity and debt instruments*												
070	*Other collateral*												
080	Total	168		168		168							

INFORMATION ON CREDIT RISK MITIGATION MEASURES

Table EU CRC – Qualitative disclosure requirements related to CRM techniques

OBS netting products are not provided by the Group.

All collaterals must be evaluated in line with prudential requirements and valuation standards. The regular review of the values of collateral is performed by the Bank, the regularity is dependent on the type of pledged assets in compliance with prudential requirements. The prudent attitude towards the management of collateral is expressed in internal procedures for proper collateral management and collateral insurance policy.

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

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

The guarantees issued by the state institutions are accepted by the Group as the main type of guarantee reducing capital requirements. No credit derivatives are used as credit protection.

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

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

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

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

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

Qualitative information on credit risk mitigation is provided in the Explanatory Notes to the 2023 Financial Statements under "Financial Risk Management", section 1.2 "Control of risk limits and risk mitigation policy" (page 29), and section 1.5 "Loans to Customers" paragraph (d) "Information about loan collateral" (page 40).

Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	1,330,712	2,283,762	2,142,005	141,757	
2	Debt securities	811, 609				
3	Total	2,142,321	2,283,762	2,142,005	141,757	
4	*Of which non-performing exposures*	8,591	57,165	47,738	9,427	
EU-5	*Of which defaulted*	8,591	57,165			

DISCLOSURE OF THE USE OF THE STANDARDISED APPROACH

Table EU CRD – Qualitative disclosure requirements related to standardised approach

For the assessment of exposures that have an external credit rating, the Group uses credit rating agencies that are registered or certified in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Such External Credit Assessment Institutions (ECAI) are used:

- Standards & Poor's
- Moody's Investors Service
- Fitch Ratings

Exposures of debt securities and institutions are subject to the external credit rating which, assessing the credit risk under the standardized method, are classified according to the issuer, issue or rating held by the institution itself. If an individual exposure has been rated by two assessment institutions then less the favourable assessment shall apply, in case three ratings are provided - two most favourable shall apply, in case two most favourable ratings do not coincide - then less favourable shall apply.

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

The Bank Group does not have a process for transferring issuer and issue credit ratings for similar assets that are not included in the trading book.

The association of the external rating of each nominated ECAI or ECA (referred to in paragraph one above) with the risk weights is consistent with the standard association published by EBA.

Template 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 (%)
		a	b	c	d	e	f
1	Central governments or central banks	1,351,685		1,351,685		4,476	0.33%
2	Regional government or local authorities	55,852	2,744	55,852	1,372	14	0.02%
3	Public sector entities	3,013	3,243	24,313	889	2,966	11.77%
4	Multilateral development banks	844		844			0.00%
5	International organisations						
6	Institutions	70,293	2,018	67,515	1,009	22,454	32.77%
7	Corporates	326,328	135,460	310,008	65,363	322,751	85.98%
8	Retail	710,394	154,314	707,497	67,669	553,243	71.37%
9	Secured by mortgages on immovable property	1,712,228	202,777	1,705,366	91,255	795,688	44.29%
10	Exposures in default	65,218	308	62,196	138	70,182	112.59%
11	Exposures associated with particularly high risk	81,610	27,167	81, 509	11,902	140,116	150.00%
12	Covered bonds						
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings	11,365		2,136		26,700	1250.00%
15	Equity	33,252		33,252		82,044	246.73%
16	Other items	131,901		131,592		59,903	45.52%
17	**Total**	4,553,983	528,031	4,533,765	239,596	2,080,536	43.59%

Template EU CR5 – standardised approach

	Exposure classes	Risk weight								
		0%	2%	4%	10%	20%	35%	50%	70%	75%
		a	b	c	d	e	f	g	h	i
1	Central governments or central banks	1,337,176				9,261		5,248		
2	Regional government or local authorities	57,197						27		
3	Public sector entities	21,300						1,872		
4	Multilateral development banks	844								

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

5	International organisations									
6	Institutions					39,939		28,238		
7	Corporates							17,845		
8	Retail									775,166
9	Secured by mortgages on immovable property						694,575	875,987		
10	Exposures in default									
11	Exposures associated with particularly high risk									
12	Covered bonds									
13	Institutions and corporates with a short-term credit assessment									
14	Collective investment undertakings									
15	Equity									
16	Other items	71,689								
17	**Total**	1,488,206				49,200	694,575	929,217		775,166

(continued)

	Exposure classes	Risk weight						Total	Of which unrated
		100%	150%	250%	370%	1250%	Others		
		j	k	l	m	n	o	p	q
1	Central governments or central banks							1,351,685	
2	Regional government or local authorities							57,224	
3	Public sector entities	2,030						25,202	2,030
4	Multilateral development banks							844	
5	International organisations								
6	Institutions	347						68,524	347
7	Corporates	357,526						375,371	357,526
8	Retail							775,166	
9	Secured by mortgages on immovable property	226,059						1,796,621	226,059
10	Exposures in default	46,638	15,696					62,334	46,638
11	Exposures associated with particularly high risk		93,411					93,411	
12	Covered bonds								
13	Institutions and corporates with a short-term credit assessment								
14	Collective investment undertakings					2,136		2,136	
15	Equity	724		32,528				33,252	724
16	Other items	59,903						131,592	59,903
17	**Total**	693,227	109,107	32,528		2,136		4,773,361	693,227

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

COUNTERPARTY CREDIT RISK

Table EU CCRA – Qualitative disclosure related to CCR

The Bank Group has short-term counterparty credit risk exposures arising from forward foreign exchange contracts. Given the size of the exposures, the Group is considered not to be exposed to significant counterparty risk and it is managed through credit risk with appropriate limits to restrict the maximum exposure amount. The collateral requirement is assessed on an individual basis. Due to insignificant counterparty exposures, a change in the Group's credit rating would not have a material impact on the amounts of collateral to be posted.

Template 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)				1,4				
EU-2	EU - Simplified SA-CCR (for derivatives)	66	5,108		1,4	7,244	7,244	7,244	4,993
1	SA-CCR (for derivatives)				1,4				
2	IMM (for derivatives and SFTs)								
2a	*Of which securities financing transactions netting sets*								
2b	*Of which derivatives and long settlement transactions netting sets*								
2c	*Of which from contractual cross-product netting sets*								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					20,617	12,995	12,975	12,625
5	VaR for SFTs								
6	Total					**27,861**	**20,238**	**20,218**	**17,618**

Template EU CCR2 – Transactions subject to own funds requirements for CVA risk

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method		
2	i) VaR component (including the 3× multiplier)		
3	ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardised method	196	50
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	**Total transactions subject to own funds requirements for CVA risk**	196	50

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

Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
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					2,778							2,778
7	Corporates									7, 788			7,788
8	Retail								114				114
9	Institutions and corporates with a short-term credit assessment												
10	Other items									9,538			9,538
11	**Total exposure value**					2,778			114	17,316			20,218

Template EU CCR5 – Composition of collateral for CCR exposures

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency								
2	Cash – other currencies								
3	Domestic sovereign debt								
4	Other sovereign debt								
5	Government agency debt								
6	Corporate bonds								
7	Equity securities	55,481							
8	Other collateral								
9	**Total**	55,481							

Šiaulių bankas AB has no credit derivatives and no positions in the main counterparties.

SECURITISATION

Table EU-SECA - Qualitative disclosure requirements related to securitisation exposures

Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranched, having all of the following characteristics:

- payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures;
- the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

In traditional securitisations, risk is dependent on the seniority of the retained interest and the performance of the underlying asset pool.

The bank has long-term experience in financing renovation of multi-apartment buildings and considers these loans as product necessary for country economy (included in the critical function assessment by SRB), that reduces climate impact (~50 thousand tons of CO2 to be saved each year) and profitable for the bank. The structure of the traditional non-STS securitisation transaction was created to leverage received European Structural and Investment Funds (ESIF) resources. These funds were entrusted to the EIB, as a fund manager, who set up a scheme in which these funds were structured as investment to first loss layer in order to absorb expected losses and increase the structure's attractiveness to investors and minimize the cost of borrowing resources. Administration fee income and interest on investments to securitization meet the bank's target return.

UAB "SB modernizavimo fondas" is SSPE which acquire exposures originated by the institution is sponsored by the institution and for which the institution provides securitisation-related services, such as asset servicing and management services.

Investors have no close links with the bank. Nevertheless, first loss piece layer creditor – pension funds are managed by management company UAB SB Asset Management, which is subsidiary of the bank. Management company and pension funds are considered as separate legal personalities. The assets of pensions funds are fully segregated from the assets of management company, which manages pension funds under trust on the fiduciary basis.

Financial Intermediary complies with risk retention rule by keeping 5% of the First-Loss Piece Layer (Equity tranche), 50% of the Junior (Mezzanine) layer and 5% of the Senior Layer, so that total retention in the whole scheme would be not less than 5%. AB Šiaulių bankas applies Standardised Approach (SEC-SA) for capital requirements calculation of its non-STS Securitisation transaction. Bank has excluded underlying exposures from its calculation of risk-weighted exposure amounts as significant credit risk (SRT) associated with the underlying exposures has been transferred to third parties.

AB Šiaulių bankas accounts its investment to securitisation at FVTPL (First-Loss tranche) and amortised cost (Mezzanine and Senior tranches). According to IFRS 9 if the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. De-recognition criteria for loans granted under the housing modernisation program in Bank’s accounts are met due to the contractual arrangements with EIB and other investors. So the underlying exposures will not be disclosed in Bank’s loan portfolio.

The European Structural and Investment Funds have reduced the risk of a securitization structure, the target investors were known in advance and there was no expressed need for external ratings.

The same principles of risk management and monitoring are applied to securitisation positions.

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

Template EU-SEC1 - Securitisation exposures in the non-trading book

		a	b	c	d	e	f	g	h - k	l - o
		Institution acts as originator							Institution acts as sponsor	Institution acts as investor
		Traditional				Synthetic		Sub-total		
		STS		Non-STS						
			of which SRT		of which SRT		of which SRT			
1	**Total exposures**			40,496	40,496			40,496		
2	Retail (total)			40,496	40,496			40,496		
3	residential mortgage									
4	credit card									
5	other retail exposures			40,496	40,496			40,496		
6	re-securitisation									
7	Wholesale (total)									
8	loans to corporates									
9	commercial mortgage									
10	lease and receivables									
11	other wholesale									
12	re-securitisation									

Template EU-SEC2 - Securitisation exposures in the trading book

Not relevant

Template EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

		a	b	c	d	e	f	g	h	i
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤ 20 % RW	> 20 – 50% RW	> 50– 100% RW	> 100– 1 250 % RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
1	**Total exposures**				40,496				40,496	
2	Traditional) transactions				40,496				40,496	
3	Securitisation				40,496				40,496	
4	Retail				40,496				40,496	
5	Of which STS									
6	Wholesale									
7	Of which STS									
8	Re-securitisation									
9	Synthetic transactions									
10	Securitisation									
11	Retail underlying									
12	Wholesale									
13	Re-securitisation									

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

(continued)		j	k	l	m	n	o	EU-p	EU-q
		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1 250 % RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1 250 % RW
1	**Total exposures**			44,055				3,524	
2	Traditional) transactions			44,055				3,524	
3	Securitisation			44,055				3,524	
4	Retail			44,055				3,524	
5	Of which STS								
6	Wholesale								
7	Of which STS								
8	Re-securitisation								
9	Synthetic transactions								
10	Securitisation								
11	Retail underlying								
12	Wholesale								
13	Re-securitisation								

Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

Not relevant

Template EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
1	**Total exposures**	183,277	181	0
2	Retail (total)	183,277	181	0
3	residential mortgage			
4	credit card			
5	other retail exposures	183,277	181	0
6	re-securitisation			
7	Wholesale (total)			
8	loans to corporates			
9	commercial mortgage			
10	lease and receivables			
11	other wholesale			
12	re-securitisation			

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

MARKET RISK

Table EU MRA: Qualitative disclosure requirements related to market risk

The strategic focus of the Bank Group's activities – the provision of banking services to small and medium-sized businesses and private individuals, as well as project financing in cooperation with international organisations, state and local governments – makes the impact of the Group's trading activities on the Group's overall business activities not significant.

Qualitative information on market risk management is provided in the Explanatory Notes to the 2022 Financial Statements under "Financial Risk Management", section 2 "Market Risk" (page 52).

Template EU MR1 - Market risk under the standardised approach

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	22,516
2	Equity risk (general and specific)	566
3	Foreign exchange risk	
4	Commodity risk	
	Options	
5	Simplified approach	
6	Delta-plus approach	
7	Scenario approach	
8	Securitisation (specific risk)	
9	**Total**	**23,082**

Table EU ORA - Qualitative information on operational risk

Qualitative information on operational risk is provided in the Explanatory Notes to the 2023 Financial Statements under "Financial Risk Management", section 6 "Operational Risk" (p. 73).

The Group uses the Basic Indicator Approach to assess minimum own funds requirements.

Template EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	114,881	138,844	184,662	21,919	273,992
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
3	*Subject to TSA:*					
4	*Subject to ASA:*					
5	Banking activities subject to advanced measurement approaches AMA					

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

REMUNERATION

Information on remuneration policies is provided in the Consolidated Annual Report 2023, section "Remuneration Policy" (page 151) and Remuneration report for 2023 (page 182).

The unit of measurement used to disclose the remuneration component is the euro.

Template EU REM1 - Remuneration awarded for the financial year

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	8	10	2	20
	Total fixed remuneration	760,899.75	1,559,085.20	216,304.23	1,784,540.23
	Of which: cash-based	760,899.75	1,502,066.20	205,038.24	1,698,163.98
	(Not applicable in the EU)				
	Of which: shares or equivalent ownership interests				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: other instruments				
	(Not applicable in the EU)				
	Of which: other forms		57,019.00	11,265.99	87,376.25
	(Not applicable in the EU)				
Variable remuneration	Number of identified staff		10	2	16
	Total variable remuneration		1,102,100.00	130,500.00	1, 005,060.00
	Of which: cash-based		556,050.00	70,500.00	511,780.00
	Of which: deferred		0.00	0.00	
	Of which: shares or equivalent ownership interests		546,050.00	60,000.00	493,280.00
	Of which: deferred		546, 050.00	60,000.00	493,280.00
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: deferred				
	Of which: other instruments				
	Of which: deferred				
	Of which: other forms				
	Of which: deferred				
Total remuneration (2 + 10)		760,899.75	2,661,185.20	346,804.23	2,789,600.23

The number of the Nominated employees had been identified based on the Nominated posts they hold as at 31 December 2023.

Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

In 2023, there were no special payments to the identified employees in the bank group.

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

Template EU REM3 - Deferred remuneration

		a	b	c	d	e	f	EU-g	EU-h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function								
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	MB Management function	810,249.00		810,249.00				513,190.00	
8	Cash-based								
9	Shares or equivalent ownership interests	810,249.00		810,249.00				513,190.00	
10	Share-linked instruments or equivalent non-cash instruments								
11	Other instruments								
12	Other forms								
13	Other senior management	89,030.00		89,030.00				34,236.00	
14	Cash-based								
15	Shares or equivalent ownership interests	89,030.00		89,030.00				34,236.00	
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	Other identified staff	731,948.00		731,948.00				988,753.00	
20	Cash-based								
21	Shares or equivalent ownership interests	731,948.00		731,948.00				988,753.00	
22	Share-linked instruments or equivalent non-cash instruments								
23	Other instruments								

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

24	Other forms								
25	Total amount	1,631,227.00		1,631,227.00				1,536,179.00	

Template EU REM4 - Remuneration of 1 million EUR or more per year

The Bank Group does not have staff that are high earners as set out in Article 450(i) CRR.

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	a	b	c	d	e	f	g	h	i	j
	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
Total number of identified staff										
Of which: members of the MB	8	6	14							
Of which: other senior management								1		
Of which: other identified staff				2	9		1	5	4	
Total remuneration of identified staff	760,899.75	2,699,706.22	3,460,605.97	255,657.72	1,624,587.11		163,440.18	577,782.68	562,921.40	
Of which: variable remuneration		1,140,621.02	1,140,621.02	73,957.83	728,988.07		44,100.00	111,959.30	222,172.30	
Of which: fixed remuneration	760,899.75	1,559,085.20	2,319,984.95	181,699.89	895,599.04		119,340.18	465,823.38	340,749.10	

The number of the Nominated employees had been identified based on the Nominated posts they hold as at 31 December 2023.

INFORMATION ABOUT ASSET ENCUMBRANCE

Template EU AE1 - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		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
010	Assets of the disclosing institution	519,946	519,846			3,763,297	677,294		
030	Equity instruments					4,248		4,248	
040	Debt securities	515,769	515,769	496,146	489,083	356,431	302,632	339,853	291,763
050	of which: covered bonds								
060	of which: securitisations								

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

070	of which: issued by general governments	515,769	515,769	496,146	489,083	214,067	210,573	205,979	202,702
080	of which: issued by financial corporations					38,026	30,923	36,252	30,023
090	of which: issued by non-financial corporations					87,809	49,603	82,492	48,246
120	Other assets	4,614	4,514			3,402,503	374,662		

Template EU AE2 - Collateral received and own debt securities issued

				Unencumbered	
		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	55,577			
140	Loans on demand				
150	Equity instruments	55,577			
160	Debt securities	775			
170	of which: covered bonds				
180	of which: securitisations				
190	of which: issued by general governments				
200	of which: issued by financial corporations	775			
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	**Own debt securities issued other than own covered bonds or securitisations**				
241	**Own covered bonds and securitisations issued and not yet pledged**				
250	**TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	581,450	519,846		

Template EU AE3 - Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	510,203	581,350

Table EU AE4 - Accompanying narrative information

The median exposure values are obtained by calculating the median of the sums of the ending values of the four quarterly periods of the preceding 12-month period.

The majority of the Bank Group's encumbered assets (about 99%) are pledged to the central bank. This constraint is due to the TLTRO loan from the Central Bank.

Apart from the Bank, the assets of other entities in the financial group are not encumbered.

Around 2% of the items included in column 060 "Carrying amount of unencumbered assets" and row 120 "Other assets" of the EU AE1 form consist of items that in the ordinary course of business are not considered to be assets that can be encumbered (derivatives of EUR 0.6 million, investments in subsidiaries and associates of EUR 15 million, tangible fixed assets of EUR 16 million, intangible assets of EUR 8 million, deferred tax assets of EUR 8 million, other assets of EUR 11 million, assets held for sale of EUR 0.2 million).

The bulk of the encumbrance (around 89%) in line 010 of the EU AE3 form "Carrying amount of certain financial liabilities" relates to the liability to the central bank under the TLTRO.

DISCLOSURE OF INTEREST RATE RISK FOR POSITIONS NOT INCLUDED IN THE TRADING BOOK

Table EU IRRBBA - Qualitative information on interest rate risks of non-trading book activities

Bank identifies the following sources of interest rate risk: GAP (repricing) risk; option risk, basis risk. Bank calculate changes in net interest income (over 1 year period) and changes in economic value of equity. Bank manages IRRBB risk using asset and liability management – debt securities portfolio formation principles and deposit pricing according to its term.

Bank is calculating net interest income and economic value of equity measures on the monthly basis.

Bank measures changes in earnings using 200 bp up/down interest rate scenario. The impact of interest rates shocks on EVE is assessed based on scenarios 1-6 set out in annex III in guidelines EBA/GL/2018/02 and EBA/RTS/2022/10.

Stress testing baseline scenario is build using interest rate 10 year period historical data and market interest rate forecast for the upcoming year. Adverse scenarios is calculated from interest rate historical data covering the 2008 financial crisis.

IRRBB hedging is not applicable.

Cash flows are modelled according to their repricing or maturity dates which are either contractually fixed or based on behavioural (prepayments for fixed interest rate loans, core part for non-maturing deposits. term deposit early termination) assumptions. Cash flows are modelled dependent on interest rate scenarios and including behaviour and automatic optionality. Euribor forward rates are used for cash flow repricing in the future. In EVE calculation embedded option valuation is included.

EVE and NII measures are significant, because Bank has defined IRRBB risk appetite and set risk limits (EVE and NII) based on risk appetite.

Average repricing maturity for retail non-maturity deposits 0,86 years and 0.35 years for wholesale non-financial non-maturity deposits. Longest repricing maturity of non-maturity deposits 2,0 years.

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

Template 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	
		Current period	Last period	Current period	Last period
1	Parallel up	(11,334)	(9,912)	31,866	29,828
2	Parallel down	19,512	24,329	(31,867	(29,854)
3	Steepener	(5,404)	(7,376)		
4	Flattener	3,009	6,674		
5	Short rates up	591	2,577		
6	Short rates down	(237)	(2,894)		

DISCLOSURE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS (ESG RISKS)

Other detailed qualitative and quantitative information related to ESG risk and its management is presented in Šiaulių Bankas Social Responsibility Report 2023.

Qualitative information on Environmental risk, on Social risk and on Governance risk

BUSINESS STRATEGY AND PROCESSES

At the beginning of 2024 Šiaulių bankas has released new long-term (2024 - 2029) strategy that incorporates ESG topic as one of the strategic priorities. ESG priorities areas are: direct and indirect impacts on the environment; service access improvement; engaged employees; transparency and responsibility; reliable services.

In January 2024, the Bank joined the international Science Based Targets initiative (SBTi) to actively contribute to the goal of mitigating climate change, committing itself to becoming a climate-neutral bank by 2050 and to setting near-term targets aligned with the 2050 trajectory. By joining this initiative, the Bank commits itself to setting targets and measures to reduce greenhouse gas emissions and to align them with the SBTi standard within the next two years.The Bank will also seek to set other relevant sustainability targets in the environmental, social and governance areas.

The Bank's initiatives launched for products oriented towards sustainability in 2022 were continued 2023 as well. Bank's products aim to increase the supply of financial services that promote sustainability, such as green mortgage loans, special terms for leasing electric cars, and projects to improve business sustainability.

Following a more detailed assessment of the requirements of Regulation (EU) 2020/852 of the European Parliament and of the Council (hereinafter, the Taxonomy Regulation), the definition of a Green Mortgage Loan has been expanded, which has led to a broader provision of such loans. The existing portfolio of mortgage loans has also been analysed and a further EUR 24.5 million has been recognised as sustainable loans in 2023, representing previously granted mortgage loans that meet the requirements for Green Mortgage Loans. The creation and development of the Green Mortgage Loan allows us to offer clients more environmentally friendly housing on more favourable terms. In 2023, the Bank granted 68 new green mortgage loans for EUR 9.74 million.

For the financial year 2023, the Bank provides information on the share of taxonomy-eligible and taxonomy aligned assets in the Bank's total assets in the appendices of Šiaulių Bankas Social Responsibility report for 2023.

Šiaulių Bankas is the main financing partner for multi-apartment building modernisation projects in the country. Over the period 2011–2023, the Bank has financed multi-apartment building renovation projects worth EUR 1 billion. In 2024, the Bank will continue to focus on financing other projects that improve business sustainability, such as:

- Renewable energy
- Energy efficiency improvement projects
- Waste management projects
- Emission reduction projects
- Sustainable forestry projects
- Water and wastewater management projects

Šiaulių Bankas pays great attention to commitments related to environmental requirements, social responsibility, occupational safety and health, business ethics and governance in their business activities, continuously improve their operations, set higher standards, and, therefore, expect that customers and suppliers, which they cooperate with, would adhere to the same or similar obligations and/or standards.

Clients. In order to evaluate the possible client risk changes better, regarding the ESG risk (including increased climate and environmental risks), and also to comply with the regulatory requirements, in 2022, the Bank followed the following procedures and credit risk assessment processes for lending to business clients:

- The Bank has introduced an ESG risk questionnaire for its business clients to identify the level of ESG risk inherent in clients activities and to encourage clients to apply ESG risk mitigation measures in their operations. The ESG questionnaire covers all three elements: environmental, social and governance risks.
- Also, the Bank, together with the clients' annual financial statements, started to collect CO2 emissions (GHG) data - for new bussines clients the procedure entered into force in 2022, for existing clients, the data of clients was started to be collected together with annual financial statements for 2022.
- The ESG risk assessment of clients is used in the credit risk assessment (rating) process for corporate clients as well as in the risk monitoring process for clients.
- Clients' ESG risk assessment affects their credit risk rating and pricing. The social and business client management elements are integrated into the rating system of business clients.
- Internal documents ensure adequate risk management and internal controls ensure the implementation of the principles.

Suppliers. The Supplier Code of Ethics approved by the Bank's Management Board reflects the Bank's ambition to strengthen sustainable cooperation with Suppliers by promoting professional, fair and legitimate business practices, including environmental, social responsibility and business ethics and governance. The document sets out the minimum commitments and/or standards of business conduct and ethics that the Bank expects from its Suppliers, also, information is being gathered about the suppliers of the Bank, helping to evaluate the supplier efforts towards sustainability (i.e. started collecting suppliers GHG data, information on employee relationship, employee rights, discrimination, also information on strategy and risk management, transparency, management of conflict of interest, etc.).

MANAGEMENT

Oversight of ESG risk management (including climate and environmental risks) in the Bank is carried out by a number of governing bodies:

- The Bank's Supervisory Council and the Risk Committee are the top-level governing bodies responsible for overseeing the management of ESG risks in the Bank;
- At the Bank's Management Board level, the Head of Risk Management Division (Chief Risk Officer (CRO) is responsible for the direct oversight of ESG risk management, reporting directly to the Bank's Chief Executive Officer CEO);
- The Head of Risk Management Division chairs the Bank's Risk Management Committee, which takes decisions related to ESG risk management;
- The Head of Risk Management Division is involved in the activities of the Sustainability Group, which is an advisory body on ESG risk and ESG strategy.

The ESG strategy is integral to the management of ESG risk in the Bank. The following governing bodies oversee the development and implementation of the ESG strategy in the Bank:

- The Management Board of the Bank is the top-level governing body responsible for the final approval of the ESG strategy and its integration into the Bank's strategy, as well as the review of the ESG strategy in the context of the Bank's strategy update.
- The Bank's Supervisory Council is briefed on the ESG strategy.
- The Sustainability Group, chaired by the Bank's Chief Sustainability Officer (CSO), is an advisory body on the development and implementation of the ESG strategy.

Changes to the key ESG risk indicators of the Bank are considered by the Risk Committee and approved by the Supervisory Council, on the recommendation of the Bank's Management Board. Periodic monitoring of ESG risk indicators and overall ESG risk management is carried out by the Risk Management Committee (reporting on a monthly basis) that reports periodically (quarterly) to the Risk Committee.

Bank's Remuneration policy is an integral component of the risk management framework of the Bank. The Policy is in compliance with the operational and risk strategy of the Group as well as its objectives, including those in relation to the environmental, social and governance (hereinafter - ESG) risk, the values and culture of the organisation as well as the long-term interests of continuing operations aimed at increasing the long-term value of the Bank's shares of, avoiding conflicts of interest, promoting sound and efficient risk management as well as reliable and effective management of money laundering and terrorist financing risks, and lays down the processes and principles followed in paying remuneration. The Policy is an integral component of the risk management framework of the Bank.

RISK MANAGEMENT

Transition risk

Credit risk. Looking at the materiality of transition risk over different time horizons, by loan and debt securities portfolios and their maturity, it is considered that the Bank's clients are likely to be most exposed to transition risk in the medium term (1–5 years). Meanwhile, both in the short term (<1 year) and in the long term (>5 years), the impact of transition risk is considered to be relatively limited, due to the potential exposure of the Bank's clients to transition risk at a later point in time (short term) and the ability of the clients to adapt to the changes in the longer term (long term). However, the identification of ESG risk for business clients (with a focus on transition risk) assesses the impact of transition risk on the client's business from a long-term perspective (>5 years), while assessing whether the client is taking appropriate actions and measures to mitigate this risk.

Since 2006, the Bank's business lending has been guided by one of the best practices in the international financial sector – EBRD Environmental and Social Risk Management Manual. The identification, assessment and management of environmental and social risks are considered as part of credit risk. According to this framework, environmental and social risk management is carried out in several key steps:

- Due to environmental and social risks, the Bank does not finance projects related to activities included in this EBRD list: Corporate, SME and Micro Lending, Annex 1: Environmental and Social Exclusion List.
- The Bank identifies whether the project is likely to cause significant future environmental and/or social impacts that cannot be readily identified or assessed at the time of examination. In such a case, an environmental and social impact assessment is carried out. The types of projects falling into this category are identified in accordance with this EBRD List: Corporate, SME and Micro Lending, Annex 2: Category A Projects.
- In 2022, the Bank revised the previously used EBRD Environmental and Social Risk Categorisation List - Revised 2014, which is used to determine the level of environmental and social risk, and which includes the following prohibited economic activities: tobacco farming, distillation, rectification and blending of spirits, manufacture of tobacco products, and the manufacture of pesticides and other agrochemical products (according to Corporate, SME and Micro Lending, Annex 1: Environmental and Social Exclusion List), the

manufacture of arms and ammunition, the manufacture of military combat vehicles and the activities of gambling and betting. The methodology has been complemented by a classification of economic activities according to other widely used methodologies – PACTA, the most GHG-intensive sectors, the most energy-intensive sectors and the sectors identified by the ECB as high climate risk.

- Other environmental risks and their assessment. The Bank's business lending is guided by the EBRD Environmental and Social Risk Management Programme, and therefore the environmental impact assessment process assesses the potential direct and indirect impacts on the environment – on public health, wildlife, soil, land surface and subsoil, air, water, climate, landscape, biodiversity, tangible assets and immovable cultural property, and the interactions between these environmental components.

In 2023, the Bank continued to improve credit risk management in the organisation by strengthening the involvement of the second line of defence in the credit decision process. The credit decision-making system ensures that clients with elevated ESG risk are properly rated and that the approved financing structure allows for a reduction in the level of ESG risk.

The Bank also follows an updated collateral valuation process, which includes climate and environmental risk factors such as the energy performance of the property and physical risk assessment. Assessing these factors allows for improved credit risk management and contributes to promoting society's shift towards more sustainable financial decisions.

More information – BUSINESS STRATEGY AND PROCESSES – Clients.

Market risk. Market risk has been identified as relatively low in the Bank due to the narrow range of the Bank's investment products, but ESG risk assessment is included in the Bank's product management procedures. In 2023, the Bank improved its investment decision-making process by starting to assess the compliance of corporate debt securities with ESG criteria when investing in a portfolio held to generate flows. First, the compliance of debt securities with the ESG eligibility criteria is assessed (i.e., they must meet the definition of a green bond, a sustainable bond, or a similar condition). If this condition is not met, the issuer's own ESG rating is assessed. Following the merger of the retail businesses at the end of 2023 (with the merger of SB Asset Management UAB), it is expected that the ESG risk assessment will be expanded due to the increase in the volume of investment products.

Used methodology, standards: Paris Agreement Capital Transition Assessment - PACTA; most GHG intensive sectors according to the European Banking Authority - EBA; most energy intensive sectors according to the International Energy Outlook 2016 sectors identified by the European Central Bank - ECB, and the Environmental and Social Risk Management Manual of the European Bank for Reconstruction and Development - ERPB.

The Bank has integrated the review of counterparties' highest governance bodies' roles in non-financial reporting, with the primary objective of ensuring oversight and approval of counterparty non-financial risk disclosures. By incorporating this process into its risk management framework, the bank aims to enhance transparency, accountability, and alignment with industry best practices, thereby fortifying its commitment to sustainable and responsible business practices.

Physical risks

The Bank assesses the significance of these physical risks in the following periods:

- Physical risk factors such as floods, drought and forest fires, risk of precipitation and frost, risk of bream and strong wind, sea level rise. Forecasts of climate conditions are divided into 2 periods (2023-2030 period under current climate conditions; 2031-2060 period according to typical concentration trajectory scenarios RCP 4.5 and RCP 8.5).Taking into account the overall level of physical risks in the country (which remains low–medium according to the current methodology), the Bank assesses that the impact of physical risks on

the Bank's loan portfolio is not material. In addition, the Bank is currently applying certain physical risk management measures, for example, the Bank has updated its property insurance procedures to include a recommendation on the assessment of physical risks in real estate insurance.
- Other physical risks were also assessed, such as coastal erosion and the risk of surface solifluction. Given that coastal erosion risk is related to flood risk, the significance of which was assessed using data on real estate pledged to the Bank, it was decided not to carry out a separate assessment of materiality of the coastal erosion risk. The RCP climate change scenario for the solifluction phenomenon will not be available for Lithuania in the future, as the intensification of this climatic phenomenon requires humid, cold conditions (with occasional periods of warmer weather), and therefore no increase in the risk of solifluction in the future is expected.
- Soil degradation and erosion risk were also assessed. The soil degradation and erosion risk assessment was carried out based on three scenarios – a realistic, an optimistic and a pessimistic scenario, at the level of sub-districts and cadastral areas, assuming that changes under the scenarios would be visible in 20 to 30 years time. Erosion/degradation risks have been found to be significant in all scenarios, both at the overall country level and at the scale of different territories, especially for the agricultural sector, and the Bank intends to incorporate these risks into the overall ESG risk assessment process for business clients. This risk is relevant for new loans and depending on the maturity of the loan, but for the existing loan portfolio it is not planned to assess this risk separately, given the maturities of the existing loans, which are less than 20–30 years.

Used methodology, standards: The Study on Climate Change Risks by the Middle of the 21 st. Century by the Hydrometeorological Service, and the Study of Soil Degradation and Erosion Coastal Erosion and Solifluction in Lithuania (Assoc. Prof. Dr. Jonas Volungevičius, Prof. Dr. Darijus Veteikis and Dr. Laurynas Jukna).

Climate and environmental risk factors and potential impact on the Bank's standard financial and nonfinancial risks:

- The main transition risk factor remains the regulatory changes related to GHG emissions, which may affect both the Bank's clients and their solvency (credit risk, market risk), the Bank's suppliers and their ability to meet their obligations (operational and reputational risks), or other counterparties whose activities generate significant amounts of GHG emissions or are characterised by high energy consumption. Regulatory changes, as a key transition risk factor have also started to be assessed from a strategic risk point of view, in particular through the impact on the Bank's clients. Another important transition risk factor is the implementation of ESG standards in the Bank with a view to maintaining its attractiveness to investors.
- Physical risk factors - an assessment of climatic factors specific to the territory of Lithuania and their potential impact on the Bank's clients and their solvency, as well as an assessment of how physical risks may affect counterparties (e.g., suppliers) or the Bank's own assets.

Once the Bank has identified potential transition and physical risk factors and their transmission channels, the materiality of these risks is further assessed in the context of the Bank's activities (other financial and non-financial risks).

Memberships and commitments

Partnership for Carbon Accounting Financials (PCAF). Recognising the fact that the vast majority of financial institutions greenhouse gas (GHG) emissions and environmental impact arises from their financing and investment activities - in early 2023 the Bank joined the Partnership for Carbon Accounting Financials (PCAF) initiative. The aim of this initiative is to help financial institutions to calculate and disclose GHG emissions from lending and investment activities (Scope 3 Category 15 under the Greenhouse Gas Protocol (GHG Protocol)). The PCAF initiative was chosen because its methodology is widely recognised and used in the financial sector and due to the applicability and relevance of this methodology to the Bank's existing loan and securities portfolio data. In addition the PCAF methodology builds on the above mentioned GHG protocol, which the Bank uses to calculate its other emission scopes (Scope 1 and 2) and the emissions of other Scope 3 categories (see Energy consumption in the organisation).

Science Based Targets initiative (SBTi). In January 2024 the Bank joined the international Science Based Targets initiative (SBTi) to actively contribute to the goal of mitigating climate change committing itself to becoming a climate neutral bank by 2050 and to setting near term targets aligned with the 2050 trajectory. By joining this initiative the Bank commits itself to setting targets and measures to reduce greenhouse gas emissions and to align them with the SBTi standard within the next two years. The Bank will also seek to set other relevant sustainability targets in the environmental social and governance areas.

The Bank will also seek to set other relevant sustainability targets in the environmental, social and governance areas.

Bank's Risk Appetite

In 2023, the Bank updated its risk appetite documents, expanding the definitions of environmental, social and governance risks. The Risk Appetite Statement now includes updated ESG risk indicators – the share of non- financed sectors, the share of high ESG risk in the loan portfolio and the staff turnover.

In 2023, the Bank also started periodic monitoring of other ESG risk indicators, for example, in the environmental area, the Bank monitors the amount of fuel used in the Bank's company cars and the amount of paper used in the Bank's operations, as well as the amount of taxonomy-eligible and taxonomy-aligned assets; in the social area, it monitors employee satisfaction; in the governance area, it monitors the pay gap in management positions, gender diversity in the Bank's management bodies and management positions, and the level of completion of the Bank's mandatory training.

Limits are monitored and controlled by 2 Level defense constantly and reported to the Risk management committee (Management board level), Management board and Risk committee (Supervisory level) at regular basis. In case of breaching these limits Bank has implemented ad-hoc escalation to Risk committees and Management board process.

Climate stress testing

The Bank incorporates elements of climate and environmental risk into its internal stress testing, using the results of the Climate Risk Stress Test of 2022 and the Thematic Review by the ECB. The testing assessed the impact of the occurrence of climate risks on other risks under different scenarios based on expert assumptions. The results of the stress tests continue to be used in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) to ensure future capital adequacy.

The Bank plans to further develop and refine the climate and environmental risk scenarios for the stress tests and to compile the data needed for the tests, taking into account the information that is continuously accumulated on the main climate change risk drivers and their impact on the Bank's exposure to climate change risk.

Calculation of financed GHG emissions

For emission calculation the Bank uses GHG data provided by the clients, if the actual data was not available - GHG data was calculated by using the most recent financial data (sales revenue, assets, and obligations). Additional data that has been used for calculations: building energy performance certificate (EPC), square metres of the building, leased motor vehicle manufacturer provided GHG data, according to motor vehicle type and petrol type.

In 2023, the Bank did not only improve the methodology for calculating emissions and the quality of available data but also significantly increased the coverage of loan and securities portfolios. Emission calculations that were carried out for 2023 covered 93% of loan and securities portfolio, while in 2022 it covered only 52% of the portfolio.

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

In both cases, the aim was to use data of the highest possible quality to calculate financed emissions as accurately as possible. Going forward, the Bank will strive to collect as much data as it can directly from its clients as well as to enhance the reliability of other data used in the calculations.

Template 1: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

	Sector/subsector	a	b	c	d	e
		Gross carrying amount (M EUR)				
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
1	Exposures towards sectors that highly contribute to climate change*	1,310.61	35,12		151.42	53.31
2	A - Agriculture, forestry and fishing	48.09			14.54	0.86
3	B - Mining and quarrying	8.51	0.18		0.04	0
4	*B.05 - Mining of coal and lignite*	*0*			0	0
5	*B.06 - Extraction of crude petroleum and natural gas*	*0*			0	0
6	*B.07 - Mining of metal ores*	*0*			0	0
7	*B.08 - Other mining and quarrying*	*8,51*			0.04	0
8	*B.09 - Mining support service activities*	*0*	0.18		0	0
9	C - Manufacturing	211.68			19.34	24
10	*C.10 - Manufacture of food products*	40.54			0.84	17.98
11	*C.11 - Manufacture of beverages*	0.67			0.16	0
12	*C.12 - Manufacture of tobacco products*	0			0	0
13	*C.13 - Manufacture of textiles*	5.04			2	0
14	*C.14 - Manufacture of wearing apparel*	6.98			0.86	4.66
15	*C.15 - Manufacture of leather and related products*	0.02			0	0
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	28.71			0.49	0.06
17	*C.17 - Manufacture of pulp, paper and paperboard*	*11.23*			0	0
18	*C.18 - Printing and service activities related to printing*	*5.6*			0.72	0
19	*C.19 - Manufacture of coke oven products*	*0*			0	0
20	*C.20 - Production of chemicals*	*9.6*			0	0
21	*C.21 - Manufacture of pharmaceutical preparations*	*0*			0	0
22	*C.22 - Manufacture of rubber products*	8.92			1.35	0.51
23	*C.23 - Manufacture of other non-metallic mineral products*	5.52			0.04	0.15
24	*C.24 - Manufacture of basic metals*	0			0	0

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

25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	28.48			0.6	0.52
26	*C.26 - Manufacture of computer, electronic and optical products*	2.24			0	0
27	*C.27 - Manufacture of electrical equipment*	3.58			0.01	0
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	3.6			0.47	0.02
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	5.04			0.2	0
30	*C.30 - Manufacture of other transport equipment*	11.31			0.08	0
31	*C.31 - Manufacture of furniture*	6.2			0.81	0.1
32	*C.32 - Other manufacturing*	8.23			0.05	0
33	*C.33 - Repair and installation of machinery and equipment*	20.17			10.66	0
34	D - Electricity, gas, steam and air conditioning supply	77.13	0.7		15.09	1.37
35	*D35.1 - Electric power generation, transmission and distribution*	39.67			12.86	0
36	*D35.11 - Production of electricity*	29.45			12.85	0
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	0.7	0.7		0.5	0.05
38	*D35.3 - Steam and air conditioning supply*	36.76			1.73	1.32
39	E - Water supply; sewerage, waste management and remediation activities	26.69			1.35	0.72
40	F - Construction	148.7			23.52	3.53
41	*F.41 - Construction of buildings*	117.22			21.27	0.2
42	*F.42 - Civil engineering*	14.42			1.38	2.52
43	*F.43 - Specialised construction activities*	17.06			0.87	0.81
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	164.99	34.24		15.77	4.45
45	H - Transportation and storage	108.31			8.17	0.39
46	*H.49 - Land transport and transport via pipelines*	67.28			7.77	0.39
47	*H.50 - Water transport*	0.17			0.13	0
48	*H.51 - Air transport*	0.01			0	0
49	*H.52 - Warehousing and support activities for transportation*	40.85			0.27	0
50	*H.53 - Postal and courier activities*	0			0	0
51	I - Accommodation and food service activities	43.47			11.13	0.1
52	L - Real estate activities	473.04			42.47	17.89
53	Exposures towards sectors other than those that highly contribute to climate change*	294.85			14.73	5.38
54	K - Financial and insurance activities	1.85			0.04	0
55	Exposures to other sectors (NACE codes J, M - U)	293			14.69	5.38
56	**TOTAL**	1,605.46	35.12		166.15	58.69

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

(continued)

	Sector/subsector	f	g	h
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (M EUR)		
			Of which Stage 2 exposures	Of which non-performing exposures
1	Exposures towards sectors that highly contribute to climate change*	-23.84	-2.62	-9.62
2	A - Agriculture, forestry and fishing	-0.26	-0.06	-0.03
3	B - Mining and quarrying	-0.12	-0.01	0
4	*B.05 - Mining of coal and lignite*	0	0	0
5	*B.06 - Extraction of crude petroleum and natural gas*	0	0	0
6	*B.07 - Mining of metal ores*	0	0	0
7	*B.08 - Other mining and quarrying*	-0.12	-0.01	0
8	*B.09 - Mining support service activities*	0	0	0
9	C - Manufacturing	-3.69	-0.31	-2.33
10	*C.10 - Manufacture of food products*	-1.65	0	-1.54
11	*C.11 - Manufacture of beverages*	0	0	0
12	*C.12 - Manufacture of tobacco products*	0	0	0
13	*C.13 - Manufacture of textiles*	-0.01	0	0
14	*C.14 - Manufacture of wearing apparel*	-0.3	-0.01	-0.29
15	*C.15 - Manufacture of leather and related products*	0	0	0
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	-0.49	0	-0.02
17	*C.17 - Manufacture of pulp, paper and paperboard*	-0.04	0	0
18	*C.18 - Printing and service activities related to printing*	-0.02	-0.01	0
19	*C.19 - Manufacture of coke oven products*	0	0	0
20	*C.20 - Production of chemicals*	-0.03	0	0
21	*C.21 - Manufacture of pharmaceutical preparations*	0	0	0
22	*C.22 - Manufacture of rubber products*	-0.44	0	-0.36
23	*C.23 - Manufacture of other non-metallic mineral products*	-0.11	0	-0.09
24	*C.24 - Manufacture of basic metals*	0	0	0
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	-0.21	-0.01	-0.01
26	*C.26 - Manufacture of computer, electronic and optical products*	-0.01	0	0
27	*C.27 - Manufacture of electrical equipment*	-0.01	0	0
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	-0.02	0	-0.01
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	-0.01	-0.01	0
30	*C.30 - Manufacture of other transport equipment*	-0.01	0	0
31	*C.31 - Manufacture of furniture*	-0.03	-0.01	-0.01
32	*C.32 - Other manufacturing*	-0.02	0	0
33	*C.33 - Repair and installation of machinery and equipment*	-0.28	-0.26	0
34	D - Electricity, gas, steam and air conditioning supply	-1.79	-0.47	-0.02
35	*D35.1 - Electric power generation, transmission and distribution*	-1.35	-0.43	0
36	*D35.11 - Production of electricity*	-1.35	-0.43	0
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	-0.01	0	0
38	*D35.3 - Steam and air conditioning supply*	-0.43	-0.04	-0.02
39	E - Water supply; sewerage, waste management and remediation activities	-0.2	-0.02	-0.01

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

40	F - Construction	-4.06	-0.76	-1.79
41	*F.41 - Construction of buildings*	-1.88	-0.7	-0.07
42	*F.42 - Civil engineering*	-1.81	-0.03	-1.65
43	*F.43 - Specialised construction activities*	-0.37	-0.03	-0.07
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-1.87	-0.09	-1.24
45	H - Transportation and storage	-1.08	-0.49	-0.1
46	*H.49 - Land transport and transport via pipelines*	-0.75	-0.48	-0.1
47	*H.50 - Water transport*	0	0	0
48	*H.51 - Air transport*	0	0	0
49	*H.52 - Warehousing and support activities for transportation*	-0.33	-0.01	0
50	*H.53 - Postal and courier activities*	0	0	0
51	I - Accommodation and food service activities	-0.99	-0.08	-0.01
52	L - Real estate activities	-9.78	-0.33	-4.09
53	Exposures towards sectors other than those that highly contribute to climate change*	-5.22	-0.48	-1.27
54	K - Financial and insurance activities	-0.02	0	0
55	Exposures to other sectors (NACE codes J, M - U)	-5.2	-0.48	-1.27
56	**TOTAL**	-29.06	-3.1	-10.89

(continued)

	Sector/subsector	i	j	k	l	m	n	o	p
		GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which Scope 3 financed emissions						
1	Exposures towards sectors that highly contribute to climate change*	289,546.85		4.306	1,143.53	73.74	92.5	0.84	3.95
2	A - Agriculture, forestry and fishing	46,623.44		0	37.78	9.43	0.88	0	3.81
3	B - Mining and quarrying	11,928.52		0	8.51	0	0	0	3.51
4	*B.05 - Mining of coal and lignite*				0	0	0	0	0
5	*B.06 - Extraction of crude petroleum and natural gas*	2,633.72		0	0	0	0	0	0
6	*B.07 - Mining of metal ores*				0	0	0	0	0
7	*B.08 - Other mining and quarrying*	9,294.81		0	8.51	0	0	0	3.51
8	*B.09 - Mining support service activities*				0	0	0	0	0
9	C - Manufacturing	47,408.27		1.718	199.01	12.29	0	0.38	2.16
10	*C.10 - Manufacture of food products*	7,486.84		0.153	38.72	1.81	0	0.01	0.99
11	*C.11 - Manufacture of beverages*	81.94		0	0.67	0	0	0	3.69
12	*C.12 - Manufacture of tobacco products*				0	0	0	0	0
13	*C.13 - Manufacture of textiles*	1,124.14		0	5.04	0	0	0	2.37
14	*C.14 - Manufacture of wearing apparel*	1,464.60		0	7.01	0	0	-0.03	1.33
15	*C.15 - Manufacture of leather and related products*	3.87		0	0.02	0	0	0	0.46
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture;*	11,857.35		0.154	27.59	1.12	0	0	3.42

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

	manufacture of articles of straw and plaiting materials								
17	*C.17 - Manufacture of pulp, paper and paperboard*	1,060.60		0	9.73	1.5	0	0	3.09
18	*C.18 - Printing and service activities related to printing*	729.47		0	5.59	0	0	0.01	3.39
19	*C.19 - Manufacture of coke oven products*				0	0	0	0	0
20	*C.20 - Production of chemicals*	6,623.90		0	9.22	0	0	0.38	1.59
21	*C.21 - Manufacture of pharmaceutical preparations*				0	0	0	0	0
22	*C.22 - Manufacture of rubber products*	6,465.01		0	5.83	3.09	0	0	3.14
23	*C.23 - Manufacture of other non-metallic mineral products*	861.20		0	5.52	0	0	0	1.95
24	*C.24 - Manufacture of basic metals*				0	0	0	0	0
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	3,927.22		0.303	27.55	0.93	0	0	2.78
26	*C.26 - Manufacture of computer, electronic and optical products*	325.98		0	0.58	1.65	0	0.01	4.84
27	*C.27 - Manufacture of electrical equipment*	623.81		0.226	1.52	2.06	0	0	4.34
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	333.00		0	3.55	0.05	0	0	2.1
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	61.83		0.311	5.04	0	0	0	0.19
30	*C.30 - Manufacture of other transport equipment*	2,026.23		0.382	11.31	0	0	0	0.27
31	*C.31 - Manufacture of furniture*	479.21		0.189	6.12	0.08	0	0	2.52
32	*C.32 - Other manufacturing*	343.39		0	8.23	0	0	0	1.99
33	*C.33 - Repair and installation of machinery and equipment*	1,528.69		0	20.17	0	0	0	1.07
34	D - Electricity, gas, steam and air conditioning supply	31,740.39		0.332	46.57	6.12	24.43	0.01	6.86
35	*D35.1 - Electric power generation, transmission and distribution*	7,201.19		0	38.84	0.82	0	0.01	2.1
36	*D35.11 - Production of electricity*	7,198.78		0	28.62	0.82	0	0.01	2.83
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	31.49		0	0.7	0	0	0	2.98
38	*D35.3 - Steam and air conditioning supply*	23,485.87		0.128	7.03	5.3	24.43	0	12.83
39	E - Water supply; sewerage, waste management and remediation activities	4,731.21		0	16.02	1.95	8.72	0	7.87
40	F - Construction	7,019.29		0	132.52	14.33	1.84	0.01	2.99
41	*F.41 - Construction of buildings*	3,861.19		0	103.23	13.82	0.16	0.01	3.16
42	*F.42 - Civil engineering*	1,603.12		0	14.42	0	0	0	2.65
43	*F.43 - Specialised construction activities*	1,554.98		0	14.87	0.51	1.68	0	3.92
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	58,650.34		0.04	158.49	6.36	0	0.14	2.31
45	H - Transportation and storage	59,567.83		0.647	107.13	1.16	0	0.02	3.04
46	*H.49 - Land transport and transport via pipelines*	56,105.90		0.647	66.34	0.93	0	0.01	3.21
47	*H.50 - Water transport*	19.81		0	0.17	0	0	0	2.24
48	*H.51 - Air transport*	0.43		0	0.01	0	0	0	3.3
49	*H.52 - Warehousing and support activities for transportation*	3,440.55		0	40.61	0.23	0	0.01	3.04
50	*H.53 - Postal and courier activities*	1.15		0	0	0	0	0	0
51	I - Accommodation and food service activities	1,396.32		0	42.09	1.38	0	0	3.27
52	L - Real estate activities	20,481.24		1.569	395.41	20.72	56.63	0.28	5.04

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

53	Exposures towards sectors other than those that highly contribute to climate change*				247.16	11.36	34.89	1.44	4.37
54	K - Financial and insurance activities				1.83	0	0	0.02	1.98
55	Exposures to other sectors (NACE codes J, M - U)				245.33	11.36	34.89	1.42	4.22
56	**TOTAL**	289,546.85		4.306	1,390.69	85.1	127.39	2.28	4.03

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.

Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation part contains information on positions if they fall into these sectors: B.05, B.06, B.08.92, B.09.1, C.19, D.35.2, G.46.71, G.47.3, H.49.5.

Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

	Counterparty sector	Total gross carrying amount (in M EUR)						
			Level of energy efficiency (EP score in kWh/m² of collateral)					
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500
1	**Total EU area**	1,757	668	95	43	15	9	23
2	Of which Loans collateralised by commercial immovable property	999	396	43	29	6	2	3
3	Of which Loans collateralised by residential immovable property	758	272	52	14	9	7	20
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties							
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated							
6	**Total non-EU area**	1	0	0	0	0	0	0
7	Of which Loans collateralised by commercial immovable property	0	0	0	0	0	0	0
8	Of which Loans collateralised by residential immovable property	1	0	0	0	0	0	0
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties							
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated							

(continued)

		h	i	j	k	l	m	n	o	p
	Counterparty sector	Total gross carrying amount (in MEUR)								
		Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
		A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	414	294	90	70	34	76	131	648	
2	Of which Loans collateralised by commercial immovable property	188	174	50	44	25	42	15	461	
3	Of which Loans collateralised by residential immovable property	226	120	40	26	9	34	116	187	
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties									
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated									
6	**Total non-EU area**	0	0	0	0	0	0	0	0	
7	Of which Loans collateralised by commercial immovable property	0	0	0	0	0	0	0	0	
8	Of which Loans collateralised by residential immovable property	0	0	0	0	0	0	0	0	
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties									
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated									

Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	0	0	0	0	0

* For counterparties among the top 20 carbon emitting companies in the world

As at the end of 2023, the Bank had no exposures to the top 20 most polluting companies.

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

Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk

	a	b	c	d	e	f	g
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	Gross carrying amount (M EUR)					
			of which exposures sensitive to impact from climate change physical events				
			Breakdown by maturity bucket				
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	A - Agriculture, forestry and fishing	48.09	37.78	9.43	0.88	0	3.81
2	B - Mining and quarrying	8.51	8.51	0	0	0	3.51
3	C - Manufacturing	211.68	199.01	12.29	0	0.38	2.16
4	D - Electricity, gas, steam and air conditioning supply	77.13	46.57	6.12	24.43	0.01	6.86
5	E - Water supply; sewerage, waste management and remediation activities	26.69	16.02	1.95	8.72	0	7.87
6	F - Construction	148.7	132.52	14.33	1.84	0.01	2.99
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	164.99	158.49	6.36	0	0.14	2.31
8	H - Transportation and storage	108.31	107.13	1.16	0	0.02	3.04
9	L - Real estate activities	473.04	395.41	20.72	56.63	0.28	5.04
10	Loans collateralised by residential immovable property	202.18	200.53	1.65	0	0	2.83
11	Loans collateralised by commercial immovable property	998.84	927.91	70.94	0	0	2.99
12	Repossessed collaterals	0	0	0	0	0	0
13	Other relevant sectors (breakdown below where relevant)	0	0	0	0	0	0

(continued)

	a	h-j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events A - Agriculture, forestry and fishing	Gross carrying amount (M EUR)					
		of which exposures sensitive to impact from climate change physical events					
		of which exposures sensitive to impact from climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
						of which Stage 2 exposures	Of which non-performing exposures
1	B - Mining and quarrying		14.54	0.86	-0.26	-0.06	-0.03
2	C - Manufacturing		0.04	0	-0.12	-0.01	0
3	D - Electricity, gas, steam and air conditioning supply		19.34	24	-3.69	-0.31	-2.33
4	E - Water supply; sewerage, waste management and remediation activities		15.09	1.37	-1.79	-0.47	-0.02
5	F - Construction		1.35	0.72	-0.2	-0.02	-0.01
6	G - Wholesale and retail trade; repair of motor vehicles and motorcycles		23.52	3.53	-4.06	-0.76	-1.79
7	H - Transportation and storage		15.77	4.45	-1.87	-0.09	-1.24
8	L - Real estate activities		8.17	0.39	-1.08	-0.49	-0.1
9	Loans collateralised by residential immovable property		42.47	17.89	-9.78	-0.33	-4.09
10	Loans collateralised by commercial immovable property		24.54	5.91	-5.47	-0.14	-2.86
11	Repossessed collaterals		132.34	41.34	-14.02	-0.99	-7.2

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

12	Other relevant sectors (breakdown below where relevant)		0	0	0	0	0
13	Variable: Geographical area subject to climate change physical risk - acute and chronic events		0	0	0	0	0

According to our analysis and based on Lithuanian Hydrometeorological Service report for physical risks, dated 2023 (Lietuvos hidrometeorologijos tarnybos "Klimato kaitos rizikų XXI a. viduriui studija", or the Report), the Bank does not have loans collateralised with immovable property and on repossessed real estate collateral that are exposed to chronic and acute climate-related hazards. The Report reveals the level of physical risks (chronic and acute) for different time horizons and different districts within the country which is low or medium, no high risk identified.

Template 6. Summary of GAR KPIs

	KPI			% coverage (over total assets)*
	Climate change mitigation	**Climate change adaptation**	**Total (Climate change mitigation + Climate change adaptation)**	
GAR stock	37.59	1.31	38.90	1.23%
GAR flow	13.35	1.31	38.34	1.21%

* % of assets covered by the KPI over banks´ total assets

Template 7 - Mitigating actions: Assets for the calculation of GAR

		a	b	c	d	e	f
Million EUR		Disclosure reference date 31-12-2023					
		Total gross carrying amount	Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which specialised lending	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator							
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,506.34	756.84	37.59	0.00	0.00	0.00
2	**Financial corporations**	151.3	0.00	0.00	0.00	0.00	0.00
3	Credit institutions	10.42	-	-	-	-	-
4	Loans and advances	6.13	-	-	-	-	-
5	Debt securities, including UoP	2.27	-	-	-	-	-
6	Equity instruments	2.02	-	-		-	-
7	Other financial corporations	140.88	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-
9	Loans and advances	109.04	-	-	-	-	-
10	Debt securities, including UoP	31.38	-	-	-	-	-
11	Equity instruments	0.46	-	-		-	-
12	of which management companies	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-

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

20	**Non-financial corporations (subject to NFRD disclosure obligations)**	50.49	0.00	4.29	0.00	0.00	0.00
21	Loans and advances	-	-	-	-	-	-
22	Debt securities, including UoP	50.21	-	4.29	-	-	-
23	Equity instruments	0.28	-	-		-	-
24	**Households**	1,240.4	756.84	33.30	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	757.52	754.33	33.30	-	-	-
26	of which building renovation loans	88.21	0.89	-	-	-	-
27	of which motor vehicle loans	36.46	1.62	-	-	-	-
28	**Local governments financing**	64.15	0.00	0.00	0.00	0.00	0.00
29	Housing financing	-	-	-	-	-	-
30	Other local governments financing	64.15	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-
32	**TOTAL GAR ASSETS**	1,506.34	756.84	37.59	0.00	0.00	0.00
	Assets excluded from the numerator for GAR calculation (covered in the denominator)						
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	1,522.23					
34	Loans and advances	1,522.23					
35	Debt securities	-					
36	Equity instruments	-					
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	16.74					
38	Loans and advances	0.38					
39	Debt securities	16.36					
40	Equity instruments	-					
41	Derivatives	-					
42	On demand interbank loans	-					
43	Cash and cash-related assets	-					
44	Other assets (e.g. Goodwill, commodities etc.)	110.47					
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	1,506.34					
	Other assets excluded from both the numerator and denominator for GAR calculation						
46	Sovereigns	711.5					
47	Central banks exposure	743.73					
48	Trading book	20.76					
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	1,475.99					
50	**TOTAL ASSETS**	4,631.77					

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

	(continued)	g	h	i	j	k
	Million EUR	Disclosure reference date 31-12-2023				
		Climate Change Adaptation (CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which specialised lending	Of which adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.36	1.31	0.00	0.69	2.92
2	**Financial corporations**	0.00	0.00	0.00	0.00	0.00
3	Credit institutions	-	-	-	-	-
4	Loans and advances	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-
6	Equity instruments	-	-		-	-
7	Other financial corporations	-	-	-	-	-
8	of which investment firms	-	-	-	-	-
9	Loans and advances	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-
11	Equity instruments	-	-		-	-
12	of which management companies	-	-	-	-	-
13	Loans and advances	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-
15	Equity instruments	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-
17	Loans and advances	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-
19	Equity instruments	-	-		-	-
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	0.36	1.31	-	0.69	2.92
21	Loans and advances	0.36	1.31	-	0.69	2.92
22	Debt securities, including UoP	0.00	0.00	-	0.00	0.00
23	Equity instruments	0.00	0.00		0.69	2.92
24	**Households**					
25	of which loans collateralised by residential immovable property					
26	of which building renovation loans					
27	of which motor vehicle loans					
28	**Local governments financing**	0.00	0.00	0.00	0.00	0.00
29	Housing financing	-	-	-	-	-
30	Other local governments financing	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-
32	**TOTAL GAR ASSETS**	0.36	1.31	0.00	0.69	2.92
	Assets excluded from the numerator for GAR calculation (covered in the denominator)					

33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**
34	Loans and advances
35	Debt securities
36	Equity instruments
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**
38	Loans and advances
39	Debt securities
40	Equity instruments
41	Derivatives
42	On demand interbank loans
43	Cash and cash-related assets
44	Other assets (e.g. Goodwill, commodities etc.)
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**
	Other assets excluded from both the numerator and denominator for GAR calculation
46	Sovereigns
47	Central banks exposure
48	Trading book
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**
50	**TOTAL ASSETS**

	(continued)	l	m	n	o	p
	Million EUR	Disclosure reference date 31-12-2023				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional/ adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	757.20	38.90	0.00	0.69	2.92
2	**Financial corporations**	0.00	0.00	0.00	0.00	0.00
3	Credit institutions	-	-	-	-	-
4	Loans and advances	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-
6	Equity instruments	-	-		-	-
7	Other financial corporations	-	-	-	-	-
8	of which investment firms	-	-	-	-	-
9	Loans and advances	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-
11	Equity instruments	-	-		-	-
12	of which management companies	-	-	-	-	-
13	Loans and advances	-	-	-	-	-

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

14	Debt securities, including UoP	-	-	-	-	-
15	Equity instruments	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-
17	Loans and advances	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-
19	Equity instruments	-	-		-	-
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	0.36	5.60	0.00	0.69	2.92
21	Loans and advances	0.36	5.60	-	0.69	2.92
22	Debt securities, including UoP	-	-	-	-	-
23	Equity instruments	0.36	5.60		0.69	2.92
24	**Households**	756.84	33.30	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	754.33	33.30	-	-	-
26	of which building renovation loans	0.89	-	-	-	-
27	of which motor vehicle loans	1.62	-	-	-	-
28	**Local governments financing**	0.00	0.00	0.00	0.00	0.00
29	Housing financing	-	-	-	-	-
30	Other local governments financing	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-
32	**TOTAL GAR ASSETS**	757.20	38.90	0.00	0.69	2.92
	Assets excluded from the numerator for GAR calculation (covered in the denominator)					
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**					
34	Loans and advances					
35	Debt securities					
36	Equity instruments					
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**					
38	Loans and advances					
39	Debt securities					
40	Equity instruments					
41	Derivatives					
42	On demand interbank loans					
43	Cash and cash-related assets					
44	Other assets (e.g. Goodwill, commodities etc.)					
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**					
	Other assets excluded from both the numerator and denominator for GAR calculation					
46	Sovereigns					
47	Central banks exposure					
48	Trading book					
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**					
50	**TOTAL ASSETS**					

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

Template 8 - GAR (%)

		a	b	c	d	e	f	g	h	i	j
		Disclosure reference date 31-12-2023: KPIs on stock									
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors				
			Of which environmentally sustainable					Proportion of eligible assets funding taxonomy relevant sectors			
% (compared to total covered assets in the denominator))				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling
1	**GAR**	24.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	24.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
3	Financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Non-financial corporations subject to NFRD disclosure obligations	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
10	Households	24.0%	1.1%	0.0%	0.0%	0.0%					
11	of which loans collateralised by residential immovable property	23.9%	1.1%	0.0%	0.0%	0.0%					
12	of which building renovation loans	0.0%	0.0%	0.0%	0.0%	0.0%					
13	of which motor vehicle loans	0.1%	0.0%	0.0%	0.0%	0.0%					
14	Local government financing	0.0%	0.0%	0.0%	0.0%	0.0%					
15	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%					
16	Other local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%					

(continued)

		k	l	m	n	o	p
		Disclosure reference date 31-12-2023: KPIs on stock					
		TOTAL (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors					
			Of which environmentally sustainable				
% (compared to total covered assets in the denominator)) **GAR**				Of which specialised lending	Of which transitional/ adaptation	Of which enabling	Proportion of total assets covered
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	24.0%	1.2%	0.0%	0.0%	0.1%	47.7%

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

2	Financial corporations	24.0%	1.2%	0.0%	0.0%	0.1%	47.7%
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	4.8%
4	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
5	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%
6	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	Non-financial corporations subject to NFRD disclosure obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Households	0.0%	0.2%	0.0%	0.0%	0.1%	1.6%
10	of which loans collateralised by residential immovable property	24.0%	1.1%	0.0%	0.0%	0.0%	39.3%
11	of which building renovation loans	23.9%	1.1%	0.0%	0.0%	0.0%	24.0%
12	of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%
13	Local government financing	0.1%	0.0%	0.0%	0.0%	0.0%	1.2%
14	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%
15	Other local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%
17	% (compared to total covered assets in the denominator))	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(continued)		q	r	s	t	u	v	w	x	y	z	
		Disclosure reference date 31-12-2023: KPIs on flows										Disclosure reference date T: KPIs on flows
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					
		Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
			Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator))			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling	
1	**GAR**	19%	55%								822%	
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	19%	55%								822%	
3	Financial corporations											
4	Credit institutions											
5	Other financial corporations											
6	of which investment firms											
7	of which management companies											
8	of which insurance undertakings											
9	Non-financial corporations subject to NFRD disclosure obligations		669%								822%	

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

10	Households	19%	41%								
11	of which loans collateralised by residential immovable property	19%	41%								
12	of which building renovation loans										
13	of which motor vehicle loans	980%									
14	Local government financing										
15	Housing financing										
16	Other local governments financing										
17	Collateral obtained by taking possession: residential and commercial immovable properties										

(continued)		aa	ab	ac	ad	ae	af
		Disclosure reference date 31-12-2023: KPIs on flows					
		TOTAL (CCM + CCA)					
		Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered
			Of which environmentally sustainable				
% (compared to total covered assets in the denominator))				Of which specialised lending	Of which transitional/ adaptation	Of which enabling	
1	**GAR**		6863%			822%	13%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation		6863%			822%	13%
3	Financial corporations						56%
4	Credit institutions						-40%
5	Other financial corporations						77%
6	of which investment firms						
7	of which management companies						
8	of which insurance undertakings						
9	Non-financial corporations subject to NFRD disclosure obligations		902%			822%	-42%
10	Households						15%
11	of which loans collateralised by residential immovable property						17%
12	of which building renovation loans						-14%
13	of which motor vehicle loans						20%
14	Local government financing						-17%
15	Housing financing						
16	Other local governments financing						
17	Collateral obtained by taking possession: residential and commercial immovable properties						

Template 10 – Other climate change mitigating actions that are not covered in the EU Taxonomy

The Bank considers that it does not have any Banking book positions that could be classified as other climate change mitigating actions that are not covered in Regulation (EU) 2020/852.